



Thoughts on picking

Point of Sale (POS) Software

By David Shappee

Kathy and I have been asked more than ever this year about which Point-of-Sale/Manifest system we recommend. It was a tough decision for us and we hesitate to endorse one or another for anyone else. We can, however, share the process we used to make our decision. The harder we worked on the question, the more confused and frustrated we got. Additionally, as we reviewed our own needs, the mere thought of change sent shivers of fear down our spines. All of us, like Hamlet, would “rather bear those ills we have, than fly to others that we know not of.”

That’s an important point to remember: each POS has “ills,” deficiencies, and dissatisfactions along with tremendous profit-making potential and customer service power. It all depends on you: your store, your capabilities and

needs, and your customers’ demands. But believe us—after twenty years in the business and having owned and extensively operated two of the three major systems, and having consulted with colleagues who have the third—none of them are perfect.

So in an attempt to make our decision more objective, we identified the functions that we thought were important in a shipping/POS system, gave them points according to their relative value to *our type of operation*, then rated the competing systems accordingly. It didn’t make the decision easy. It did point out the strengths and weaknesses of our field of choice and so we think we have the right system for us. If you adapt this procedure according to your own priorities, we think it will help you make the right choice for your store.

In our most recent decision-making process, we actually owned two brands simultaneously, operating one in each of our two stores. We gathered feedback from employees for several months before making our decision.

Most POS software started out as a simple “manifest:” a computerized record of the day’s freight, overlaid with a retail price structure according to weight and zone. Then the boom in carrier offerings multiplied the complexity of selection to near uncontrollable size. In 1998, there were twelve companies offering shipping software to the MPC trade. Now there are three major suppliers.

Many of us have asked for what other retailers had for Point-of-Sale manage-

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ment: Cash Register, Inventory Control, Accounting, etc. It makes sense, considering the power of today's technology, to integrate everything. And although I'm sure there's someone, somewhere still doing it manually, UPS requires "Package Detail" entry and daily billing transmission from all accounts. If you're going to be entering the data into a computer, why do it twice?

Considering the complexity of all the destinations, carriers, surcharges, and discounts, doing it manually is near impossible. We logged a thousand UPS packages in a day once, by hand. If you can do it, more power to you, but don't expect your employees to. This same complexity actually lends credibility to our service: that computer screen—displaying the myriad services and prices—markets what we do far better than all the piles of manuals we keep beneath the counter.

So, when dissatisfied with your old software, or considering your first POS purchase, what's important? The following topics are what Kathy and I found we kept coming back to. In fact, it got so confusing we finally took to *rating each topic for its relative importance*. This really helped us, because we found that each system had strengths and weaknesses, but they seldom overlapped so we could make an "apples to apples" comparison. In fact, we recommend splitting out the ratings point among the sub-topics.

A word of warning: if you ship less than 20 packages a day, staff your own counter or have only a part-time employee, you may not need to read further. Make yourself some pricing spreadsheets, limit your offering to one carrier, and train yourself well, or buy a simple pricing/surcharge calculating application, get UPS Worldship® and FedEx Ship Manager® and DHL Global Connect®, and keep it simple, shipper. Use a mechanical cash register or get a Windows-based point-of-sale product—there are hundreds of them. I worried about UPS's Worldship®

display of the "wholesale" price, until I saw someone *who'd simply put dark tape over that part of the screen*. Primitive, but effective, like this entire "low volume" alternative.

I've shared our points rating priorities below, to illustrate the system, and make your job easier, if you think you're like us. We managed to end up with 100 points total, just to further aid comparison. Otherwise I encourage you to set your points yourself. We cannot tell you what we'd do if we were you; we can only tell you what we did for ourselves.

Basic Shipping:

(20 points total)

That's a lot of points, but then after all, we're "The Shipping Depot®," not the "The Copy Spot" or "Office Supplies Store." Of primary importance is Retail Price Management (5 points)—how we set and control our retail vs. "wholesale" or book prices. Following is Carrier interface (how the system works with each carrier's online system) and surcharges (5 points), and USPS (5 points). Built-in safeguards to keep our employees from making costly mistakes such as O/S 2, Dim Weight, Out-of-Area Surcharge, and so forth, are critical. Also the ability to add unique, local carriers to our pricing grid is important. Ultimately however, for us nothing is more vital than speed and efficiency. How many keystrokes, and how long a time, does it take to ship a package (5 points)?

Point-of-Sale "Cash Register"

Functions:

(10 points)

How does the system work as a "stand alone" cash register for your other products and services? How many departments and PLUs (Price Look Ups) does it have? What kind of reports does it generate? Can you design and produce your own reports? Does it export data to your accounting software, or is it really just a brightly lit, multi-department "till" that you have to manually transcribe? Again, because of our employees, built-in security protection is vital: can you ship a package without ringing it in? How are voids tracked? Does voiding a package in the cash register void it on the manifest, too?

What kind of "footprints" are left on transactions?

Inventory Management:

(5 points)

We become more of a retail business every year. If, on the other hand, "turn-over" to you means rotating the boxes on the shelves so they don't get faded and dusty, this may not be a priority. Otherwise, receiving inventory, tracking vendors, producing and reading bar codes, and reporting product sales is vital to a retail business. Wal-Mart is the low price leader not because it "sells for less," but because it manages its inventory better. Their margins are as good as, or better than, anybody's in retail.

