

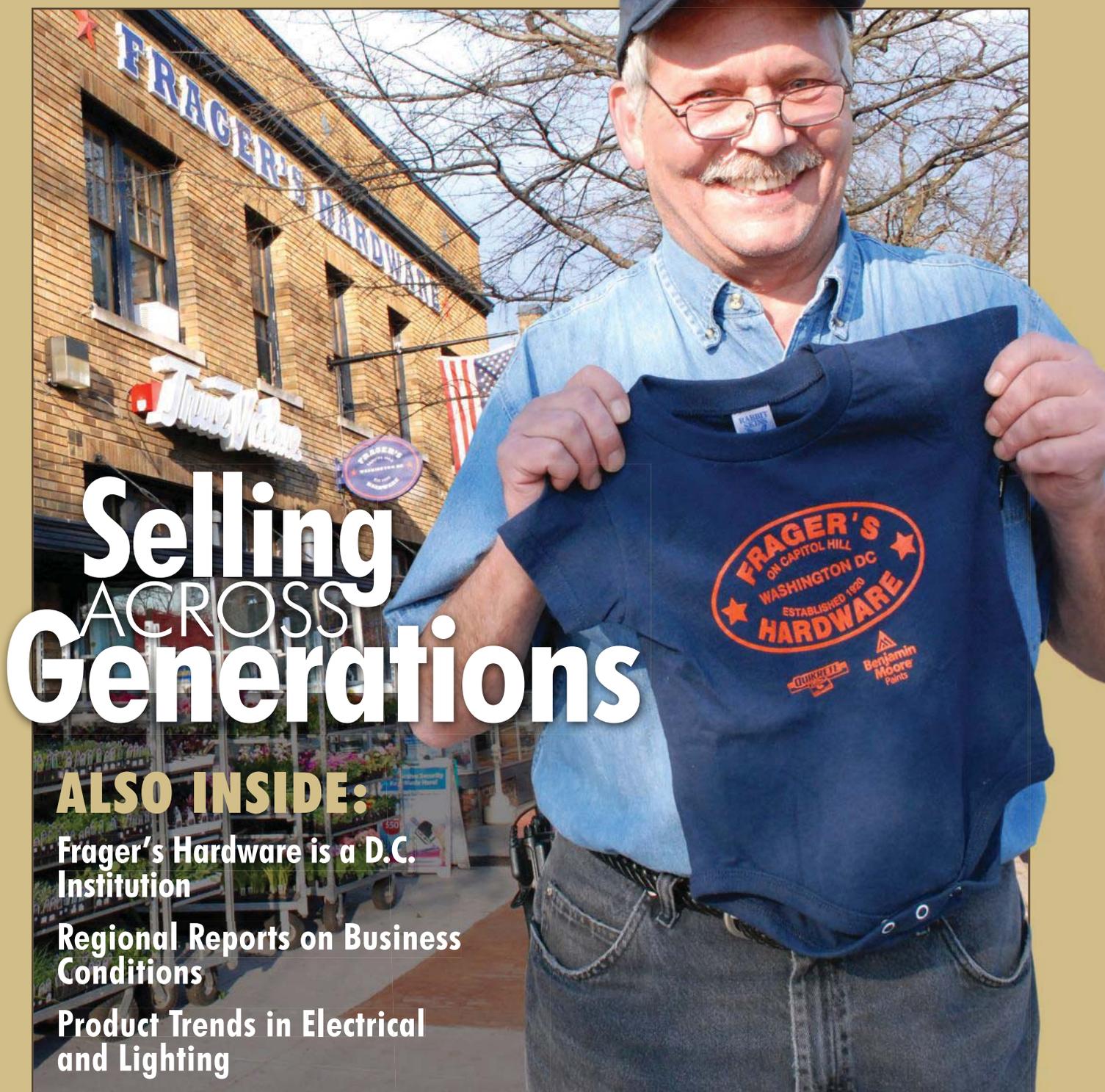
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THE HARDWARE Connection™

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By Fred Fischer

Understand the Real Cost of a POS System

If you are considering a new point-of-sale system, the big question is: How much is it going to cost? It is amazing how many potential customers want a price for the new system before even giving information about their business. It is just like when your customer asks “How much paint do I need to paint my living room?” when you do not know the dimensions.

