

Ringling in a new EPOS era – Part 2

IN THE SECOND OF A TWO-PART SERIES ON THE LATEST ELECTRONIC POINT OF SALE (EPOS) SYSTEM, **STUART JACKSON** DELVES FURTHER INTO THE TECHNOLOGY.

Last month, we focused on the front-end functions of an Electronic Point of Sale (EPOS) system and explored whether new software from CLF distribution could deliver on its promises. In this feature, we move onto the more complex issues of data maintenance, stock management, ordering and reporting.

DATA MANAGEMENT

In order to be efficient, EPOS requires an accurate product database from which to recognise items sold. It is improved further by more expansive data records on products not currently sold in order to aid special customer ordering, as well as new product selection and processing. EPOS is therefore reliant on the provider being able to obtain, quality manage and make electronically available data on lines from all potential suppliers.

CLF is working to obtain all supplier lists in electronic form, which can then be downloaded onto an individual system. Data is periodically updated with retail or cost price changes. These are not automatically processed but instead generate a “differences” report allowing the retailer to make their own decisions on retail price changes.

STOCK CONTROL

Stock control has to provide an accurate valuation, preserve a truthful quantity count for suggested ordering and control shrinkage. As with its competitors, the CLF system performs satisfactorily in this area.

To fulfil valuation needs CLF use a weighted average price while others may use a “last price in” rate. All the systems handle shrinkage quite well, providing a simple method of recording the different reasons for the disposal of out of date, overstocked or discounted items. A report



can be generated to calculate lost sales and margin from these lines.

The task of stock counting is best tackled by using handheld scanners (most providers, including CLF, provide this service) with which stock can be rapidly counted bay by bay on a rolling periodic basis. The system will provide reports that highlight differences between the electronically held quantity and the physical count. Such differences are in effect the quantity stolen (providing wasted and discounted items have been scanned out).

Due to ever more intelligent barcode formats, EPOS is set to bring retailers much greater benefits in product sell by date management and CLF is certainly ahead of the rest in incorporating the latest technology.

ORDERING

In practice, the most disappointing of all the features of a working EPOS solution as electronic ordering should save the retailer much more time and money than it currently delivers.

All the systems (including CLF) fail to relate stock control issues such as wasted and discounted lines directly to the ordering module. This means that when interrogated for a suggested order,

EPOS does not distinguish between an item sold at full price or one that was discounted or wasted. The software will suggest the same order quantity as previously and without manual intervention, establishes a vicious circle.

Similarly, out of stocks are also not related, resulting in no recommendation to increase the order up to level.

This order up to level (called “ideal quantity” by CLF) is a manually set number that defines the maximum amount of any one item to be held.

It was vaguely disappointing to find that the CLF offering does not provide any complex ordering algorithms that cleverly analyse past sales performance to recommend changes to the retailer.

CLF’s system does recognise the need for multiple supplier and price information with options to create orders by cheapest or chosen source. Like its competitors, however, it again fails to fully connect one result to the next logical choice. For example, when a CLF order reports on out of stocks (see ‘the ordering revolution’ below) those items are not automatically suggested under an alternative supplier. It again requires manual intervention.

THE ORDERING REVOLUTION

One of the two real advantages CLF brings to our market is a system that is keeping track of the latest developments in supply chain and EPOS technology. If a retailer chooses to make CLF their chosen wholesaler complete with EPOS it gets really clever.

A CLF retailer chooses one of four purchase order derivatives then hits the transmit key, sending the order instantly over broadband to CLF. The retailer then receives an almost instantaneous response detailing confirmed items (which are immediately reserved for that retailer) and an advice of any out of stocks. Those items

can then be obtained from an alternative supplier (rather than wait until they are discovered missing on delivery).

CLF is able to safely reserve the ordered items due to its own state of the art warehouse management system, which is controlling orders received and despatched.

The warehouse system directs pickers to the correct items via handheld scanner before goods are counter checked at a despatch point to pick up any damaged or missing lines. Any discrepancy at this point is then updated to the retailer, again facilitating early replacement action.

The goods are packed into sealed containers (totes), complete with delivery note per tote and a sheet of price labels containing no less than the retailers own shop name and individual retail price obtained from electronic communication between CLF base and the EPoS software. On arrival, the delivery is easy to handle in its tote batches and is already a correct match to the updated purchase order. Smart!

THE PRICE YOU PAY FOR SUCH EFFICIENCY

There is a catch 22. To benefit from this modern functionality a retailer must use CLF as a main supplier (it is still a smart system if you don't buy from them) and face the reality that your EPoS provider is also a trade product supplier which now has access to your data files. CLF is very sincere in its assurances that your data security will be respected and that the access issue is simply a necessary cost of beneficial data exchange. Certainly the ordering revolution above couldn't be achieved without the electronic connection.

The other main advantage that CLF has as an EPoS provider is the other side of the catch 22 above. It is the very fact that it is a supplier that gives it the industry knowledge and desire to keep improving the software.

REPORTING

Reporting is generally well enough served by EPoS providers and CLF does excel in this area, with a variety of interesting options including 'top performers' by value or quantity, 'slow movers' and 'overstocked' calculated by comparing ideal quantity with stock holding.

Of particular interest is the 'under stocked' report, which uniquely analyses out of stock items as part of the equation to determine whether the ideal quantity is too low. This report is to be further enhanced to enable an enlightening look at all suppliers' order to delivery service level performance.

SUMMARY

A refreshing new kid on the block finally taking EPoS out of the dark ages in the health food industry. It is for each individual retailer to weigh up the pros and cons of open data access versus the smart supply chain benefits.



If you have any questions for Talking Shop or would like further information on Stuart Jackson's consultancy service, contact him on 0131 315 0303 or email stuart@forceofnature.co.uk or visit www.forceofnature.co.uk