

a guide by

Retail
Council of
Canada

technology

assessment for retail small business

Staff + Customers + Inventory + Data Management + Finances
Web & e-Commerce + Business Operations



in partnership with



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Retail Technology

As the digital world continues to grow and transform at the speed of light, so too does the structure of the retail industry. An increasing number of Canadians are jumping online, and few leave the house without a mobile device in hand, allowing retailers the added advantage of connecting with their customers in more ways than ever before.

For many independent retailers, the advancement of technology is both exciting and challenging. While some are beginning to take advantage of the social media trend and looking at ways to communicate through mobile applications, others are still in the process of identifying the right technology that will help them reduce costs, boost sales and free up their time to focus on their customers.

With independent retailers in mind, Retail Council of Canada (RCC) partnered with Microsoft, BAASS, and Second Foundation to develop a guide focused on retail technology systems available to small-sized Canadian retailers. This guide explains the benefits of different technologies for your store, identifies the functionalities you want to have in your store and offers questions to help you start a conversation with a technology vendor.

We hope you find this guide helpful in identifying which technologies are right for you and your growth plans. We also have a number of other publications and programs to assist you in growing your business. I encourage you to visit www.retailcouncil.org to find out more.

Sincerely,



Bill Yetman
Chief Operating Officer, Retail Council of Canada

About Retail Council of Canada

Retail Council of Canada (RCC) has been the Voice of Retail in Canada since 1963. We speak for an industry that touches the daily lives of Canadians in every corner of the country — by providing jobs, career opportunities, and by investing in the communities we serve. RCC is a not-for-profit, industry-funded association representing more than 40,000 storefronts of all retail formats across Canada, including department, specialty, discount, and independent stores, and online merchants. RCC is a strong advocate for retailing in Canada and works with all levels of government and other stakeholders to support employment growth and career opportunities in retail, to promote and sustain retail investments in communities from coast-to-coast, and to enhance consumer choice and industry competitiveness. RCC also provides its members with a full range of services and programs including education and training, benchmarking and best practices, networking, advocacy, and industry information.

www.retailcouncil.org



Contributing Partners

Retail Council of Canada would like to thank our partners Microsoft Dynamics, BAASS Business Solutions Inc., and Second Foundation for their assistance and generous support of the project.

About Microsoft Dynamics®

Microsoft Dynamics® is a line of financial, customer relationship and supply chain management solutions that help businesses work more effectively. Delivered through a network of channel partners providing specialized services, these integrated, adaptable business management solutions work like and with familiar Microsoft® software to streamline processes across an entire business.

www.microsoft.com/dynamics/en/ca/industries/retail.aspx

About BAASS Business Solutions Inc.

BAASS is a technology consulting firm that assists companies in improving operational efficiency and overall corporate effectiveness by leveraging the right business applications. BAASS has over twenty years of experience in providing quality products, services, and support to its retail clients across Southern Ontario and Canada. BAASS' retail experience has allowed them to address their client's key pain points and improve overall profitability and competitiveness.

BAASS offers a full line of services from requirements definition, analysis and system design, to software training and technical support in accounting, ERP, CRM and e-business/web solutions. BAASS specializes in Sage ERP Accpac, Sage ERP X3, and Microsoft Dynamics products.

www.baass.com

Second Foundation

Second Foundation provides relevant, industry-specific software solutions for the retail, food, agriculture, industrial manufacturing, and professional services sectors. Second Foundation assists companies in building on their existing business foundations and processes to creatively help companies plan their future, and improve cash flow and profitability. Second Foundation provides clients with trusted guidance and choice through their knowledge of accounting controls, business processes and technology. Combined with a creative and proactive consulting approach, these are the building blocks they use to deliver their focused solutions. Headquartered in Kitchener, Ontario, Second Foundation helps clients from their offices across North America and Europe.

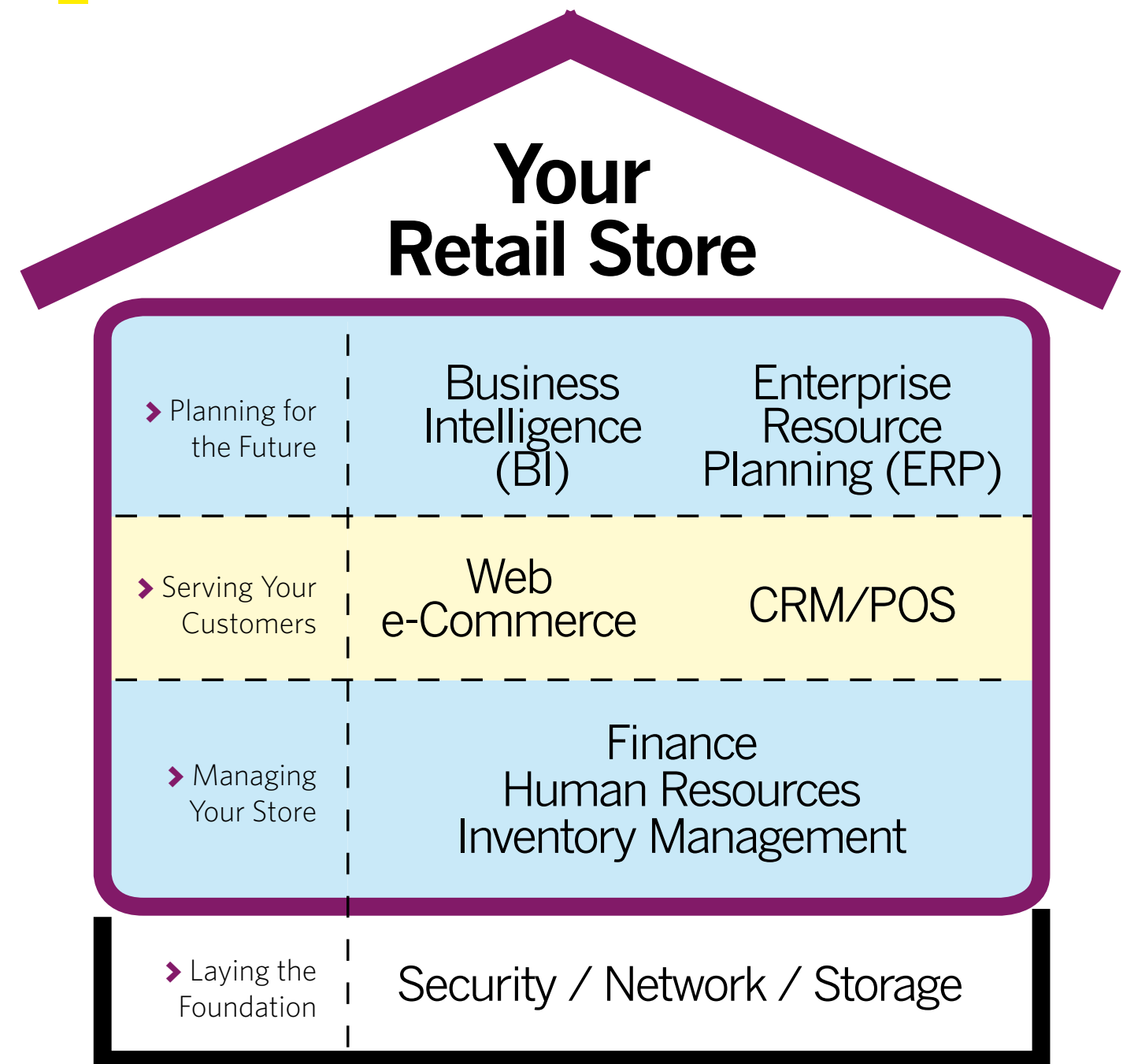
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The diagram below depicts the many touchpoints to the retail IT system. Refer to this diagram as you read through the guide. It may help you determine which technologies are right for your business.



