



Microsoft Business Solutions Retail Management System Customer Solution Case Study



Overview

Country or Region: United States
Industry: Retail

Customer Profile

Treads Bicycle Outfitters is a 24-year-old retailer that sells bicycles, accessories, clothing, and parts. Three Colorado stores sell to experts and novices through showrooms, Web sales, and mail order.

Business Situation

Owner Gene Hodges “woke up one day and owned three bike stores, whereas yesterday I just owned one.” Each store used different computer systems, and there was no way to link inventories.

Solution

Hodges called Digital Retail Solutions. All stores soon used Microsoft® Business Solutions Retail Management System tied into Headquarters, its chainwide management solution.

Benefits

- Easy tracking of frequent inter-store transfers.
- Serial number tracking identifies which bikes are committed, assembled, available, or sold.
- Chain-wide reporting reduced manual paperwork and ended faxes.

Growing to Three Stores Derailed Inventories, But New System Puts Bike Chain on Track

“Microsoft Retail Management System gives us extra face time with the people who keep us in business. I want my team on the floor, selling and fitting bikes and other gear.”

Gene Hodges, Owner, Treads Bicycle Outfitters

Founded in 1980, Treads Bicycle Outfitters was growing steadily with a mix of in-store sales, Web sales, and an expanding mail-order business. Literally overnight in January 2002, Treads became a three-store chain by acquiring two more stores.

Each store ran its own accounting, purchasing, and inventory—on its own proprietary Microsoft® MS-DOS or Macintosh software. Chain-wide data integration was impossible. Rejecting Retail Pro and others for cost, technical, or ease-of-use reasons, Treads selected the Microsoft Business Solutions Retail Management System to pull the chain together for centralized data, uniform operations, and cash control.

The stores now conform to the same business practices and data standards. Merchandise transfer and stock leveling are easy to achieve. Accounting is simplified and required no new staff. Tighter inventory levels will enable chain-wide ordering.

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Situation

Treads Bicycle Outfitters' staff of 30 sells and manages 20,000 stock-keeping units (SKUs) that include Trek, Cannondale, and Specialized bicycles, along with a very broad line of accessories, clothing, and rentals. Each store's three registers also sell product warranties and repairs. The company markets through its Web site, local advertising, involvement in local events, and a bicycle advocacy group.

Solving Problems in Triplicate

When owner Gene Hodges realized the challenges of running his stores in Aurora, Parker, and Englewood, Colorado—each with different inventories, SKUs, and customer sets—while using two brands of uncommunicative retail software and different bookkeeping procedures, “I knew we were in for accounting, inventory, and purchasing hell,” says Hodges.

“Every sale—layaway or cash, work order, special order, or credit order—was entered exactly the same way,” Hodges says. “We never knew what was committed on layaway versus what was sold. So we paid sales tax on items we called 'sold' that were really just on layaway.

“Every morning, managers had to fax in sales data to the main store, which doubled keyboard work, adding errors and taking up time. Each store did its own buying, and there was no efficient way to check if one store had a surplus of what another store needed. Over- and under-stock situations were inevitable.

“And the old system couldn't tell us which repaired bikes had been picked up,” Hodges recalls “That threw off our parts inventory.”

Fixing Big Things First

“We lived with some of those inefficiencies for a year as we sorted out the really vital things,” says Hodges. But even as he

organized his new chain's disparate suppliers, staffs, business rules, procedures, and marketing, Hodges knew that his next retail solution had to be Microsoft® Windows® operating system-based, to give him chain-wide data portability, and to help him standardize procedures, item descriptions, and stock numbers chainwide.

“Size is supposed to bring you economy of scale,” says Hodges, “but for a while we ran three separate businesses. Gradually, we nudged our procedures and practices into conforming standards. And we're still doing it. Retail never stands still.”

In a business where personal service creates positive word of mouth and return customers, “Managers spent too much time in the back rooms wrestling with numbers. I require a high level of personal fitting for every bike we sell. We do it efficiently, but they couldn't be in two places at once.”

Solution

The retail system in Hodges' first store enabled quick sales and single-store inventory but lacked reporting flexibility and power. When Hodges had sufficiently organized the chain so that he could begin looking for a new system, he called that first system's vendor, Digital Retail Solutions (DRS). “They had sold me a viable product for its time,” says Hodges. “They really understand the bike business, and I trusted them to suggest what was best for my business, not theirs.”

