



## Microsoft Business Solutions Retail Management System Customer Solution Case Study



### Western and Native American Gift Stores Take Off in Southwest Airports

#### Overview

**Country:** United States  
**Industry:** Retail

#### Customer Profile

Since 1978, Avila Retail has grown from its original store in Old Town Albuquerque, New Mexico by adding 11 thriving small-footprint airport stores and kiosks.

#### Business Situation

Airport passengers demanded faster service. Airport contracts require detailed inventory and sales reports. Store managers had to deal with inefficient paperwork and reporting systems.

#### Solution

Avila Retail couldn't be boxed in by proprietary hardware or software nor tied to UNIX demands. Testing a working demo in-house brought Avila to Microsoft® Business Solutions–Retail Management System.

#### Benefits

- Inventory reduced 35 percent
- Credit card purchases approved quickly
- Buying budgets finished faster
- Physical inventory close to book
- Chainwide stock entered just once

“Last year Microsoft RMS and Small Business Manager gave us our tightest agreement ever between book and physical inventory.”

*Kathleen Avila, Managing Member, Avila Retail*

Avila Retail sells U.S.\$10 million annually in 16,000 SKUs from just 12,000 square feet in 12 locations. To do this, the company needs instant transactions, incredibly alert stock management, constant space optimization, and purchasing as sharp as the *ojos de Dios* that it sells. After its first Native American–themed shop opened in historically rich Old Town Albuquerque, New Mexico, in 1978, Avila expanded to 11 airport locations. Dedicated employees and management’s attention to detail created expansion in spite of slow credit authorizations, different point-of-sale solutions in stores, and a central IT system that printed long reports for any simple business task. Today, Microsoft® Business Solutions–Retail Management System (RMS) cuts airport transaction times to a few seconds and shortens tasks in every department.



## "Our Microsoft RMS inventory count showed us we had a \$65,000 overstock in our warehouse. We cut that by 35 percent."

Kathleen Avila, Managing Member, Avila Retail

### Situation

"Airport shoppers have zero tolerance for lines," says Kathleen Avila, Managing Member. "If they see three people in line, they go to the next shop. Since our small-shop footprint allows only two registers, everyone wants to be first. Intuitively, we knew what would speed lines, but our systems wouldn't let our solutions happen."

Avila Retail's product mix varies by city, with up to three themes in four stores in the same airport. Airport management requires that 85 percent of each store's sales conform to a declared theme, in Avila's case Native American, contemporary, or Southwestern/Western jewelry and gifts. It buys 16,000 SKUs of crafts, jewelry, ceramics, figurines, cowgirl retro, apparel, whimsical furniture, music, regional books, and seasonal items from 600 suppliers who range from artists to large manufacturers. To get volume discounts and free shipping, most items are centrally purchased and some are centrally received.

"Efficiently compiling chain-wide purchase orders from our different IT solutions was impossible," says John Avila, Chairman of the Board and President. "To see the big picture, we manually merged every store's POs into [Microsoft®] Excel."

Avila's purchasing structure taxed staff, encouraged overstocks, and permitted stock-outs. "With Microsoft RMS reporting flexibility we keep optimum stock levels on top-performing items and suppliers," says Teresa Curl, Vice President of Operations. "Airports require that shop prices be within 10 percent of street price." So the complex logistics of airport delivery, security, high rents, and the arduous compliance reporting requirements cannot be simply added to consumer prices.

Overhead had to drop. "We might distribute one supplier's shipment to eight stores in three cities, or combine items from ten

suppliers into a shipment to one store," says Kathleen. Goods received into the central IT system had to be reentered into different systems at store level.

Kathleen says, "Our central IT solution was so unfriendly that I ran 20- to 30-page reports to compare how a product sold in Albuquerque, Denver, or Phoenix. Did it sell faster in airports or Old Town? I needed a five-page report just to approve reorders. Imagine what our offices looked like!"

The inconvenient and awkward reporting feature of its old IT solution slowed Avila's applying for new locations. Airports require retailers to submit a complete business plan covering their financial health, proposed product mix, suppliers, business history, labor standards, and personal backgrounds. Dispersed information made that difficult.