➤ Retail Technology - Getting Started

Business technologies, for all of the daily tasks that they help simplify, can pose challenges for many small retail business owners. For some, technology represents a deviation from what is comfortable and familiar. For others, simply finding the time to learn is the biggest hurdle to overcome.

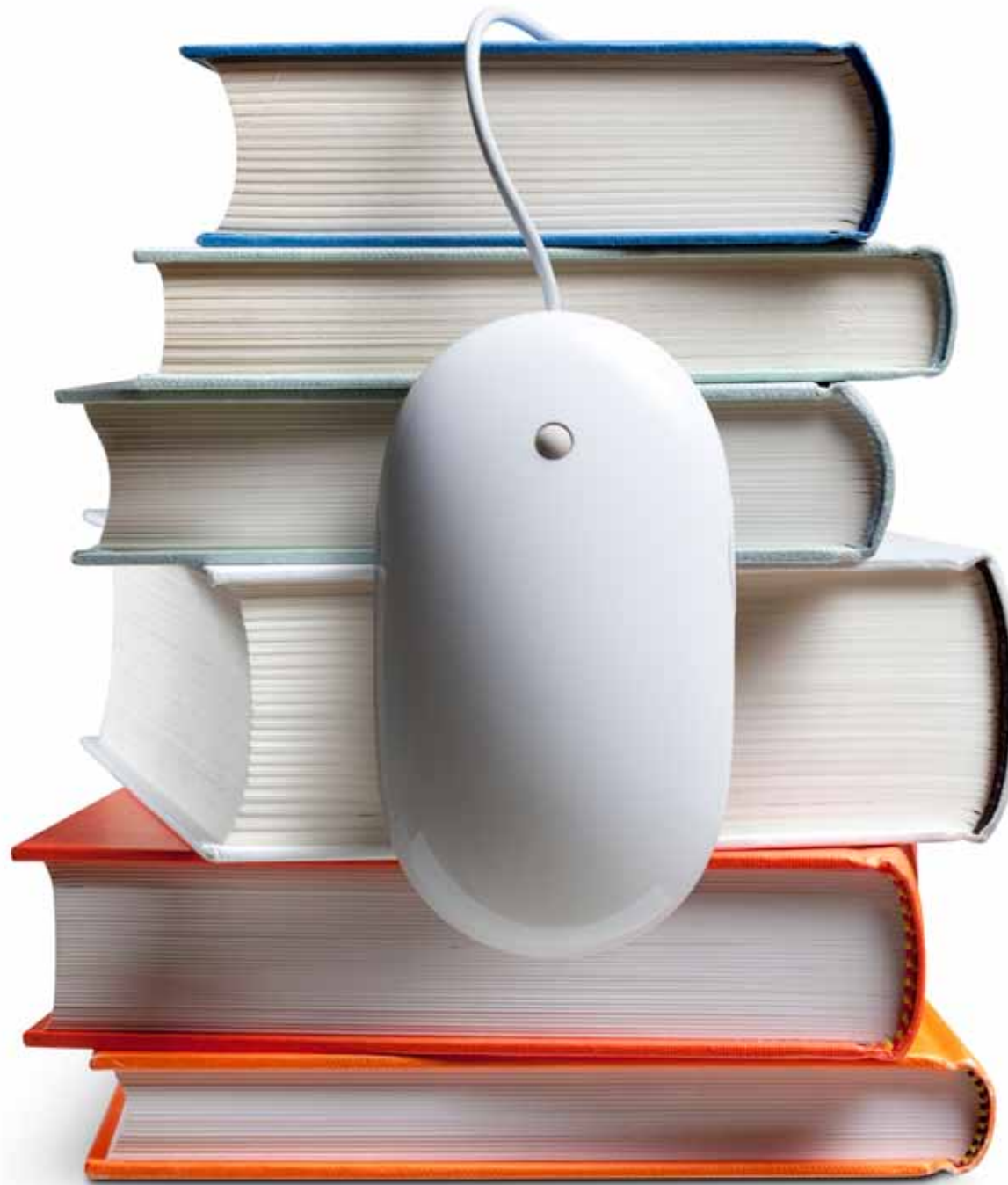
Reducing costs and boosting sales are core fundamentals for any business owner. Understanding the correlation between business technologies and business success – and even survival – is the key to getting ahead and staying there.

