



Follow Hicks Nurseries in the steps it followed to adopting POS



What is this POS that the garden retail industry is abuzz about?

Is it software?

Hardware?

Just a fancy cash register?

Point-of-sale, POS for short, is all of the above, and the answer depends on your needs and your expectations.

POS is a computer software tool, a system designed to handle sales transactions, inventory management and customer tracking. The hardware components are a computer in a stand-alone or networked platform, electronically controlled cash drawer, receipt printer, card reader and options for bar code scanning.

Sound confusing? Five years ago it was all new to Stephen Hicks, who represents the sixth generation to oversee the 150-year-old Hicks Nurseries on Long Island. The life cycle of the company's existing hardware had come to an end and store managers were struggling daily with an application that had been customized for their business.

Hicks' POS system selection criteria included these primary factors:

- Open (Windows-based) system, scalable and flexible.
- Improve checkout speed.
- Bar code capability.
- Customer tracking.
- Most importantly, personal support from vendor.

"We took over six months to decide what we needed and select a vendor," Hicks said. "Installation took place over several months."

Today, Hicks Nurseries is a primary reference for CounterPoint, the Synchronics POS system Hicks eventually installed.

"We are very pleased with our choice. However, it is a dealer-specific issue. Our CounterPoint dealer helped us with all the hardware. Often the software package might be great but the relationship with the dealer could make or break things. If the dealer drops the ball, you may have the exact opposite feeling. It's a partnership."

Big decisions

With all the hype over the benefits of POS — increased sales, increased profitability, customer relationship management, accounting, drill-down capabilities, marketing potential, cost reduction — your choices can be

overwhelming. Can a POS system really meet all these claims? How do you choose the right system?

First off, focus on what you need a system to help you accomplish. What a POS system can provide is time-saving tools, and who doesn't need that?

Hicks determined improved speed at checkout was paramount. Bar codes were a tool that assisted in that process. Radio frequency or remote bar code readers can speed inventory, price checks and checkout. Secondary needs were to track promotions and customer club membership and focus on gross margins.

Next to actually completing the sales transaction, one of the most important considerations in selecting a POS system is inventory management. Inventory management involves coordinating receiving, selling, buying and forecasting.

Consider this scenario: last spring Garden Center X had strong sales in petunias. Before June the store was sold out. So the buyer places an order for at least twice as much inventory as last year. Does the owner make twice as much money on petunias? Probably not. Why would you tie up two times more cash than last year's sales for four months instead of two? What if extended cold weather crimps spring sales? An inventory control feature as part of a POS system would alert the buyer to stock levels before they ran low. With data on lead times and a defined reorder point, the garden center can place an order for petunias based on current demand, not projected demand.

Why is inventory management so important?

Not spending money until you need to is the most powerful benefit of inventory management. Targeting fast or slow sales will tell you where to concentrate purchases or marketing efforts. Understanding what your clients like allows your buyers to invest in products that appeal to your demographics. This information is obtained by drill-down reporting.

CRM, customer relationship management, is another advantage of a POS system. CRM is a system to create and store customer records and keep track of purchases made by specific customers. Once that information is accumulated, targeted marketing and promotions can be created. You will have an improved understanding of your clients' preferences.

Cost reduction is touted as another benefit of POS. Evaluating reports on purchases and vendors gives you leverage. With accurate data you can plan ahead and negotiate with suppliers based on your volumes.

Custom or off-the-shelf?

Must a POS system be specific to the garden center industry to be successful? Hicks thinks not.

"It doesn't have to be unique. I think that we are retailers first and foremost. The demands of our product may place unique demands on our business software package — we sell perishables, after all. We are different in that, but inventory management is a fairly universal process.

"When (garden centers) have difficulty is if they have a growing, landscape and retail division. Finding a software package for all three business units is difficult," Hicks said. "Nothing will ever have everything you want, so find the company that has the best mix to meet your needs."

Hicks' final advice to garden centers: "Before a garden center purchases any system, they need to understand what rules it will impose on their business. The biggest challenge is adapting business processes. Realize your POS is an ongoing investment and plan for upgrades, maintenance and hardware costs. Be sure the benefits outweigh those costs."

● **For more:** Hicks Nurseries, 100 Jericho Turnpike, Westbury, NY 11590; (516) 334-0066; fax (516) 997-2532; www.hicksnursery.com. Synchronics, 1727 Kirby Parkway, Memphis, TN 38120; (800) 852-5852; fax (901) 683-8303; www.synchronics.com.

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POS technology glossary

Application software. Program designed to assist in a specific task such as POS transactions, inventory management, accounting, etc.

Authorization. Process of verifying a credit card has sufficient funds to cover the amount of the transaction/sale.

Bar code. Information identifying product through a pattern of differing widths of parallel bars and spaces.

CAT. Credit authorization terminal.

CRM. Customer relationship management. CRM applications typically maintain information on customer transactions and preferences and allow for queries to produce lists of customers for promotions and follow up. More sophisticated applications provide tools such as automatic e-mails to follow up with customers on order delivery and customer satisfaction.

Electronic data capture (EDC). Process of electronically authorizing, capturing and settling a credit card transaction. Sometimes referred to as signature capture.

EFT. Electronic funds transfer.

Inventory control. This application includes all processes that affect the unit count of inventory. Business processes include physical inventory counts, inventory adjustments, etc. Receipts, returns to vendor and sales also affect the unit count of inventory. However, receipts and returns are typically included in purchase order management, and sales are included in POS business processes.

LAN. Local area network.

Modem. Device for transmission over a telephone line.

Network. Communications system connecting computers and their peripheral devices.

PIN. Personal identification number, used with debit, ATM or club membership cards.

Point of sale/POS. Devices or systems that record transactions for a retailer. Can refer to software, computer, monitor, keyboard, cash drawer and other optional equipment.

Pole display. Displays product and price as they are checked out at POS cash register.

RF. Radio frequency used for communication in wireless/portable terminals.

SKU. Stock keeping unit. Number identifying a specific item.

UPC. Universal Product Code. Common bar code standard for retail industry.

UPS. Uninterruptible power supply. Battery backup for computer systems.

Value-added reseller (VAR). Organization that resells POS equipment or software and adds some value to the sale via training, support, integration services, etc.