



# "Taking Your Management Information System to the Next Level"

**By:**

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# Today's Objectives

- Help you do a self-assessment of your current system
- Encourage you to rethink the way your system can be used in your business to really make a difference on your bottom line



# Information System Evolution

1980's: Bought a business computer to give them an edge

1990's: Shopped for an Integrated POS & back office system

2000's: Invested in an IT Solution that gathers and compiles data and streamlines procedures

2010's: Will require all of the above combined with business processes to stay competitive.



# Using your Information System

**LEVEL 5**

Support a Business Improvement Process and empower employees

**LEVEL 4**

Discover and act on opportunities

**LEVEL 3**

Obtain Information for Decision Making

**LEVEL 2**

Become more efficient and avoid duplication of tasks

**LEVEL 1**

Task automation



# So, how do you feel about your system?

- The system is only a necessary expense?
- I'm too busy to make too many changes?
- I know it can do more but I don't need it?

Make it profitable asset in your business!



# How to make it a profitable asset?



**TOOLS**



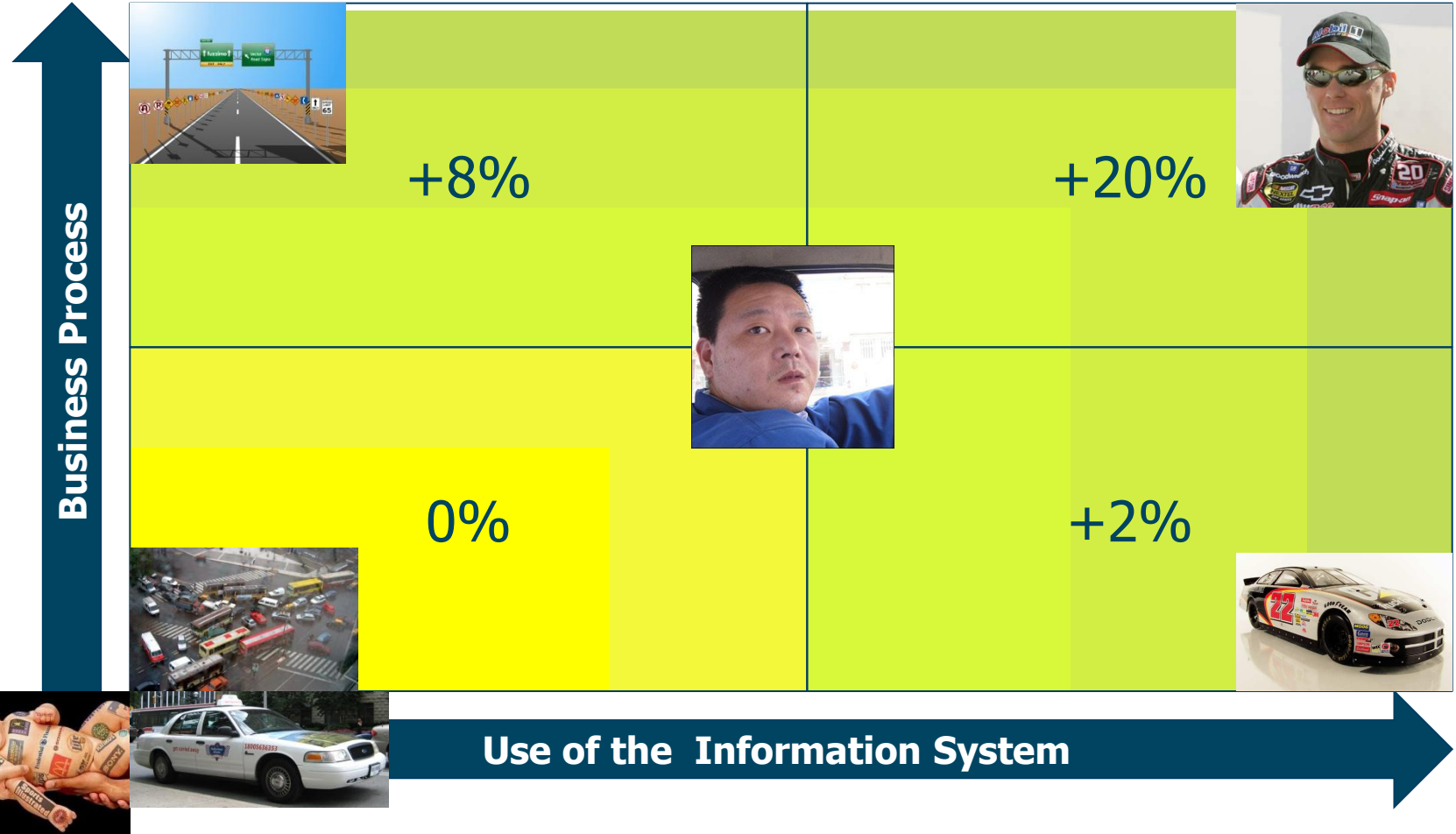