Retail technologies—from scanners at the checkout to automated staff schedules—free you from administrative tasks so you can focus on your customers. But “fit” is important. The right technology is a technology that enables you to get to where you want to go. The right technology complements your plans for building customer relationships, driving traffic to the checkout, and simplifying your workflow.

The right technology can also help you grow your business. And the wrong technology can slow you down. This guide intends to help you figure out which technologies are right for you and your business.

You’ll also find an explanation for the most relevant retail technology systems available to Canadian retailers. These technologies work together to manage and make sense of your business data and help you make timely decisions concerning your store.

This guide will also explain the benefits of different technologies to your store, identify the functionalities you want to have in your store, and will offer questions to help you start a conversation with technology vendors. You’ll know what to ask. You’ll know what kind of technology you need to investigate.



➤ **Before you begin reading this guide, give yourself some objectives. Be specific about what you want to accomplish for your store.**

Ask:

- What specific sales and customer relationship goals do I have for my store?
- What currently prevents me from achieving these goals?
- Is technology the solution? Will technology help me achieve these goals?
- Do I need to conduct an audit to better understand the technology found in my store?

➤ **Next, read the guide and get to know some of the terminology and technologies.**

(see Glossary on page 27)

Ask yourself again:

- Will the retail technology detailed in this guide help me achieve the goals I’ve set for my store?

➤ **Finally, if technology looks like something you need to investigate further, plan your next steps.**

- Consult with a professional about how retail technology can help you provide customers with a better experience, increase sales and improve your bottom line.

In this guide, we present several technology systems that can be assessed by small business owners to achieve specific business purposes. However, in doing so it is very important to consider your overall IT infrastructure, including back-end components including database, network and security to identify whether a unified system would benefit your business.

Also, there are many touchpoints to IT systems including your employees, customers and partners. You need to be aware of these touchpoints and be sure to implement solutions that consider how human interactions will be achieved.

➤ 1. Managing my staff

How can human resources software help me manage my staff more efficiently?

➤ Is HR software useful to my store?

Consider the following:

- I want to spend less time with my paperwork and more time coaching my staff and serving my customers
- I want to create efficiencies in how I supervise my employees
- I want to bring new hires up to speed quicker

➤ HR software frees you from routine, time consuming administration

Effective human resources software automates payroll, staff scheduling, recruitment, training, and other routine HR tasks that independents may find time consuming. HR solutions are managed from your desktop computer and can run on a desktop computer or a server. Some HR programs can operate online, letting you manage your staff from home, the store, or on the road.

➤ With HR software you can:

- Spend more time in the front of the store and less time in the office
- Lower training costs by moving some employee training online
- Keep employee records secure while keeping need-to-know information readily accessible

➤ What to look for when shopping for HR software

Retailers looking for HR software should speak to vendors about ease of use. The more tasks the software can manage for you, the bigger return you'll get on the investment.



➤ Effective HR software:

- Automates routine employee management tasks. It tracks vacations, illnesses, time-off requests, leaves of absence, and other tasks
- Centralizes company information, including employee work schedules, pay stubs, benefits information, and other important operational details
- Tracks personnel information, including job history, training history, compensation, performance reviews, and other details about employees
- Generates reports about employee performance, including year-to-date comparisons and sales results
- Manages an unlimited number of benefits plans and tracks employee eligibility
- Simplifies recruitment by automating application and approval processes
- Lets you use online recruitment tools by facilitating online job postings, applicant submissions, and interactions with job seekers
- Automates employee training and allows your staff to educate themselves about procedures and products through online training
- Allows your staff to log into the system to update personal information and manage their benefits for themselves
- Lets you generate staff reports on your own, without having to pay the vendor to perform these services

➤ A complete HR strategy

Not every retailer needs HR software, but organizations that do leverage these software solutions will want to make sure the software advances the store's HR strategy. The software helps retailers realize their strategy by providing better on-the-ground tactics.

For example, an HR system will help an organization achieve its HR goals by automating product training, accepting resumes online, managing employee benefits, and so on. This automation frees you to focus on more strategic tasks of the business.

➤ Questions to ask vendors

HR software makes processes more efficient and gives store owners new tools for managing people. Retailers that are considering HR software should ask vendors:

- How does the software interface with other software in my store?
- Does the software save HR data in a secure, resilient, and reliable database?
- Can the software allow my staff to access their accounts through a unique, encrypted login?
- How can I customize new learning modules for my employees?
- Is the design of the software backed by research and development funding? Does the software have a large user base? (The more users, the better for you.) And can the vendor demonstrate the software in real-time before I purchase?
- Can the software grow with my business?

➤ Special Considerations:

- HR software helps make established practices more efficient. Retailers who conduct HR activities in a careful, systematic way will benefit more than retailers who operate on-the-fly.
- Retailers considering online recruitment—an increasingly important way to find new staff—should consider their online hiring strategies when selecting HR software. Applicant tracking programs, part of most HR software suites, make online recruiting easier. Ask your vendors about what kinds of applicant tracking programs they offer.

➤ Extra Resources

For additional resources, tools and resources that will help you determine which human resources software is right for your business, visit us at www.retailcouncil.org/training/research/industry/ITAssessmentResources

➤ 2. Managing all my customer relationships

How can technology help me build better relationships with my customers?

➤ Are customer relationship management and POS systems right for my store?

Consider the following:

- I want a better way to manage my customer data—my spreadsheet is too large and cumbersome to use
- I want to collect customer information at the checkout and use this information in my marketing
- I want to know how marketing, promotions and sales activities drive sales at my store

➤ Customer relationship management software personalizes customer relationships

Customer relationship management (CRM) software solutions work behind-the-scenes to create a portrait of the people who shop in your store. CRM comes in a variety of forms depending on the needs of the retail organization. Typically, independent retailers run CRM software on a desktop computer or servers, but the software can also be combined with point of sale and online data analytics.

CRM tools let you centralize customer information and create profiles of individual customers. As part of a strategy for building customer relationships, CRM software results in a better understanding of customer buying trends, product assortments, prices and promotion schedules.

