



## Family Gift Stores on Adjacent Seattle Piers Keep Tight Watch on Lean Inventories

### Overview

**Country or Region:** United States

**Industry:** Retail

### Customer Profile

One family owns two very different gift stores on neighboring Seattle, Washington piers. Ye Olde Curiosity Shop is part museum and part curio shop. Waterfront Landmark sells traditional souvenirs, seashells, and fudge.

### Business Situation

The previous system took hours to run reports that weren't flexible or accurate. Checkouts lagged due to slow credit authorizations. Entering new merchandise was tedious and error prone.

### Solution

A "pier-to-pier" network now unites the stores. The Microsoft® retail solution keeps inventories tight, speeds purchasing, and pops out tightly tailored reports in seconds.

### Benefits

- Inventory down 14 percent
- Customizable reports
- Remote access keeps owners current
- Lower shrinkage
- Faster checkouts

"... [W]hile we were running one of those endless reports, it hit me that, one day, they'd no longer work! I wouldn't have adequate backup and we'd be back to pencils and carbon paper receipts!"

Tammy James, Owner, Waterfront Landmark

Ye Olde Curiosity Shop and Waterfront Landmark are two very different gift stores owned by the same couple, separated on adjacent piers of the Seattle, Washington waterfront, and now united by Microsoft® Business Solutions Retail Management System. Robert Ripley called Curiosity Shop, "The greatest shop I ever got into!" Andy James is the fourth generation to own and run this retail store-museum combination. Where else can you find a shrunken head, a pig with three tails, Native American artifacts, a ship made from Alaskan ivory, real mummies, and other exotic items from around the world? Tracking nearly 60,000 SKUs in two stores was becoming impossible on a 10-year-old system that could take hours to run vital reports. A Microsoft partner provided a solution that ties the stores together on a single server using fiber-optic cable strung along a sea wall, giving the business a "pier-to-pier" network.



“We wanted to leave the doors open to newer ways.... This system works with our needs, but it also shows us some sharper ways of doing things. It conforms to what we like, yet gives us new approaches!”

Andy James, Owner, Ye Olde Curiosity Shop

## Situation

Ye Olde Curiosity Shop is perhaps Seattle, Washington’s most widely known retailer. The store has thrived, moving to various locations, since 1899 with its unique merchandising and shopping experience, selling offbeat items such as back scratchers made of alligator feet, pottery, jewelry glazed with ash from Mount St. Helens, Native American crafts, novelty joke items, and souvenirs. (Sorry, but Sylvester the Mummy, the shrunken heads, and other museum pieces are not for sale.)

Although local shopping studies show that most pier tourists visit nearly all the shops, Curiosity Shop gets more traffic than Waterfront. Small wonder, since *National Geographic* described it as “Seattle’s most famous store.”

“I suspect that this shop gets more traffic than anyone on the pier,” says Andy, who manages the Curiosity Shop while Tammy James manages Waterfront.

Waterfront Landmark’s 29,000 SKUs are homier, more nautical, with a more traditional product mix of souvenirs and keepsakes. The friendly shop also sells a variety of mid-priced clothing, T-shirts, gift items, and fudge made right in the store.

Beyond their vigorous walk-in business, the stores take phone orders, and dedicate a back-office PC to Web orders. Each store has its own unique inventory, which are combined only financially.

The two stores have only 10 percent of their inventory in common because owners Andy and Tammy purposefully stock distinctive merchandise in each for marketing reasons. The stores do little inventory balancing, though. Both sell a few identical Seattle souvenirs from their four registers, and both

sell shirts and other apparel—but very different styles.

And both were previously saddled with older, inflexible point-of-sale (POS) and back-office systems that were sluggish and didn’t provide adequate functionality to run a modern retail business. “We couldn’t trust its quantities on daily sales and that meant we couldn’t trust its inventory levels,” says Tammy. “We were getting really suspicious, funny numbers. Even before that, I never had a full command of what we had on hand. And support was iffy.”

With nearly 60,000 SKUs to manage between the two stores, the James family demanded inventory control that was reliable in its quantities and timeliness. Just staying on top of inventory levels to reorder efficiently and maximize inventory turns was cumbersome and uncertain.