"For each shop at each airport," says Kathleen, "we turn in annual reports tight enough to undergo an audit back to our bank deposits. We used to literally deliver a large box of reports that we had started a month earlier. It was a huge drain on hours and productivity."

"Our locations are not large," says John Avila. "We hire efficient people who multitask, yet we had acquired software that gave us double-work. It was defeating a core principle of our company."

### Solution

"We can't control airport foot-traffic," says Kathleen. "But we can control everything that happens in our stores. We started a search for tools to give us that control."

Avila started with a budget that considered initial costs and ongoing ownership, a hard-criteria list, and a wish list. It needed an end-to-end retail solution for a growing chain that would allow store managers to be responsible

## "We dropped 80 percent off the time it took to create departmental buying budgets."

Teresa Curl, Vice President Operations, Avila Retail

for their own inventory, sales levels, profit and loss, and reporting.

Avila's solution had to enable communication between corporate locations and airports that have different communications capabilities so corporate could instantly assess product, employee, and manager performance, both over time and compared to other locations. Avila's solution also had to be accessible remotely by company executives.

Says Curl, "And we wanted to enter any datum once for the company—not once at every store!"

"Everyone told me if I bought UNIX, I'd need an in-house guru to maintain it," says Kathleen. "We rejected proprietary hardware or software because they take away all your bargaining power when you upgrade—and because we wanted to exchange data with better financial tools. We rejected companies that might not keep their products on the leading edge of technology."

Avila Retail's top requirement was a fast point-of-sale (POS) operation. Curl specified barcode capability to speed lines, knowing it would help Avila touch goods fewer times at centralized receiving and stores.

"We looked at all the front-runners every merchant looks at," says Kathleen. "We wanted to always have the latest technology, [Microsoft] Windows®, and a Microsoft SQL Server™ database. That combination would give us transaction speed, Internet capabilities, consolidated reporting, centralized management, and the ability to move data into Excel or wherever."

"When Ron Burnes of POSitive Technology showed us the product that's now Microsoft RMS, we were really interested."

Burnes says, "We set up a working demo on Avila's PCs. Managers configured it themselves and worked with a fully functional demo in a test environment and walked through core retail process before buying. They could see it addressed their needs and left room to grow. They were starting to see value before they bought."

"Microsoft RMS is extremely self-contained and logical in its layout," says Kathleen. "You find things where you expect them. And you find new methods and ideas to leverage in-house intelligence. We hire exceptional people who see problems and have to fix them, who come up with good ideas. Now they have tools that quickly provide facts they need to improve sales and profit."

### Benefits

"The first thing we noticed was extremely fast transaction times," said Curl. "Lines just disappeared. Credit authorizations that once took 60 seconds took 3 to 6 seconds. The Transactions on Hold feature lets shoppers run and get what they forgot without holding up a line. And it's a teaching tool. If something confuses a new associate, he can put it on hold, call a manager, and handle the rest of the line." If customers come back with a question about a purchase, associates can show them the full transaction on screen.

### Fingertip Information

"In business," John Avila says, "you make decisions all day long. Why shouldn't you have up-to-the-minute figures all day long? Now we upload numbers to corporate when we like. If a hardware problem hits one register, the rest keep running."

Toni Sinclair, Operations Manager of the Phoenix stores, says, "Now we manage different pricing levels and use our planograms [store schematics showing where merchandise is displayed] to maximize revenue and margins."

## "Don't think you can get by without modern retail automation. The retailer down the street who automates will eat your lunch!"

John Avila, Chairman of the Board and President, Avila Retail

"Our Microsoft RMS inventory count showed us we had a \$65,000 overstock in our warehouse," Kathleen says. "We cut that by 35 percent. Last year Microsoft RMS and Small Business Manager gave us our tightest agreement ever between book and physical inventory. We tied actual to reported levels and general ledger. Its ability to 'reach in' and make stock adjustments while you're reporting is a big help. Handheld inventory tools will help us tighten this up further."