➤ CRM software makes sense of data generated by the checkout so you can:

- Respond to customer desires quicker—before the customer even knows what they want
- Identify buying trends and develop up-selling and cross-selling activities
- Help your staff get to know customers on a more personal level

➤ Point of Sale: Greater service and intelligence at the checkout

A point of sale (POS) system is a hardware and software system that works with the CRM system to understand customer behaviours. Retailers with POS systems benefit from a simpler, more transparent checkout process.

In your store, POS systems can help to:

- Bring important details about the customer—like their names and their favourite kinds of products—directly to the cash register
- Collect sales data in a way that cash registers can't
- Spot selling trends as they emerge

➤ What to look for when shopping for a system to build customer relationships

Retailers looking for CRM software should look for software that helps them understand and anticipate customer needs. This means finding software that helps make sense of customer data.

➤ Effective CRM software:

- Captures customer shopping behaviours, buying habits and transaction information
- Centralizes customer data in real-time
- Streamlines workflow so you can plan, execute and evaluate campaigns, promotions and in-store events
- Segments your customer lists according to different demographics, shopping preferences or any other characteristic you want to analyze
- Measures the impact of your store's CRM efforts
- Helps you understand what products and actions drive sales and customer traffic
- Increases revenue by suggesting "like" products for individual customers

An effective POS system complements CRM software, enabling retailers to examine the two systems in tandem.

➤ An effective POS system:

- Accepts multiple currencies
- Processes cheques, and credit, debit and gift cards
- Provides a searchable sales history for customers
- Generates statistics about sales, orders and deliveries to evaluate vendor performance
- Monitors and reports on sales
- Automates replenishment for all types of goods
- Puts sales, promotions and line discounts on a timer and releases these promotions to customers on a schedule

➤ Questions to ask vendors

CRM and POS systems help retailers control customer data and respond to the needs of individual customers. If you're looking at implementing a process to build relationships with customers, ask your vendors:

- Can the CRM and POS systems expand as my business grows, and can they grow to include new generation handheld devices and other hardware items?
- Does the vendor deliver hardware support during store hours?
- Does the software save data locally, in the store, or off-site? (On-site systems will load data quicker.)
- Are the programs running the POS system and CRM software compatible with each other and with other computerized processes that I have in my store? (A POS system that does not integrate with other retail processes will increase your cost per transaction.)
- Does the POS system process information in real-time or does it process the data at the end of the day? (Both methods work but systems that copy transactions on a schedule require some kind of a backup system.)
- Can the software integrate with other software I have in my store?
- Is the design of the software backed by research and development funding? Does the system have a large user base? (The more users, the better for you.) And can the vendor demonstrate the software in real-time before I purchase?



➤ Special Considerations:

- Retailers need to dedicate time and resources to managing CRM software. To keep the software up-to-date and efficient, you'll be required to input and output data to and from the software constantly.
- Collecting customer data improves customer relations only if retailers act on the data. You'll benefit from responding to what the data suggests your customers need.
- Privacy - there are many privacy laws that retailers must adhere to as they relate to the gathering and use of customer information. (For more information see page 26)

➤ Extra Resources

For additional resources, tools and resources that will help you determine what software will help you manage your relationships with customers more efficiently, visit us at www.retailcouncil.org/training/research/industry/ITAssessmentResources

➤ 3. Managing my inventory

How can I track my merchandise better than I already do?

➤ Is inventory management software right for my store?

Consider the following:

- I want to automate my inventory counting and I want a better idea of what products I have on-hand at any time
- I want to make sure my shelves are never empty and my customers never have to wait for what they want
- I want to stop ordering product from my suppliers at the last minute

➤ Inventory management software allows retailers to be more agile

Inventory management solutions are simple, functional software tools that help retailers manage the flow of inventory from suppliers, through the supply chain, to the retailer's backroom. The software links, in real time, the inventory counts to customer sales. The software runs on servers or a desktop computer and links via the Internet to suppliers and the store's POS systems.

Inventory management software gives you stability: you'll know what's in stock and when new stock will arrive. And knowing what kind of merchandise you have in your store lets you spend your time interacting with customers rather than counting stock.

You can:

- Chart inventory levels over time to plan sales and promotions
- Save time and money on managing inventory and become more competitive
- Plan product orders in a more efficient way
- Deliver better customer service, because you'll have in stock what customers want when they want it

➤ What to look for when shopping for inventory management software

Like most retail technology, inventory management software is scalable to the retailer's needs. Generally, you'll want to ask your vendor for software that gives you greater control over your merchandise, but software that is not labour intensive.

➤ Effective inventory software:

- Tracks the quantity of inventory that you have on-hand, on sales order and on purchase order
- Manages SKUs according to colour, size, weight, number of units and other specific details
- Administers minimum and maximum quantities by season
- Generates purchase orders to vendors based on your purchasing criteria
- Enables a just-in-time inventory management strategy so you can reorder stock just in time to replenish shelves

➤ Questions to ask vendors

Inventory management software helps manage your inventory levels. When you're investigating the options on the market, be sure to ask vendors:

- Does the inventory management software price merchandise by promotion, by season, or by any other metrics?
- What process does the software use to replenish stock? For instance, can the solution be fully integrated to automatically order new stock from suppliers? Are orders automatically faxed to suppliers or does the software simply alert me when stock levels run low?
- When in the transaction process does the software realize the cost—at the posting time (in real-time) or in a batch (at the end of the day)?
- Does the software have a function for cycle counting? (cycle counting is the ongoing measure of inventory on a daily basis for selected items—cycle counting increases accuracy and reduces the need for physical counts)
- Does the inventory management software integrate with other processes in my store?
- Is the design of the software backed by research and development funding? Does the software have a large user base? (The more users, the better for you.) And can the vendor demonstrate the software in real-time before I purchase?
- Can the software grow with my business?