During summer tourist season, checkout speed lagged and lines grew. POS hardware was obsolete. “We couldn’t replace broken parts and have the new piece work in the old system,” says Andy James. “It had more patches than Sylvester the mummy! Inevitably, a store manager would call us in Friday night or Saturdays. That’s when they always crashed.”

Tammy says, “I put my foot down for a new system after last year’s physical inventory count. As I was talking to the consultant while we were running one of those endless reports, it hit me that, one day, they’d no longer work! I wouldn’t have adequate backup and we’d be back to pencils and carbon paper receipts!”

Andy says, “Before RMS [Retail Management System], each part of our IT chain—printers, scanners, tills, registers, financial solution—had such unique user interfaces, databases, and programming languages that they

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Andy James, Owner, Ye Olde Curiosity Shop

couldn't communicate. It was a kluge of mismatched stuff. If one broke, there was almost no way to find a replacement that could fit into the delicate ecological niche it had left. It was a kind of Frankenstein system.

“Previously we had several canned reports but couldn't run subsets of reports--and if you had to run the whole thing, we used to have to run up to three hours on the longest reports. We couldn't even export our information to a spreadsheet.”

### Solution

When it was time to go shopping for a new POS system, Andy and Tammy knew what they needed. “We spent a lot of time going over the details of deliverables. We had our old system so long that we had built up a very clear list of what we wanted and factors we never wanted to see again.” They were very apprehensive about purchasing POS from any potentially unstable vendor.

“We made a priority list of our needs, our get-soons, and nice nonessentials,” said Andy. “We wanted to leave the doors open to newer ways of doing things. This system works with our needs, but it also shows us some sharper ways of doing things. It conforms to what we like, yet gives us new approaches.

“The biggest factor in our decision was the Microsoft name. We had also looked at systems from Retail Pro and others, but were really impressed by the longevity that Microsoft® Business Solutions offered us. Who would still be there in five years? Some lacked key features we needed and Retail Pro didn't seem able to import our existing data.”

Randy Upshaw at National Business Systems (NBS) says, “The customer really liked that one company could provide all software, hardware, networking, training, service, and support for a couple of reasons. It required

only one vendor relationship and they knew that the solution would be well integrated since only one vendor was involved end to end. This all contributes to their increased comfort level in working with us and Microsoft.” NBS was established 32 years ago and had actually serviced this account in the past.

The James family was amazed that they could simply populate the spreadsheet with real-time data with a few mouse clicks. The process was once so involved with exports and manual formatting, that they would not have been able to do this on their own. Upshaw says, “By using this capability as a demonstrative example, we were able to show the customer that most data integration issues would surrender to the open architecture and standard technologies that Microsoft uses in its products.”

Andy says, “We got fast information during our break-in period from NBS as they have a good relationship with Microsoft. NBS was good in selecting what to buy, what we could reuse, and urging us to get things where a little cost would make a large difference in convenience. We are glad we listened. Where we could, they helped us keep costs low by upgrading existing hardware to [Microsoft Windows®] XP Professional. We were able to keep all of our existing printers, even the bar code printers.” NBS will soon add print servers to improve performance of the printers, network, and workstations that use these “legacy” printers.

Waterfront went live two weeks before Curiosity Shop to iron out any installation wrinkles. Importing the old inventory data was tricky and imperfect the first time.

“Employees love this system,” Tammy reports. “They always say ‘It's so intuitive! If you can use a PC, you can use this.’ A comparable transaction on this system is at

“Because our old system wasn’t real-time, this customer started the day with \$100 in store credit, but ended the day with two purchases totaling \$55 and two store credits worth \$145!”

Jon Jeffress, Co-owner, Cadence 120 Bicycle Works

the least twice as fast as the old one. Touch screens were new to us and people had to learn in our busiest time. Considering that challenge, it went exceptionally smooth.”

### Benefits

“It’s the reporting!” says Tammy. “We love the Microsoft Retail Management System reporting. I can see live data. The old system gave us several canned reports, but now I can add a column I need, or resequence the data, and not have to rerun the whole report. It just changes in a few seconds, not hours.

“These reports let me keep 14 percent less inventory, figuring that our stock rises and falls with the seasons. I used to order extras to ensure we didn’t run out. Now I have confidence in the numbers and the system tells me delivery times. We cut it a lot closer and save money.