Microsoft Business Solutions Retail Management System also resides in corporate stockrooms to instantly inventory and assign stock received right off the truck. Another computer is being added to specifically process jewelry, cutting on-site receiving time in half while improving security tracking of expensive items.

"We dropped 80 percent off the time it took to create departmental buying budgets," says Curl. "We customize sales reports by item, supplier, category, department, and site so we see what's selling fast and slow to sharpen buying decisions. Now we can inspect open purchase orders to keep budgets in line."

"The more our staff and IT manager work with Microsoft RMS, the more it becomes a self-operated system handled completely internally. Using just POSitive Technology, the need for outside resources has become non-existent."

"POSitive Technology was also excellent in adapting our network to the different communication capabilities between Albuquerque, Phoenix, and Denver airports," says Kathleen. "We needed uniform throughput regardless of the communication lines."

### **Reporting Speed**

"Airport reports will always be part of our business," says Michelle Grant, Accounting Manager. "But now we extract information in minutes, whereas one previous audit took us three or four days. We provide airport executives with a disk or e-mail a Microsoft Excel spreadsheet instead of a box of paper. They see we are more organized and they find what they need faster."

Says Curl, "When we did our business plan for our new store in the Phoenix airport, Microsoft RMS organized our data. But in the process, we reviewed our other stores and saw what we had done well and where we could improve. We know what each square inch is producing. We've heard of other airport stores being fined or losing a lease for not policing their pricing or product mix. Microsoft helps us stay within our covenants." Fast import of data into Excel yields revenue and profits per square foot and per transaction.

### **Training**

"We hire people from all age brackets and degrees of computer familiarity," Kathleen says. "But Microsoft RMS drastically cut training time. We set security levels in Microsoft RMS and graduate people to higher responsibility and security as they improve or change positions. With good auditing and exception reports, we have reduced internal theft."

"Microsoft RMS training mode makes it easy to learn new tasks such as drawer close-out and item look-up," says Curl. Maintaining system records is easier because authorized staff can clean out old vendors and products.

Lollie Pritchett, General Merchandise Manager, credits POSitive Technology with speeding ROI on the new system. "Their 24-hour help desk supported corporate and POS

"Everyone told me if I bought UNIX, I'd need an in-house guru to maintain it. We rejected proprietary hardware or software because they take away all your bargaining power when you upgrade."

Kathleen Avila, Managing Member, Avila Retail

sites during the hours most convenient for our stores. Their support is friendly, available, and knowledgeable. Their ability to walk us through questions by phone has saved us money and raised productivity."

#### **Knowledge, Not Just Numbers**

Curl digs into "how each store, each city, each cashier is doing, by using the Top Performers report. By customizing and memorizing reports, I see the data I need and exclude what I don't. No more 30-page reports unless I need one." Fast import of data into Excel yields revenue and profits per square foot and per transaction.

"Reports should produce action," says Kathleen. "You need their knowledge so you know what to do when you next pick up the phone, what suggestions to give your new manager, what you tell the vendor whose prices are edging up. One example is a custom report from our IT manager showing me average sale by store, then by cashier. Now that I'm 100 percent comfortable with our data, and I can structure it into exact reports, I can be more certain in my business dealings, whether I'm promoting a person or lopping an order. With Microsoft RMS I worry less because I see more. Our managers are less stressed because we get more things done."

#### **Microsoft Small Business Manager**

Avila mentions an easy and fast install of Small Business Manager and continues to profit from its ease and flexibility. Owners cite its low cost compared to other solutions, its intuitive point-and-click screens, and ease of import/export. Its Quick Journal feature sets up entries in seconds versus the several minutes other systems required. With several thousand entries a year, "this time savings really adds up," says Kathleen.

Accounting staff can research and drill down in journal entries, payable transactions, and

general ledger accounts, while one economical part-time person reconciles bank accounts. Check writing takes a few mouse clicks and allows checks for any time period or chosen invoices.

#### **Moving Forward**

A priority next year will be to continue tightening discrepancies between physical inventory and book. Handheld inventory tools are expected to help narrow the remaining gap. And targeted marketing will be investigated.