Selecting the Right People and Solution

Digital Retail Solutions has specialized in the bicycle and outdoor retail industry since 1990, developing industry-specific custom bundles for the Microsoft Business Solutions Retail Management System. “We were already a DRS client,” said Hodges, “and wanted to stay with them. They were a big factor in our decision. If DRS had selected

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Microsoft Retail Management System to sell and support, I knew that they did so with good reason.”

Even so, Hodges examined his software options. “We looked at Retail Pro but it was too expensive,” he continues. “Another system was scary because if one store’s system crashed, it could bring down the chain. Another one didn’t feel logical in its screens or structure.”

Determining Factors

“We picked Microsoft Retail Management System,” says Hodges, “because it can put fresh store numbers in my office as often as I need them. It integrates completely with [Microsoft Business Solution Retail Management System] Headquarters, which I use to manage the chain. And each store system can operate independently if there’s a crashed disk in another store, or a dead DSL line to Headquarters.”

“We needed reliability, speed of information, and the ability to customize reports and point-of-sale screens to fit *our* needs,” says Hodges. “That mix is what sold us on Microsoft Retail Management System.”

The first store installation went smoothly, but communications glitches had to be ironed out. Treads needed to upgrade printers and some peripherals from the Microsoft MS-DOS® operating system and Mac versions. “J.D. Young at DRS has been a tremendous help,” Hodges says. “And Microsoft themselves have been very pleasant and helpful.”

Benefits

As he began tightening up disparities in the differing bookkeeping and accounting systems, Hodges was surprised he could do so with no increase in accounting personnel. “Thanks to Microsoft Retail Management System, it was easier to standardize and get

rid of extra steps,” he says. “We cut down on paperwork and redundant tasks. We now do jobs once for the whole chain, not once in every store and then again at our headquarters.”

Chain-Wide Communication

Today, every Treads store has its own edition of Store Operations, the Microsoft Retail Management System store-level solution with complete store-management capabilities. Each store automatically reports its numbers every 20 minutes to Headquarters, the chain-level retail solution that is part of Microsoft Retail Management System.

“I’m now getting my transaction and inventory data into Headquarters, so I know what to buy and what to send to which store to balance stock levels. Or I can keep higher stocks of one product at a store because I know where it is and I can get it where it’s needed fast. I need that because two stores are light on storage room, so we do all we can to optimize their selling space,” says Hodges.

Fewer Steps and More Efficiency

“In the old system, I had waited until all the stores faxed in yesterday’s sales results, then re-enter and total them all. A few times we even traveled 30 minutes to get the data,” says Hodges.

Hodges is moving toward centralized purchasing, but plans to mix centralized receiving with drop shipments. He wants bicycles to arrive centrally, but receive parts in their appropriate stores.

Using Digital Retail Solutions’s Serial Editor, a part of the DRS Bicycle Bundle add-in for Microsoft Retail Management System, staff and managers can learn which bikes have arrived, are assembled, and sold.

Hodges praises the customizable POS screens in Store Operations. “The screens let

associates switch back and forth between multiple needs. We use work orders all day, every day," he explains. "But a minute later, we might be taking a layaway or credit order. We use the margin display feature in Bicycle Bundle to help define if we can give a customer the price he or she wants. It helps us make sales we might otherwise lose, and it helps us make sales profitable.

"With automated work orders and the ability to track serial numbers, my team, and the system, know which repairs are ready and which parts were used," he says.

Management Tools

In addition to standard reports, Hodges and his managers write custom reports and asked DRS to write many more. Hodges uses the new system's security controls for POS cashing and feels that he has excellent cash control.

"I would not run a retail operation without a modern POS system," he states. "Retailers should never start out with only an electronic cash register. We all need this organization. I've learned the hard way about retail and I chose Microsoft Retail Management System. I hope I can save others some time in system selection."

The System Helps the Customer

"Our business succeeds through customized personal service. We value that highly, and Microsoft Retail Management System gives us extra face time with the people who keep us in business. I want my team on the floor, selling and fitting bikes and other gear. Time spent nursing an old system is money you aren't pulling in."

"We're winning with this new network," Hodges says, "and it's tremendously powerful. We need to continue to implement all of its inventory features and use all that's in it."

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 Treads Bicycle Outfitters products and services, call (303) 750-1671 or visit the Web site at: www.treads.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 Business Solutions Retail Management System
- Microsoft Windows XP Professional
- Microsoft Office 2000

Partners

- Digital Retail Solutions Bicycle Bundle for Microsoft Retail Management System
- Bike-alog
- TargetSmart database marketing

Hardware

- Dell Dimension PCs
- Star Micronics printers
- MMF cash drawers
- Symbol scanners
- Cognitive Blaster barcode printers

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Document published September, 2004

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