“With Arba, the previous system, I never had a full command of what we had. It’s easier to see what we have, so I’m personally more involved. You’re more likely to ask a system a question if you get your answer immediately than if you know you’ll have to ask, wait, find something else to do, then come back to it, and then you’ve forgotten why it was important.”

Both owners like the ability to see nearly real-time data away from the office. “I can work from home,” says Tammy. “I can be on a trip. I can look at historical sales data when I’m out buying. I can see detailed sales reports of the days we’re away. If there were a problem with a register, I could see that, too.”

Touch screens are becoming more popular in retail for their obvious ease of use and training, but they also eliminate a bulky keyboard that invites spills and other maintenance problems. Microsoft Business Retail Management System is one of the first

retail industry applications to make use of touch screen functionality.

Shrinkage is not a big problem because both crews are good at watching for light fingers. On occasions when there was a concern, a quick on-screen check showed if it was sold or disappeared.

“When we lose a price tag, our team goes into the Microsoft Retail Management System Find program, where they can look up the product lots of ways, and they get the right price. Whereas we might lose a customer from being slow, or overcharge or undercharge, now we’re right on the money. In our old system, only one or two employees had mastered that skill because it was so arcane.

“We use the Top Performers features to recognize top sales staff and alert ourselves about top suppliers,” says Andy. “I was surprised that, when you add up all the different items you get from each supplier, some were surprisingly high. I would probably have overlooked that earlier.”

“Speaking of good people,” says Tammy, “we allow our employees to access lots of graphs. They’ve started their own informal competitions and ribbing to see who sells the most. They challenge each other in fun ways that are hard for a boss to really do. And it’s all in the system.”

Gift stores share a problem common to many retailers, items too small and numerous to label with a price. One rack has one clearly posted price for everything on that rack. Upshaw customized the touch screen menu with drop-down windows for jewelry, souvenirs, and novelties. Associates just tap the applicable item for immediate pricing.

### Looking Forward

“These reports let me keep 14 percent less inventory.... I used to order extras to ensure we didn't run out. Now I have confidence in the numbers and the system tells me delivery times. We...save money.”

Tammy James, Owner, Waterfront Landmark

“We're facing our first inventory with Microsoft Retail Management System,” says Andy. Even though NBS is working on ways to smooth physical inventorying of what might reach a million items, Tammy and Andy are starting pre-inventory preparations a month in advance to ensure merchandise is well grouped, and all that is feasible can have its own bar code. The store will close down for just a day thanks to that preparation. Their successful practice has been “ringing up the entire store in a day,” says Tammy. This helps make sure that misplaced items and stocks that are displayed in several places for marketing impact are all counted.

The owners are considering using wireless tools for functions such as inventory management with handheld personal digital assistants (PDAs). Use may be limited at first, but will grow as it seems financially sensible and shows a return on investment, perhaps in areas such as stock checks, price checks, and physical inventory.

“When we do move to more wireless,” says Andy, “we won't be putting together a Frankenstein or a Sylvester. We know that new hardware and software will integrate with a Microsoft system because that's the yardstick that the industry will judge other products by.”

By using Microsoft Retail Management System and the full Microsoft stack, both stores are achieving significant advantages in customer service and expense reduction. Owners say they expect the new system to last the next 10 years. Andy advises other retailers to “have either a great Microsoft partner like we did, or an onboard person with basic technical knowledge. Spend a lot of time and ask a lot of tough questions.”

## For More Information

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For more information about National Business Systems products and services, call (800) 863-2274 or visit the Web site at: [www.nbsystems.com](http://www.nbsystems.com)

For more information about Ye Olde Curiosity Shop products and services, call (206) 682-5844 or visit the Web site at: [www.yeoldecuriosityshop.com](http://www.yeoldecuriosityshop.com)

For more information about Waterfront Landmark products and services, call (206) 622-3939.

## 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

- Microsoft Business Solutions Retail Management System
- Microsoft Windows Small Business Server 2003—Premium Edition
- Microsoft Windows XP Professional
- GO Software—PCCharge

### Hardware

- CTL Adventures Tower Server
- Procurve switches
- Stinger touch screen POS workstations
- Sonicwall TZW firewall and wireless
- Metrologic Scanners
- Cash drawers, pole displays

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Document published October 2004

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