**PEOPLE**



**PROCESS**



# Combining Efforts



•SECOR-taktik, Alain-Marie Caron & Benoit Marcoux, SECOR Conference 2008

# The Business Process drives the need

## Management process:

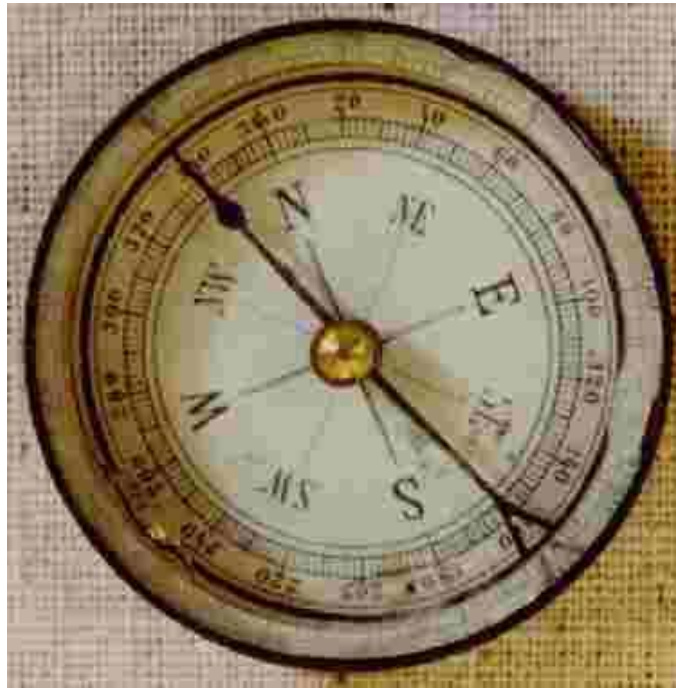
- Defining your key indicators
- Understanding the details and comparing with your market
- Discovering opportunities (\$\$\$)
- Getting the whole team involved
- Planning and Taking actions
- Validating the impact and re-aligning the strategy

The need is : Information or data



# Why is information important?

Let's look at sales \$



# Get more specific on Sales

- Total or Detailed
- Over a Period/Day/Week/Month/Year
- Sorted/grouped by
  - Division/Department/Category/Class/Product
  - Vendor/Promotional Activity/Bin location/Discounts
  - Employee/Clerks/Sales rep
  - Customer/Customer Type/Postal Code

Look, and see your business differently!



# Example: Improving Sales

**Sales = Foot Traffic X Conversion Rate X Average Basket**

Must focus on where the problem is...



# Knowing where the opportunity is...

## Basic Management Reports

- Sales by Category
- Average Basket
- Low margin Sales
- Excess or obsolete inventory
- Best Products
- Price exceptions & over-rides
- ...