Even with the dimensions, there is still a lot of information needed to get to the real answer, such as how many windows and doors, archways and closets? Much like selling paint, what quality do you want? It takes the same labor to put on the cheap paint as it does the high quality. You know the difference in how the two will cover, stay clean, wash and wear.

This brings up the most important point: why consider a POS system an expense when you should look at it as an investment. Some would say a POS system is an expense because every month

TECHNOLOGY UPDATE

I have to write a check. Consider a different viewpoint—that a POS system is an investment to protect all the money you have invested in inventory.

When you look at a financial statement for your business, there are only two big numbers you have much control over: inventory and labor. There is very little that you can do to change all the other numbers such as insurance, taxes, utilities and office expenses. Manage your inventory and work smart. You can only do those two things if you have a good point-of-sale system.

Knowing what is selling and how much gross profit you are making, not how much money you take to the bank, are but a few of the advantages. Others include current pricing, profit by customer, having no invoices to file away, emailing invoices to customers to reduce postage cost and the list goes on. You make the decision to upgrade or buy a POS system. After talking with various vendors, it is decision time.

Many times it is all about the price on the proposal and the monthly payment. This is the totally wrong way to look at this process.

These are some things to consider when investigating a POS system: Are all the proposals equal? When you are considering various

proposals and payment options are they all providing what is best for your store location? You need to consider your staff's time (labor) to set up and learn to use the system. What kind of support is being provided for you? Do they answer the phone or do you get voice mail?

Does the company come on-site to install the system or do you do it yourself? There is a cost involved with on-site installation, so that proposal will be more expensive. The advantage is the installer knows how to get the equipment up and running. Your whole staff can learn as the trainer is there to teach them how to use the software package.

If you do the installation, you do save money. However, do you want to be a hardware or lumber retailer or an IT person? Look at what is going to work best for you and determine the best use of your time and money.

What kind of equipment are they providing? What are the warranties and how long are they? How detailed are the descriptions of the equipment on the proposal? Is it just "Economy Scanner or Printer" or do they list make and model? Are they providing touch-screen computers or just typical desktops? Is the server really a server with RAID 0, 1 or 5 (the same data being written to multiple drives), or is the server just a computer they are calling a server?

What kind of scanners: pistol grip or Omni? Omni is more expensive, but you don't have to make sure the barcode is perpendicular to the scanner image so it is faster at checkout. Does the credit card equipment support the new chip and pin (EMV) technology?

Is the networking equipment on the proposal business quality or home versions of routers, switches and wireless devices? You are running a business, processing credit cards and all your data is on your network—is it secure? You don't want to use a \$79 home router/access point in your store.

As you know from experience, better quality products, even though more expensive upfront, can be the better deal in the long haul. The same is true when purchasing a POS system. The proposal cost is one line item. Other costs include staff time for installing and learning to use the system, changing customer habits from the old to the new system and implementing new procedures. If you make the wrong decision, many of these costs will re-occur when you attempt to correct the bad first choice.

Shop around, ask questions and make sure what you choose in a POS system is a good fit for your business. ■

Fred Fischer is president of Ganymede Technologies Corp. He can be reached at fred@j3pos.biz.

How's Business?

Is store doing anything in particular to sell across generations?

No. We just follow the tried-and-true approach of excellent customer service and word of mouth. We do stock some items for older customers, such as non-slip mats, and they're on our order a couple times a month.

Do you promote through social media?

We do have a Facebook page. Most efforts are through local events. We



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are pretty light on our Facebook page, but we do at least one touch a week.

Mainly, we promote True Value offers.

Cary Claar

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