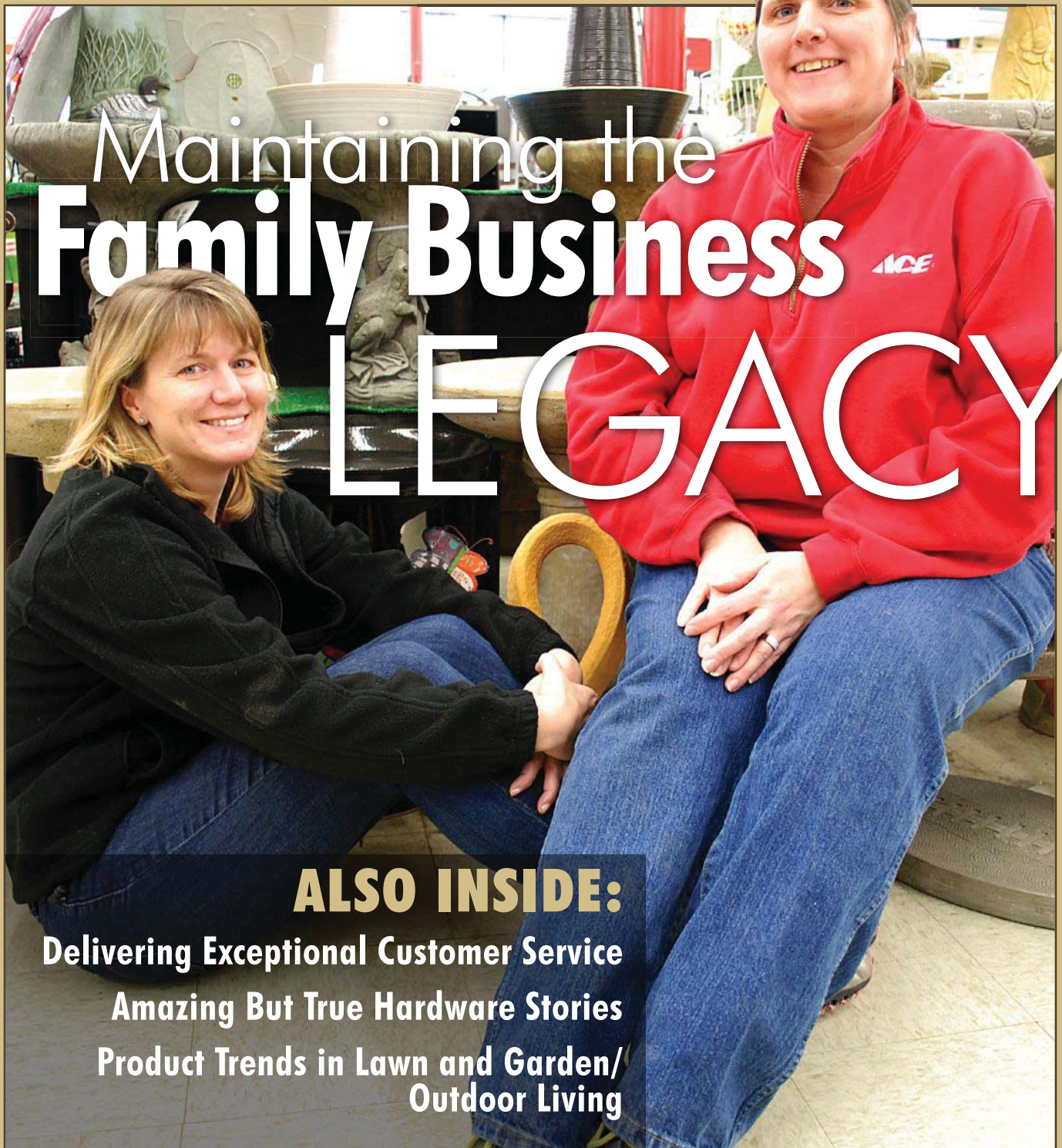


# THE HARDWARE Connection™

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STRENGTHENING THE TWO-STEP CHANNEL



Maintaining the  
**Family Business**

**LEGACY**

## **ALSO INSIDE:**

**Delivering Exceptional Customer Service**

**Amazing But True Hardware Stories**

**Product Trends in Lawn and Garden/  
Outdoor Living**

By Fred Fischer

# Why Should You Manage Your Inventory?

**M**anaging your inventory is an ongoing challenge. In June and July you cannot keep up with all the customers, while in January and February you hope to see a customer. Other than your building (if you own it), inventory is the single biggest dollar number that you will deal with in your business. The challenge is how to manage the entire inventory.