# Looking at a clear picture...will



**...Help close the Knowing-Doing gap**



# Sales are key BUT...

<u>P&amp;L</u>		24.8%		+1%	
Net sales	\$5,000,000		\$5,000,000		
Gross margin after rebates	\$1,240,000	24.8%	\$1,290,000	25.8%	
Profits before tax	<u>\$65,000</u>	1.3%	<u>\$115,000</u>	2.3%	

**+\$50,000**

<u>Balance Sheet</u>	3.8 turns	4.3 turns	4.8 turns	
Cash	\$(44,000)	\$38,000	\$101,000	
Inventory	\$997,000	\$880,000	\$790,000	
Payables	\$299,000	\$264,000	\$235,000	

**+\$145,000**

**+\$195,000**



\* Making Money in Tight Times, Roy Carter and Bill Wilson, Hardline 2009 Conference

# Example: Change Product Mix

Case 1

Department	Sales	Margins	GM%
Paint	\$300,000	\$120,000	40.0%
Decor	\$500,000	\$175,000	35.0%
Hardware	\$500,000	\$150,000	30.0%
Seasonal	\$500,000	\$100,000	20.0%
Lumber	<u>\$700,000</u>	<u>\$175,000</u>	<u>25.0%</u>
	<b>\$2,500,000</b>	<b>\$720,000</b>	<b>28.8%</b>

Case 2

Department	Sales	Margins	GM%
Paint	\$700,000	\$280,000	40.0%
Decor	\$500,000	\$175,000	35.0%
Hardware	\$500,000	\$150,000	30.0%
Seasonal	\$400,000	\$80,000	20.0%
Lumber	<u>\$400,000</u>	<u>\$100,000</u>	<u>25.0%</u>
	<b>\$2,500,000</b>	<b>\$785,000</b>	<b>31.4%</b>

**+ \$65 000**



\* Retail Performance Measurement, Marie-Claude Frigon, CA, Richter Chamberland

# Example: Clearance of slow movers

	ITEM A	ITEM B	TOTAL
Price	\$8.00	\$13.50	\$21.50
Cost	\$10.00	\$8.00	\$18.00
Margin	-25.0%	40.7%	16.3%

## ITEM A:

- Price \$13.50
- Cost \$10.00
- GM 26%

	ITEM A	ITEM B	ITEM C	TOTAL
Price	\$8.00	\$13.50	\$23.00	\$44.50
Cost	\$10.00	\$8.00	\$13.50	\$31.50
Margin	-25.0%	40.7%	41.3%	29.2%



\* Retail Performance Measurement, Marie-Claude Frigon, CA, Richter Chamberland

# Other ideas

1. **Consistent mark- down Policy**
2. **Check retail price and cost**
3. **Be Creative**
4. **Utilize dump bins and clearance areas "Red Tags"**
5. **Charity donations**
6. **Buy backs and swap outs**
7. **Clear out Companies " Dollars for Gold"**
8. **Employee spiffs**
9. **Throw it out and take the hit**
10. **Re-deploy your capital to generate more \$\$\$**



