Bicycle Retailer Shifts Inventory Efficiency into High Gear

Overview

Country or Region: United States
Industry: Retail

Customer Profile

Salem Cycle carries more than 10 brands of bicycles from racers to mountain bikes to low-riders. The store rings up parts, repairs, rentals, clothing, and accessories. A robust Web site sells and educates.

Business Situation

The old Microsoft ® MS-DOS®-based system worked, but its technology couldn't encompass problems unique to bicycle stores. Hardware was aging and the database wouldn't run reliably on a new system.

Solution

Salem Cycle investigated many Microsoft® Windows®–based retail systems. The owner trusted Digital Retail Solutions (DRS), which installed Microsoft Business Solutions Retail Management System.

Benefits

- Management tracks the same item from many vendors
- Associates at POS know customer status
- Customizable reports enable wiser decisions
- Staff track serialized items
- Club members get automatic discounts

> "This system helped me find items that hadn't sold in 180 days. Now they'll go on markdown and I'll know how slowly they move. I'll tie up less money in inventory, which cranks up stock turns and profit."
>
> Dan Shuman, Owner, Salem Cycle

Salem Cycle's old Microsoft® MS-DOS® operating system-based retail management technology wasn't broken but it was time to replace it. The busy store needed to reclaim the steps and hours a modern Microsoft® Windows®–based system could save.

Owner Dan Shuman had confidence in his previous vendor, Digital Retail Solutions (DRS), but still checked out AIMsi, Ascend, and Edge Profit Plus before selecting Microsoft Business Solutions Retail Management System, customized with DRS enhancements for bicycle retailers.

Shuman and two employees now manage 8,000 items with complete inventory visibility over 10 brands of bikes, rentals, parts, accessories, safety gear, clothing, and Salem Cycle's own branded items. Customers cheer the new transaction speed and instant stock data, staff learn the new system rapidly, and Shuman finishes back-office tasks in minutes, not hours.

Digital Retail Solutions

Microsoft Business Solutions

> "Even if 30 vendors make the same pedals, I can use Item Aliases to see my total stock on hand, yet track individual vendor levels. No more manually relabeling merchandise and constantly recounting shelf stock before every purchasing cycle."
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Situation

Salem Cycle sells from its Salem, Massachusetts, brick-and-mortar location and through its high-content, customer-conscious Web site. Memberships in YaYa! Bike, National Bicycle Dealers Association, New England Mountain Bike Association, Massachusetts Bicycle Coalition, and League of American Bicyclists help customers and staff stay abreast of safety, legislation, and bicycling events. The store's Salem Cycling Club offers member discounts and promotes local rides.

But through most of 2003, Shuman and staff were saddled with 1990s technology that cost them sales, stretched out administrative tasks, and kept Shuman in the back office, away from customers.

"You can't count money that didn't come in," says Shuman, "Our inventory reports weren't reliable, so if a customer wanted something we didn't know off the top of our head, we just went searching through shelves. Maybe we lost customers, but mostly we just delayed other customers by going and digging it out."

"Every bike retailer has the same inventory problem," says Shuman. "How do you track a dozen vendors that sell the identical, or nearly identical, product? You can't believe the inventory gyrations that flaw causes an older system. I get the exact same item from Trek and Specialized with different UPC codes in different boxes, so you can't scan them and get accurate inventory. I had to print and paste a special label over one's UPC code, or ring up the same item as different items, which skews your SKUs [stock-keeping units].

"Data integration was incomplete, and reporting was very limited. I was always wanting information I knew was in the system, but had no way to manipulate the data to get it all on the same page, in sensible columns and totals. Working in

[Microsoft®] MS-DOS®," says Shuman, "I couldn't do usual [Microsoft®] Windows® functions like Web connect."

"No retailer can afford to make buying and selling decisions based on bad stock levels. Tomorrow, you could regret what you decide today, and that can slow down decisions, which limits your ability to respond rapidly to customer trends and manufacturers' special offers."

As the system grew older, Salem Cycle started shopping for a modern solution. "We needed change, but I didn't want to overhaul our entire way of doing business. I wanted a system that would work as much as possible with bike-industry standards, and implement our most needed functions when I needed each one," says Shuman.

Solution

Three pivotal factors influenced Shuman's choice of Microsoft Business Solutions Retail Management System. "I had bought my earlier package from [Digital Retail Solutions] DRS and liked their response time and attitude. But I needed to look at every system with any standing in the bicycle industry. Compared to AIMsi, Ascend, and Edge Profit Plus, Microsoft offered more and better features. And the price was right, both initially, and in downstream upkeep."

"This system offers an Alias feature," says Shuman, "that lets me control inner tubes and other generic parts that come from several suppliers. The Substitutes feature tells my associates a similar item if we're out of stock on exactly what the customer wants, or if the person wants a higher quality or a lower price than the one he finds on the shelf. That gets us sales we might miss if we didn't have that information instantly on screen at the point of sale."

> "I can set up a matrix of helmets...with size, color, and model. Then I just add new items whenever they come out. Manufacturers can add to and change products all they want."

Dan Shuman, Owner, Salem Cycle

Shuman was already anticipating advances in Web and wireless technology. "When the time is right," he says, "I want to use a Palm Pilot to take physical stock levels on the floor, or ring up sales wirelessly as I walk with a customer. I haven't taken advantage of these options yet," he says, "but the others offered no hope of adding those time savers."

Shuman says, "I didn't see the other packages offering the reporting power and 'data obedience' I wanted. Microsoft Retail Management System gave me custom reports, excellent data integration, hardware options, and eventual growth capabilities to wireless. And it solved today's time-eating inventory problems."