➤ Special Considerations:

- Mainstream management inventory software provides a general solution that may not have all the functionality you require for your business. Additional solutions and/or customized options will come with an added cost.
- For organizations thinking of upgrading their existing inventory management tools, they will want to consider how the new tools affect the various integration points. Depending on the size and complexity of the solution, an upgrade may necessitate building new integrations with supplier systems and POS systems. This upgrading can become costly. The best first step in this case will be to contact a qualified professional in both your existing solution and the new inventory management solution to weigh your options.

➤ Extra Resources

For additional tools and resources that will help you determine which inventory management software is right for your business, visit us at www.retailcouncil.org/training/research/industry/ITAssessmentResources



➤ 4. Managing my money more effectively on my own

How can I manage my finances in a more efficient way?

➤ Is financial and accounting management software right for my store?

Consider the following:

- I want a simpler way of keeping my books so that I can spend more time with my staff and customers
- I want a better understanding of my cash flow, how I can control my costs and what my accountant needs from me
- I want to move from paper-based bookkeeping to an electronic system
- I want a smarter way to manage costs

➤ Financial software makes your accounting processes simpler to manage and more accurate

A myriad of financial and accounting software tools are available to retailers today. Depending on the size and complexity of your store, finding the right solution can be difficult. A financial software program typically provides retailers with budgeting, forecasting, planning and management type reports. Generally, an accounting program is used to track the financial results over time. Some of the solutions available to retailers cater to one or both of these goals.

These software solutions usually run on a desktop computer and have functions that allow you to synchronize your store's ledgers with your bank accounts and share your store's ledgers with your accountant.

➤ Such software helps you:

- Simplify your accounting processes so you have more control over your finances
- Reduce the time you spend managing income statements and paperwork so you can dedicate more time to your customers
- Understand where you spend your money and how you can reduce your costs

➤ What to look for when shopping for financial software

The software you use to manage your finances deserves special attention. The ideal software provides substance and flexibility

➤ Effective financial software:

- Monitors the financial performance of your store
- Reduces the time and effort you spend on bookkeeping tasks and helps you communicate better with your accountant
- Gathers comprehensive, up-to-date financial information about your store's finances
- Reports financial trends and helps you gain insight into business activities

- Controls and manages the entire life cycle of fixed assets—from acquisition to disposal
- Maximizes cash resources with flexible, integrated accounts payable tools
- Centralizes data and makes it accessible from any location, at any time
- Anticipates changes in customer demand by drawing on sales, financial and inventory data
- Conducts rolling forecasts and lets you modify budgets to reflect changing conditions
- Generates reports—including financial, inventory, and labour reports—so you can plan for the future
- Visualizes data using a customizable, graphical interface that reports on key performance indicators in real time
- Alerts you to potential problems and opportunities, and gives you enough time to act
- Provides you with “what-if” analyses to help you understand how different scenarios will play out



➤ Questions to ask vendors

Retailers interested in financial or accounting software should ask vendors:

- Does the financial and accounting software integrate with the other software I have in my store? (Financial and accounting software suites that don't integrate with inventory and POS systems have limited functionality.)
- Is the design of the system backed by research and development funding? Does the software have a large user base? (The more users, the better for you.) And, can the vendor demonstrate the software in real-time before I purchase?
- Can the software grow with my business?

➤ Special Considerations:

- Remember that the more capable the reporting and analysis tools, the more time you'll need to configure it to your store
- Financial planning software comes in a variety of configurations. Depending on what kinds of reports you want to run, you'll probably want software that has multiple tools that provide a variety of services, rather than a single reporting tool that does everything.
- You'll need to know what kinds of reports you want the software to generate before you can configure the software to your store.
- Financial and accounting software suites are sometimes sold as separate entities. Regardless of the configuration, you must ensure that the software you are purchasing provides the full functionality that your store needs.
- Talk to your accountant about what kinds of financial processes and software tools will help your business.

➤ Extra Resources

For additional tools and resources that will help you determine which financial and accounting management software is right for your business, visit us at www.retailcouncil.org/training/research/industry/ITAssessmentResources

How can I connect with my customers over the Web?

➤ Is an e-Commerce website right for my store?

Consider the following:

- I want to sell my products online
- I want more exposure outside my region
- I want to promote my business without incurring the high costs associated with traditional advertising
- I want to make sure I have a Web presence, and I have the skills and the resources to manage a website

➤ Online commerce gives your customers another way to shop at your store

Online commerce allows you to reach more customers in your community and in other regions. A well-developed online store lets you:

- Reduce operating costs by selling through an electronic channel that has stable fixed costs, regardless of the sales volume
- Develop relationships with Web-savvy customers, a growing demographic in most regions
- Satisfy customers who want an online option or who use the Web to research their purchases

➤ What to look for when considering setting up an e-Commerce site

If you're interested in exploring the development of an online commerce presence, talk to vendors about how to keep the website current with the times. Functionality is central to a successful Web business; ensure your customers find your site easy to use.

➤ An effective online store:

- Accepts credit cards and other forms of online payments
- Communicates with customers through an intuitive user interface

- Provides comprehensive product information, item pictures, extended descriptions, and related accessories
- Offers real-time inventory checks including the item pricing and stock levels
- Provides extended information, including manufacturer brochures, videos and software
- Lets customers access their past orders and account information
- Lets customers personalize their account profile or shopping preferences
- Provides secure order processing
- Remains open all the time, outside of scheduled downtime
- Lets you make changes to store pages and catalogue
- Allows for real-time processing so you can assign new prices as quickly as possible
- Includes integrated applications (like social media and email marketing) that help you build relationships with customers—this helps you reduce your overall marketing spend
- Lets the customer decide how and where they want to buy or communicate with you

➤ Questions to ask vendors

Before you commit to an e-Commerce plan, ask vendors:

- Does the website have real-time integration or off-line integration? With real-time integration, the computer programs communicate with each other in real-time—when an order is placed, it is immediately fulfilled and reflected in the inventory. With off-line integration, the programs communicate in batches—at a set time all transactions will happen in a batch. Generally, real-time integration is most useful to customers browsing the site.
- How does the e-Commerce site integrate with other processes I have in my store?
- Does the e-Commerce site automatically update the sales ledgers?
- What assurances can the company hosting my website give me that my presence will stay online, that they will respond to outages quickly and that they will protect the integrity and privacy of my data residing on their servers?