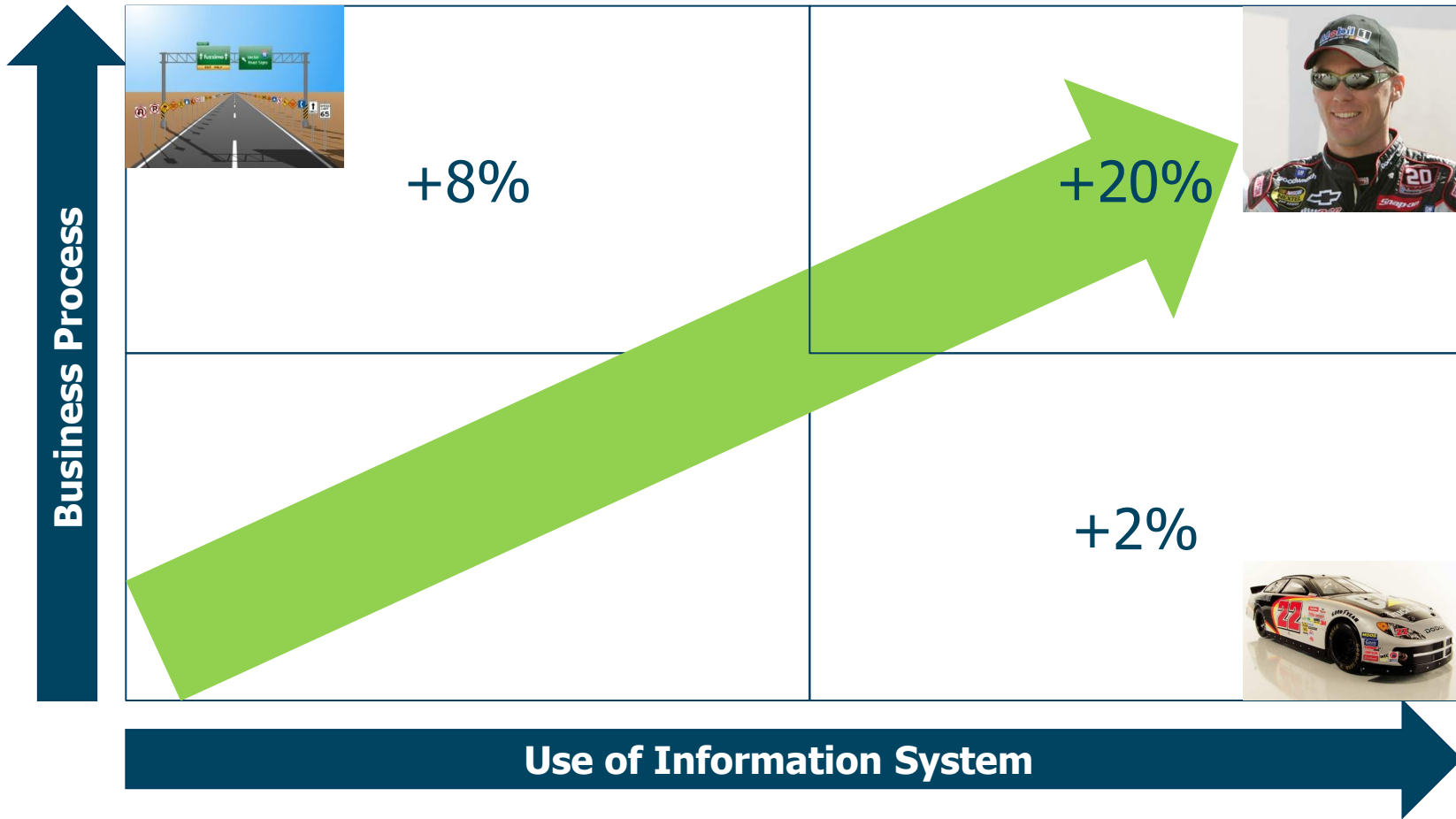
# Delivering Lasting Outcomes

## People make it happen!

- Inform on business goals
- Train on the process
- Get them involved in measuring, comparing and analyzing
- Stimulate creativity
- Make them accountable for actions and results
- Link recognition to business impacts, rewards!



# Reach the Next Level



# Have a new Competitive Edge



**PROCESS**



**PEOPLE**



**TOOLS**



# Identify your Opportunities

## Savings Calculator

Customer Name

Enter current data and targets in the grey cells

	Current	Target A	Target B	Savings	
				Target A	Target B
Net Sales	\$5,000,000	\$5,000,000	\$5,500,000		
Cost of Goods	\$3,800,000	\$3,750,000	\$4,070,000		
GMBR (\$)	<b>\$1,200,000</b>	<b>\$1,250,000</b>	<b>\$1,430,000</b>	<b>\$50,000</b>	<b>\$230,000</b>
GMBR (%)	24%	25%	26%		
Inventory	\$1,300,000	\$1,171,875	\$1,043,590	<b>\$128,125</b>	<b>\$256,410</b>
Inventory Turnover	2.9	3.2	3.9		
<b>Total savings</b>				<b>\$178,125</b>	<b>\$486,410</b>
Investment	\$100,000			0.56	years



# February 15<sup>th</sup> 2010 – Action Plan

1. Fill out the Savings Calculator
2. Identify indicators currently tracked
  - By whom
  - At what frequency
3. Print the suggested reports and drill down to discover problem areas



# February 15<sup>th</sup> 2010 – Action Plan Continued

4. List the opportunities for improvement (with \$)
5. Establish Priorities
6. Identify action items
  - Who
  - When
7. Implement Follow-up Process to Review Results

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# Questions?

THANK YOU FOR ATTENDING