"We are eager to watch ongoing improvements in Microsoft RMS as it grows with Microsoft," says Kathleen. "Even in the two years, changes are apparent. It's exciting to know Microsoft's expertise and resources are behind the retail industry. The nearness of Microsoft RMS to Microsoft Business Solutions-Great Plains® and other financial solutions makes us comfortable that it will last, will get attention, budget, and will stay ahead of the pack."

#### **Comparing Retail Systems**

The Avila staff recommends that other retailers evaluate a product as they did: set up a working trial run in your own environment; subject it to your own business rules; test it with your own supplier and stock challenges. Have several types of staff work with the software. Don't buy from a demo.

"Explore the new system's capabilities and pre-plan how you will use them," says Curl. "If you've never had [return-merchandise reason codes], reorder levels, or security access definitions for each employee, give it [some] thought. If you don't, you'll make errors that pull time from productivity, or you slow the installation deciding things as you go."

Pritchett cautions, "If your upgrade involves multiple locations, have an action plan that allows stores to fully operate during the

## For More Information

For more information about Microsoft products and services, call the Microsoft Sales Information Center at (800) 426-9400. In Canada, call the Microsoft Canada Information Centre at (877) 568-2495. Customers who are deaf or hard-of-hearing can reach Microsoft text telephone (TTY/TDD) services at (800) 892-5234 in the United States or (905) 568-9641 in Canada. Outside the 50 United States and Canada, please contact your local Microsoft subsidiary. To access information using the World Wide Web, go to:

[www.microsoft.com](http://www.microsoft.com)

For more information about Avila Retail, call (505) 242-3753 or visit the Web site at:

[www.avilaretail.com](http://www.avilaretail.com)

For more information about POSitive Technology products and services, call (800) 264-7776 or visit the Web site at:

[www.positivetechnology.com](http://www.positivetechnology.com)

transition. Backups are vital. Clean and purge your old databases before the transition; don't import a mess. And be very clear about different networking resources at each address before you start setting up your system."

Kathleen says, "Train staff to do more than their basic job; help them understand the system's rationale and the business reasons it works as it does. We are all about people development and that depends on people expanding their boundaries."

"Don't think you can get by without modern retail automation," says John. "The retailer down the street who automates will eat your lunch! You need automation to compare vendors, to strip out 'lazy merchandise,' and to get you out of the store earlier. You need a changeable system control what you can't see coming."

## Microsoft Business Solutions Retail Management System

Microsoft Business Solutions Retail Management System offers a complete store automation solution for small and medium-sized retailers, streamlining point-of-sale (POS), customer service, and store inventory management, and providing real-time access to key business metrics. Microsoft Retail Management System is a comprehensive solution for single-store and multi-store retailers that empowers independent proprietors, store managers, and cashiers through affordable and easy-to-use automation. Microsoft Retail Management System has the flexibility and scalability to grow with a retailer's business. It works with the Microsoft Office System, Microsoft Windows Small Business Server, and leading financial applications to provide end-to-end support from the cash register to the back office.

For more information about Microsoft Retail Management System, go to:

[www.microsoft.com/pos](http://www.microsoft.com/pos)

## Software and Services

### ■ Products

- Microsoft Windows Server 2003 Enterprise Edition
- Microsoft SQL Server 2000
- Microsoft Windows XP Professional
- Microsoft Small Business Manager
- Microsoft Office 2000 Professional

### ■ Solutions

- Microsoft Business Solutions–Retail Management System
- Microsoft Business Solutions–Small Business Manager
- Microsoft Business Solutions Financial Management

## Hardware

- Dell PowerEdge 2650 servers
- Dell OptiPlex GX270 PCs

© 2004 Microsoft Corporation. All rights reserved. This case study is for informational purposes only. MICROSOFT MAKES NO WARRANTIES, EXPRESS OR IMPLIED, IN THIS SUMMARY. Microsoft, Great Plains, Windows, and Windows Server are either registered trademarks or trademarks of Microsoft Corporation or Great Plains Software, Inc. in the United States and/or other countries. Great Plains Software, Inc. is a subsidiary of Microsoft Corporation. The names of actual companies and products mentioned herein may be the trademarks of their respective owners.