➤ Integrating the Web store with the bricks-and-mortar store

Some retailers simply consider their online store as another location to sell or provide information about their products or service. This approach can make it easier from an operational perspective to manage the online site. However, depending on the complexity (or simplicity) of the store's operations, treating the online store as a separate entity can make integrating the online store into everyday operations more challenging.

The most critical back-end systems to consider when developing an online store are your payment processing and inventory management solutions. The goal should be to make your online store seamless when integrating with these systems. A good place to start is to contact your existing vendors to ask them to tell you how they can help integrate your online and bricks-and-mortar operations. If you don't already have a payment processor or inventory management solution that allows you to integrate your online store into your bricks-and-mortar operations, contact an IT professional about how you can create a more efficient process for managing the urgent needs of your physical store with the 24-hour demands of your online store.

➤ Special Considerations:

- The ideal e-Commerce development platform allows retailers to focus on selling instead of maintaining websites. Retailers will benefit from using a platform that allows easy and quick changes to site content and minimizes the time you spend on administration.
- Many e-Commerce sites operate on the assumption that all retailers sell the same way. This isn't the case. Ask vendors for a solution that supports the way you sell in your store.

➤ Extra Resources

For additional tools and resources, that will help you determine whether an e-Commerce presence is right for your business, visit us at www.retailcouncil.org/training/research/industry/ITAssessmentResources

➤ 6. Controlling my business data

How can I turn business information into fresh ideas for my store?

➤ Is a business intelligence tool right for my store?

Consider the following:

- I want a better understanding about what my business data means to my store
- I want to understand my customers better
- I want to locate inefficiencies in my store operations and correct them

➤ Business Intelligence software pulls it all together

A business Intelligence (BI) solution allows retailers to gather, store and analyze store data to assist with critical business decisions. It's like having another brain to help you control and interpret the data generated by your store every day. BI software is not deployed to assist with the day-to-day operations of the retailing business. Instead, retailers use BI software for ongoing strategic planning and business growth.

A BI solution is deployed within a server (so that you can work from home) or on a desktop computer. The software solution collects data from various data sources, including a POS system, customer surveys, an online sales system and any other source to sort and organize the data in ways that make sense to retail managers.

➤ Business Intelligence software simplifies paperwork so you can:

- Gain insight into the performance of your store, your staff and your promotions
- Find answers to questions without having to run complicated calculations on your own
- Know more about store activities than one person can manage alone

➤ What to look for when shopping for Business Intelligence software

The functionality you'll need from Business Intelligence software depends on what kinds of challenges you face and what kinds of intelligence you want to glean from your business data.

➤ Effective Business Intelligence software:

- Improves your merchandise strategy by collecting data about planning, assortments, product sizes, space and prices, promotions and markdowns
- Predicts customer behaviour
- Optimizes markdowns
- Sorts large collections of data for complicated queries
- Visualizes complicated data on your computer screen in a way that is easy to read and understand
- Finds hidden data to uncover trends
- Provides insight concerning the reasons customers shop at your store and why they do/don't return so you can act on these findings quickly



➤ Questions to ask vendors

If you want better insight into how your store is performing, talk to software vendors about what kinds of business reporting tools are on the market. Be sure to ask vendors:

- What kind of training and support does the vendor provide?
- What kind of challenges have other retailers faced with set-up and implementation of BI software?
- What can the vendor do to help you avoid the challenges other retailers have faced in implementing a BI tool?
- Can the software integrate with the other software I have in my store?
- Is the design of the software backed by research and development funding? Does the software have a large user base? (The more users, the better for you.) And can the vendor demonstrate the software in real-time before I purchase?
- Can the software grow with my business?

➤ Special Considerations:

Many retailers are on the journey to implementing new systems, e.g., CRM, IM, and more. While each provides great functionality in their own right, a BI system provides a higher level of data analysis and insights. Some retailers may not be at the stage where they can implement a BI system, but it's a critical consideration for future growth and development.

➤ Extra Resources

For additional tools and resources, that will help you determine which Business Intelligence tool is right for your business, visit us at www.retailcouncil.org/training/research/industry/ITAssessmentResources

➤ 7. Consolidate my business operations

How can I integrate technology to manage my staff, assets and financial resources?

➤ Is enterprise resource planning (ERP) software right for my business?

Consider the following:

- I want to integrate many of the capabilities mentioned in this guide
- I want to make faster and smarter decisions
- I want to make the most of what resources and assets I have

➤ ERP software helps you consolidate your computer systems.

Integrating Enterprise Resource Planning software can help manage resources, including financial resources (your invoicing system), materials (your inventory), and human resources (your staff).

ERP's can help manage complex environments regardless of the size of the organization. An ERP can integrate most of the software tools mentioned in this guide so all parts of the business can access and manage a unique source of business data. Some ERP solutions work to bring together separate underlying management software while others act more like an operating system that retailers can use to manage highly specific aspects of their business.

➤ Built on a centralized database and normally using a common computing platform, ERP software:

- Facilitates the flow of information between all of the different functions within your store
- Manages the relationships between your store and your vendors and partners
- Consolidates all store operations into a uniform and store-wide system

➤ What to look for when shopping for ERP software:

ERP software can be simple to use, straightforward to implement, easy to adapt and delivered in the way that works best for your store—through cloud (off-site) computing or on-premises computing.

➤ Effective ERP software:

- Reduces the cost of doing business
- Improves customer service by connecting and streamlining your entire supply chain
- Helps simplify compliance and planning by making comprehensive, current financial reporting available to you
- Looks deeper into key performance factors to pinpoint efficiencies, identify potential issues and take swift action
- Provide the backbone of a flexible system that helps move your business forward
- Helps you drive your strategic initiatives by allowing you to let other employees access the system, launch new products and pursue additional lines of business



➤ Questions to ask vendors

Retailers interested in ERP software should ask vendors:

- How does the ERP integrate with other software I have in my store?
- Is the design of the ERP backed by research and development funding? Does the software have a large user base? (The more users, the better for you.) And can the vendor demonstrate the software in real-time before I purchase?
- Can the software grow with my business?