Accounts Receivable Management (Business Charge Accounts):

(10 points)

Yeah, that's a lot of points for a small percentage of our business, and some of you don't have any, or offer only "debit accounts," so again, no or low points for this if that's the case. However, for us, monthly billing is a pain in the assets. I don't mean just a hassle. One year when I was wondering where the money went, we did a complete audit of our charge accounts and found that in the previous three years *we'd lost over \$10,000 in charge errors*—goods and services sold, but never accounted for properly. We still need help in this department, and will reward a vendor who solves our problems accordingly. "Aging" should mean who owes you money for how long, not how long you've been waiting for your software company to provide the report.

Packaging Sales:

(10 points)

Suffice it to say that with the growth in ARS, ASD, ISD, FedUps and other low or no revenue "services," packaging—and more specifically the ability to sell it profitably in a uniform manner—will become more important to all of us. Does the software allow for service charges? How and where? What kind of guidance or prompts does it give your employees? Does it sell packaging but omit considerations for Dim Weight or Surcharges? Does it help

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build value in the customer's perception? Will it allow for uniform and reliable quotes for similar items packed?

Mailbox Management:

(5 points)

Again, no mailboxes, no points. Or, lotsa mailboxes, mucho points. How is mailbox rental connected to till operation? What about forwarding—not just the charges, but customer management and tracking? Are USPS required reports generated automatically? How is billing handled; at what increments and frequency? The USPS regulations for our industry make this module more important than ever.

International Shipping/Mail:

(5 points)

We do so much, and the requirements are so different, that we gave the topic its own rating instead of including it with shipping. Some of you don't do international mail at all, so skip it and allocate the points elsewhere. Otherwise, figuring out customs forms, extended area surcharges, individual country restrictions and so on requires special attention. Additionally, an interface with Stamps.com or Endicia will allow "hidden postage" (ever lost a customer because your "cost" was visible?) as well as efficient, automated metering of mail. Plus, there are discounts pending for internet-based postage that we may qualify for soon!

Stability/Reliability:

(20 points)

"Stability" (5 points) here refers to software performance—how long can it go, and how many dumb things can you do to it, before it crashes? Hardware requirements have a lot to do with it, I think, and your willingness to invest in same. But don't ignore how the software's written, its basic operating integrity. Supplier Service & Support (5 points) is critical to most of us. When we need help, we need it now—our business is at stake. However, when you research this, be sure to consider your own technical skills. Computer illiterates need more help than computer geeks—and should be willing to pay for it. No single characteristic of "support" is more important than Carrier Updates (5 points), how effectively new rates and requirements changes are handled. Finally, Networking Capabilities (5 points) are more important than you might think. Even if you aren't networked now, you will be someday, and some suppliers are more expensive, and some are easier or harder to implement.

Reporting:

(10 points)

How can this data-gathering machine help me sell more? Is the data "mine," to manipulate as I please, or "theirs," locked away from my access? How creative can I be with reports and mailing lists? What's exportable to where? What can I print

on my receipts, where, and when? These are your customers, folks, and this is your core sales and financial information. You ought to have easy access to that information, and be able to export and manipulate it to your maximum advantage. Don't settle for your vendor's promise—test it, crunch it, print it, and use it, because you can bet your sweet competitive package that the Carriers, and your competitors, are. One of the great unrealized opportunities of the MPC is our failure to utilize the wealth of information we have about our business and our customers.

Price:

(5 points)

When you think how important this software is to your business, maybe price shouldn't be a factor at all. Calculated on a per package basis, it's pennies a piece, whether you paid high or low. But the harsh truth is most of us are of limited means, and if price isn't important, terms are. What hardware will you have to buy? If you have hardware now, what will you have to replace for conversion? Is there an extra charge for networking? Is service on a "flat rate," or per call basis? Ultimately, however, price should be your least important criteria. This equipment is the heart of your business. You want the best choice, not the best price.

There you have it. This is what Kathy and I think you should consider when evaluating software for this business. All the suppliers have strengths and weaknesses. What impresses us is that an industry as small as ours has such wonderful and competitive choices, at such a competitive price. When we were in the tax preparation business, the software cost \$1,200—per year—before support calls. And there's only one IRS (thank Heaven), not a multiplicity of carriers, each changing their rates every year (one twice) and adding new services in leaps and bounds. The software we get, no matter what the brand, is a bargain compared to other "vertically integrated" markets. ☒



David Shappee and his partner Kathryn founded The Shipping Depot®, a Montana chain of retail business service centers, in 1986. David consults in customer service and retail management, and has served as trainer to AMPC, the American Bankers Association, Honda Motor Corporation, the Medical Managers Association, and many other businesses. He is a partner in MPC Coaches Network, a business consulting service devoted exclusively to the success of MPCs, and can be contacted at daves@mpccoaches.com.

POS Evaluation Scoresheet



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• Basic Shipping	(20 pts.)			
o Price Management	5 pts.			
o Carrier Interface	5 pts.			
o USPS Functionality	5 pts.			
o Speed	5 pts.			
• POS/Cash Register	10 pts.			
• Inventory Management	5 pts.			
• Accounts Receivable	10 pts.			
• Packaging Sales	10 pts.			
• Mailbox Management	5 pts.			
• International Mail/Shipping	5 pts.			
• Stability/Reliability	(20 pts.)			
o Stability	5 pts.			
o Service & Support	5 pts.			
o Carrier Updates	5 pts.			
o Networking	5 pts.			
• Reporting Data & Creation	10 pts.			
• Price	5 pts.			
TOTAL	100 PTS.			