There are a number of factors to consider in managing inventory. For example, width—what kind of product mix do you offer your customers? This includes what types of products and brands.

Next is depth—how much product do you keep on hand or how fast can you get additional stock to your store(s)? How do you know how much depth to keep in stock and when? And how do you ramp up stock when you are busy and then trim it down to a manageable level for the slow months?

Managing a business is much like flying an airplane. Regardless

## TECHNOLOGY UPDATE

of the speed of the plane if your thinking is staying ahead of the plane, then flying is pretty easy. However, if you get behind the action of the airplane, you are in big trouble.

Managing your business and inventory is much the same as piloting a plane. In May, June and July all your attention is on customers. How do you know how much inventory to have in your store and when to meet your customers' needs and wants?

One of the primary functions of a point-of-sale (POS) system is to help you manage your inventory. If you are not using a POS system, in the big picture all you know at the end of the day is you take some money to the bank.

With a POS system there is a lot of data to help you make better decisions and manage your inventory. First of all, you will know what kind of inventory you have on the shelf. Secondly, you have sales history both by what has sold in the whole store and by what each type of customer has purchased.

With a good POS system you should be able to analyze that sales history. You will know what is selling and what is not selling. More importantly you will know

how much of what you are selling and when. It is amazing how much our customers are creatures of habit. From one year to the next, just by your customer's habits, the big picture of their purchases will have a similar look and feel.

If you have access to both your store sales history and your customers' purchase history, then anticipating your inventory needs is much easier and more accurate. Too many times inventory management is done by "gut feel." You walk around with a note pad and look at stock and somehow magically come up with "I need to order 10 of this item." Not real scientific, but surprisingly it probably got you to where you are today.

Ordering takes a tremendous amount of time and it is all about minding your "P's" (the order Point) and "Q's" (the Quantity you want to order). The first step in setting up auto order in a POS system is using the "P" and "Q" from the "gut" information you use to order now. Once sales history has accumulated you have data to act on. As an example, in J3 Point-of-Sale we have a program called J3 Dynamic P Q. Every week it uses that sales history to recalculate new order points and quantities based on past sales history.

The program looks ahead and back a given number of days and then calculates new points and quantities

weekly based on the number of days of supply of inventory you want to keep in your store. As it looks ahead 60 or 90 days it determines in June or July that you will need more inventory. When it looks forward to January and February, it will reduce your inventory. You still have a chance to review your orders before they are placed with your suppliers.

For all this automation to work, you have to have sales history. We have all heard about the old 80/20 rule: 20 percent of your inventory generates 80 percent of your sales and most likely profits. In some areas we see that number being more like 86/14. Purchase history is a common way to review what to order for the next season. Remember that what you buy is not necessarily what or when you are selling that product.

If you currently have a POS system, how easy is it to get to all this information? Much like being the pilot of an airplane, when it is June or July, you still have to fly the plane. Plan ahead and have the systems in place to help you better manage your inventory. You might find you will make more profit and have some time for yourself. ■

*Fred Fischer is the president of J3 POS – Ganymede Technologies Corp. He can be contacted at [fred@j3pos.biz](mailto:fred@j3pos.biz).*



[Click Here to Watch a Short Video of the PivotJet™ Pro](#)

idea is nothing new, but adding the pivot head was simply brilliant.

How many times have you tried to get to a place where you have to stand on your head to reach, like tire wells on your truck or car? Or perhaps you've had to reach around the corner of the house from the second-story railing to wash the windows, clean out the gutters or spray degreaser under an ATV or even an airplane like I have.

Not only does the head of the wand pivot 135 degrees, it also can adjust the spray pattern and it will even accept

other standard garden hose accessories. Wait, there is more. It also has an easy and convenient soap mixture control and it has a place to hold extra hose washers so the wand doesn't leak down your arm as you are using it above your head.

The Hyde PivotJet™ Pro really is a great idea and it will make a great end-cap item in your stores this summer and early fall as customers begin putting away their summer toys and cleaning one last time around the house before winter comes. Check out the video and see for yourself — [click here](#).



# Tired of Poor Support?

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