➤ Special Considerations:

Even the smallest of organizations can benefit from ERP systems, simplifying their lives and giving them more time to focus on what matters most - their customers. Here are some practical examples how this is done:

- Simplifies bookkeeping by automatically flowing sales data to your books
- Simplifies the implementation of loyalty programs by connecting sales data with customer data
- Helps enable additional sales channels, including e-commerce sites
- Simplifies credit card processing and connections with other back-end payment systems

➤ Extra Resources

For additional tools and resources that will help you determine whether ERP software is right for your business, visit us at www.retailcouncil.org/training/research/industry/ITAssessmentResources

➤ What about security?

➤ Safeguarding your business

Protecting personal business information is the cornerstone of any solid data management strategy. From sales forecasts to customer contact lists, businesses of all sizes are privy to some very sensitive and valuable data. We live in a modern era where identity theft and information hackers are becoming a common threat. We also live in an era of ever-evolving technology designed to help combat online attackers. Keeping yourself and your staff up-to-date and changing passwords on a regular basis are great steps towards protecting your best interests.

➤ Developing a data management strategy

Many of the data protection options available today run independently and seamlessly in the background of day-to-day business as usual. They require very little maintenance aside from occasional updates. And learning to use them is often simple and straightforward. A firewall is a computer program designed to block unauthorized access to your personal information while connected to the Internet. These programs run automatically in the background while you work online and are generally inexpensive and easy to install. Some firewall options also provide the added protection of

anti-virus software which defends your computer from additional online threats like adware, spyware and malware. Most electronic retailers carry a variety of these products and can make a software recommendation based on your personal needs and budget.

Having a backup plan is never a bad idea. No technology lasts forever and being unprepared can lead to the permanent loss of precious and sometimes irreplaceable data. Backing up your information to an external source is a sound business practice and provides peace of mind. Depending on the size of your business, back up options range from simple USB hard drives that travel with you to more elaborate off-site storage networks. Evaluating your needs and working with an IT professional or a knowledgeable retailer will help you tailor a data management strategy this is right for you and your business.

➤ Next steps

You've identified a few technology systems that might be a good fit for your business and have read this guide. What next?

1. Build a game plan
2. Prioritize by need
3. Determine a budget
4. Determine what product to buy
5. Find a vendor
6. Know the laws

➤ Build a game plan

Technology is a tool for implementing a strategy. To discern the usefulness of technology to your store, build a game plan—clarify your overall objectives. What do you want to do? Reduce operational costs? Improve customer service? What's your strategy for achieving these objectives? Technology should plug into these strategies. Simply put, the technology should come after

you determine a business strategy. If you do not have a strategy, take time to:

- Define your business strategy—get an idea of where you want to take the business
- Document your strategy—get your ideas down in writing
- Share your strategy with your colleagues and employees—gain buy-in and feedback
- Review and refine your strategy every six months or annually as your business changes

➤ Prioritize technologies based on need

Once you define a business strategy, use technology to help achieve your goals. The table below provides examples of how each of the technologies defined in this assessment help deliver on certain objectives:

Objective	Technology as a strategy
Manage my staff more efficiently	Implement a human resources tool to: <ul style="list-style-type: none"> • Reduce operational costs through increased efficiency of staff • Develop more effective training programs that enable staff to create better relationships with customers and sell more product
Develop a more personable relationship with my customers	Implement a Customer Relationship Management tool to: <ul style="list-style-type: none"> • Increase revenue as a result of return visits • Increase revenue through understanding customer interactions • Increase efficiencies by linking your POS system to manage inventory levels
Manage my inventory with greater accuracy and efficiency	Implement an Inventory Management tool to: <ul style="list-style-type: none"> • Reduce operational costs by automatically having inventory re-ordered with suppliers when levels hit a certain threshold • Increase efficiencies by linking your POS system to manage inventory levels
Get more out of my finances	Implement financial and accounting tools to: <ul style="list-style-type: none"> • Understand how well your business operates • Reduce operational costs by automating bookkeeping and other accounting tasks
Use the Web as a customer outreach tool	Implement an e-Commerce tool to: <ul style="list-style-type: none"> • Expand the reach of your business into the Web • Reduce operational costs
Make more sense of the data my business generates	Implement a Business Intelligence tool to: <ul style="list-style-type: none"> • Increase efficiencies by understanding your business operations • Determine customer behaviours as a way to increase operational efficiencies
Consolidate my business operations	Implement an ERP system to: <ul style="list-style-type: none"> • Make faster and smarter decisions for your business • Make the most of the resources and assets at your disposal

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➤ Next steps continued

➤ Determine a budget

Different grades of programs exist. Some are easily customizable to your store and some are not. Typically, Software as a Service (SaaS) solutions are less flexible but are considerably less expensive than an in-house design and build solution.

➤ Here are a few things to consider when setting your budget:

- How large is my store?
- Are my business needs unique?
- How much can I expect to save if I choose an SaaS solution over a customized solution?
- What type of increased revenue can I expect?

➤ Determine what product to buy

Unfortunately, there isn't a one-size-fits-all solution for each of these systems. Each store owner must determine what kind of system is right for their store and their organizational goal.

Luckily today, we have so many sources of information through the Internet and technology consultants that making that right decision is easier. The one key metric to consider is the return on investment the technology will provide. Regardless of the strategic advantage provided, if the benefits don't outweigh the cost, don't choose the technology.

Ask vendors and consultants to help you determine what your expected return on investment from a technology purchase will be. Be honest about your projections—don't trick yourself into setting unachievable goals.

➤ Find a vendor

Undertaking a technology upgrade with the help of an expert that understands the requirements and goals of the upgrade is essential. Invest in somebody who knows retail technology, like an IT consultant or a technology vendor.