"The conversion from our old system went well—in fact, it went in overnight. We had the computers previously installed and cabled up. Every installation has some issues but ours resolved in a timely manner." Microsoft Retail Management System was fully installed in December 2003.

Benefits

Salem Cycle has found that using the aliases, substitute items, serialized items, and matrixes in Microsoft Retail Management System speeds tasks that were once time-consuming or impossible.

"Even if 30 vendors make the same pedals, I can use Item Aliases to see my total stock on hand, yet track individual vendor levels. No more manually labeling merchandise over again and constantly recounting shelf stock before every purchasing cycle."

Adding new items and changing prices are much faster now without the need to check for multiple SKUs in the inventory. Shuman uses SmartEtailing (SE) to create his extensive Web site and populate it with changing inventory data. "I just mark items on sale in Microsoft Retail Management System," he says, "and price changes automatically post to my site. DRS Linker connects the system to SE, so the nightly update is automatic."

Free of the Matrix

To set up a product matrix for new items in his old system, Shuman had to blindly create up front the final matrix for color, size, and style, each with its own symbol or code. Each new color or subsequent change in the matrix multiplied his work.

Shuman reports, "I can set up a matrix of helmets, for example, with size, color, and model. Then I just add new items whenever they come out. Manufacturers can add to and change products all they want."

Focusing on Customers

The most frequently used feature in the new system is its customizable point-of-sale (POS) screen. Shuman says, "Screens now show us the credit or debit status of each customer, whether they're a club member, on our mailing list or not, and contact data. This tells us what to suggest as their next level of involvement, and who gets club or other discounts."

The more efficient inventory and look-up capabilities in Microsoft Retail Management System result in faster transaction times. "Customers love how fast we know if something is in stock, ring them up, take a deposit or payment, and get them out the door. They're more likely to stop by when they're rushed."

Instead of being distracted by a confusing POS system, staff stay focused on the customer, product, and sale. "I can't hire people based on computer knowledge," says Shuman. "I hire for their bicycle knowledge, mechanical skills, and sales abilities. That's why it's important that new hires can learn this system easily."

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Knowledge-based Decisions

Microsoft Retail Management System keeps Shuman on top of merchandise that lags behind the pack. "This system helped me find items that hadn't sold in 180 days. Now they'll go on markdown and I'll know how slowly they move. I'll tie up less money in inventory, which cranks up stock turns and profit."

Tracking the assembly of individual bicycles is handled in Microsoft Retail Management System using Serial Editor from DRS.

While Shuman can customize the system himself, he found DRS's technical support very responsive in creating customized reports and databases. DRS also created scripts to clean dead merchandise out of Salem Cycle's database.

Shuman applauds his new system's sorting options, its "Export an e-mail list" function, improved tracking of item movement, and individual customer spending. "I can pull a report tailored to nearly any set of customers," Shuman says. "I track YaYa! Bike's Gold and Platinum Client Care memberships for bikes and accessories to make sure members get all they're entitled to."

"DRS has given me tech support above and beyond the call of duty," says Shuman. "I e-mail or talk to DRS frequently and they get back to me in hours if not right away."

Around the Next Corner

Shuman first computerized his areas of greatest need and is now expanding to other areas as required. "We don't yet automate purchasing even though we know our Microsoft system is good at that. I'm starting now to e-mail POs and the rest will follow."

Salem Cycle will soon coast through targeted mailings to customers. "We'll also begin integrated card processing, Web catalog add-in from sources like Bike-alog and, someday, wireless inventory, customized wireless repair, and inventory forms via palm or tablet PCs," he says. "You have to look a little ahead, too."

For More Information

For more information about Microsoft products and services, call the Microsoft Sales Information Center at (800) 426-9400. In Canada, call the Microsoft Canada Information Centre at (877) 568-2495. Customers who are deaf or hard-of-hearing can reach Microsoft text telephone (TTY/TDD) services at (800) 892-5234 in the United States or (905) 568-9641 in Canada. Outside the 50 United States and Canada, please contact your local Microsoft subsidiary. To access information using the World Wide Web, go to:
www.microsoft.com

For more information about Digital Retail Solutions products and services, call (800) 322-9471 or visit the Web site at:
www.digitalretailer.com

For more information about Salem Cycle products and services, call (978) 741-2222 or visit the Web site at:
www.salemcycle.com

Microsoft Business Solutions Retail Management System

Microsoft Business Solutions Retail Management System offers a complete store automation solution for small and medium-sized retailers, streamlining point-of-sale (POS), customer service, and store inventory management, and providing real-time access to key business metrics. Microsoft Retail Management System is a comprehensive solution for single-store and multi-store retailers that empowers independent proprietors, store managers, and cashiers through affordable and easy-to-use automation. Microsoft Retail Management System has the flexibility and scalability to grow with a retailer's business. It works with the Microsoft Office System, Microsoft Windows Small Business Server, and leading financial applications to provide end-to-end support from the cash register to the back office.

For more information about Microsoft Retail Management System, go to:
www.microsoft.com/pos

Software and Services
- Microsoft Windows XP Professional
- Digital Retail Solutions Bicycle Bundle for Microsoft Retail Management System
- Microsoft Office 2003
- Bike-alog
- SmartEtailing.com

Hardware
- Three Dell PCs, one as a server
- Hewlett-Packard LaserJet 3200 printer
- Receipt and label printers
- Cash drawers, scanner, magnetic swipe, and debit pin pad

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