Finding a vendor is straightforward: Retail Council of Canada's suppliers guide (<http://rcc.officialbuyersguide.net/>) is a great place to begin your search. Vetting vendors requires more effort. Ask the vendor:

- How long have you supplied retailers with information technology?
- What do you know about the retail business and retail technology? What other retailers do you work with?
- What kind of customer service and support do you provide?
- What technology is your speciality? Can I count on you to provide support to other areas of my IT infrastructure?
- Are the people who work for you certified in their areas?
- Can I outsource my IT department to the vendor, and if so, how does this relationship work?



➤ Checklist for creating a Request for Proposal

If you decide to tender your work, write a Request for Proposal (RFP). This can help you identify your goals and objectives and ensure that you are comparing potential vendors fairly and objectively. An RFP usually includes the following parts.

✓	Statement of Purpose Describe the extent of products and services your store needs and the overall objectives of the contract.
	Background Information Present a brief overview of your store. State your strengths and weaknesses honestly.
	Scope of Work List the specific duties the provider will perform and the outcomes you expect. Include a detailed list of responsibilities, particularly when sub-contractors are involved.
	Outcome and Performance Standards Specify the outcome targets, minimal performance standards expected from the contractor, and methods for monitoring performance and process for implementing corrective actions.
	Deliverables Provide a list of all products the vendor will deliver to your store and propose a delivery schedule.
	Term of Contract Specify length, start date and end date of the contract, and the options for renewal.
	Payments, Incentives, and Penalties List all the terms of payment for adequate performance. Highlight the basis for incentives for superior performance and penalties for inadequate performance or lack of compliance.
	Contractual Terms and Conditions Attach standard contracting forms, certifications, and assurances. You may include requirements specific to this particular contract.
	Requirements for Proposal Preparation Request a particular structure with respect to how vendors will submit their proposals and provide an exhaustive list of documents you want to receive.
	Evaluation and Award Process Lay down the procedures and criteria used for evaluating proposals and for making the final contract award.
	Process Schedule Clearly and concisely present the timeline for the steps leading to the final decision, such as the dates for submitting the letter of intent, sending questions, attending the pre-proposal conference, submitting the proposal, and so on.
	Points of contact for future correspondence Include a complete list of people to contact for information on the RFP, or to answer any other questions. Incorporate their name, title, responsibilities and the various ways of contacting them into this list.

➤ Know the laws

Information technology reaches deep into a business, and before you extend the reach of your technology, make sure you understand how laws limit what you can do. This is about protecting your business.

➤ Licensing

Software belongs to the manufacturer. You can only use it if you purchase a license to use the software. Licensing is the responsibility of the business owner.

Remember that the software you purchase directly from retailers and the software that comes pre-installed on a computer often come with licenses. However, you'll benefit from ensuring that you license every terminal or server that runs the software. It is a good business practice to avoid using copied software because it's illegal and because counterfeit software is a source of malicious code which can infiltrate and corrupt your computer systems.

Many software solutions are now offered online as a service. This means that there is nothing to install to your hard drive because everything is accessed through your Web browser. In this case, your license is purchased when you transact with the vendor online.

➤ Compliance issues

Retailers must comply with Payment Card Industry (PCI) standards. Whatever technology you use must satisfy government privacy regulations and PCI.

➤ Privacy

There is also a list of 10 principals of fair information practices that retailers must adhere to with respect to the gathering and use of customer information, which are outlined in a code within the *Personal Information Protection and Electronic Documents Act (PIPEDA) Your Privacy Responsibilities: A Guide for Businesses and Organizations*. PIPEDA provides retailer with details and tips concerning the 10 principals, which are:

1. **Accountability**
2. **Identifying purposes**
3. **Consent**
4. **Limiting collection**
5. **Limiting use, disclosure and retention**
6. **Accuracy**
7. **Safeguards**
8. **Openness**
9. **Individual access**
10. **Challenging compliance**

For more information concerning privacy laws related to the gathering and use of customer information, contact RCC's customer service department at 1-(888)-373-8245. To access the PIPEDA guide online, visit www.priv.gc.ca/information/guide_e.pdf

➤ Glossary

Batch processing

With batch processing, a computer program processes a series of jobs at the same time according to a set of pre-selected commands. Batch processing does not require a person to give commands about how to process the data.

Business Intelligence (BI)

Refers to computer-based techniques used in spotting, digging-out, and analyzing business data, such as sales revenue by products or associated costs and incomes. Common functions of Business Intelligence technologies are reporting, analytics, data mining, business performance management, benchmarking, text mining, and predictive analysis.

Customer Relationship Management (CRM)

Customer Relationship Management involves using technology to organize, automate, and synchronize store processes. The overall goals are to find, attract, and win new customers, nurture and retain customers the company already has, entice former customers back into the store and reduce the costs of marketing and customer service.

Cycle counting

A cycle count is an inventory management procedure where a small subset of inventory is counted on any given day. Cycle counts contrast with traditional physical inventory in that physical inventory counts stops store operation while employees count everything in the store.

Database

A database consists of a collection of data, including data related to sales, customers, and inventory. Digital databases are managed using database management systems that store database contents, allowing retailers to create new data and maintain and use existing data.

e-Commerce

Electronic commerce, commonly known as e-Commerce or e-Business, consists of the buying and selling of products or services over electronic systems such as the Internet and other computer networks.

Encryption

Encryption is the process of transforming information using an algorithm to make it unreadable to anyone except those possessing the encryption key. The reverse process, decryption, makes encrypted information readable again.

Enterprise Resource Planning (ERP)

Enterprise Resource Planning (ERP) is a software architecture that facilitates the flow of information between all parts of the store and external vendors and partners. ERP systems consolidate all business operations into a uniform and enterprise-wide system environment.

Just-in-time inventory management

Just-in-time is an inventory strategy that strives to improve a store's return on investment by reducing in-process inventory and associated carrying costs.

Real-time

Real-time computing refers to computing that communicates data between store systems in-the-moment rather than communicating data between store systems at a later date.

Point-of-sale (POS)

Point-of-sale (POS) or checkout is the location where a transaction occurs. A POS terminal generally refers to the hardware and software used for checkouts. A POS is an electronic cash register.

➤ Retail Council Of Canada



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