

Introduction

Inventory can be one of the biggest hassles in the retail water bottling and conditioning businesses. With thousands of parts, a depreciating and taxed rental base, multiple trucks, different taxes for service versus over-the-counter parts and the ever-changing serial numbers for cooler swaps, who has the time or energy to sell anything? With fluctuating fuel and shipping costs, your margins can be diminishing every day without an up-to-date, real-time inventory system to help you catch those changes right away.

Previously in this column, we have discussed call management, lead tracking and mapping or optimizing routes but the biggest headache in most dealerships these days appears to be tracking inventory, purchase costs and all the information that goes with that.

Lucky for you, technology may once again be the best headache medicine available without a prescription.

Uh...who asked for the widgets? (Purchasing)

Who makes the purchasing decisions in your organization? Is there a system of tracking the status of a purchase request from your service technician who is short parts, to the service manager who orders parts, to the owner who keeps everyone in line? Do you know which parts, pieces of equipment or bags of salt are running low? How many filter packs should you order to get the special discount?

A complete inventory system should begin with the request for parts. A virtual purchase order that is tracked as 'requested' until the proper authorities verify, validate and determine the proper quantity to order to get the best price. Toyota, the number two auto-maker in the world and one of the greatest lean manufacturing companies, is able to keep a supply chain of parts from thousands of vendors through several tiers of sup-

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pliers because they have the technology to track progress along every stage of the process. It is no coincidence that these experts in lean and *just-in-time* manufacturing are continually posting a profit while their more bloated counterparts are liquidating assets to generate cash to overcome huge losses. In which way are you preparing for the future, cutting costs and staying competitive?

How much did freight cost on that last shipment? (Receiving)

With barcoded and serialized parts being shipped direct from manufacturers to your office, you can barcode-scan a batch of RO components or a pallet of salt just like large organizations. Today's technology makes that an affordable improvement for small business owners in all areas including water conditioning. With this information, you can more easily determine profit margins and instantly determine if the softener that was expedited from the manufacturer and sold at a 10 percent discount by your sales representative actually made you any money.

With inventory being updated as your office receives it, your chances of having a few bags of salt wander off of the shipping truck into a delivery driver's pick-up are greatly reduced because now there is accountability back to the purchase order.

What do we owe in tax for the over-the-counter widgets? (Selling)

Are you taxed differently for parts installed while on a service call than for parts sold over-the-counter? Unfortunately, you do not know how many parts will be OTC and how many will be used for service and even if you do separate them into these two categories, you are

always borrowing stock from each other's stash. With an inventory system tracking all of those parts, your taxes will be accurate because billing should first bill the proper amounts and taxes, and then relieve inventory of the part. Just as any large retailer or grocery store can relieve inventory with an OTC barcode scanner, you can now enjoy the same level of sophistication.

Unfortunately, your lives are more complicated than your average retailer or supplier in the auto industry because you have to both provide OTC and in-house service. An odd and lonely breed you are, but it is not really that bad when you are utilizing the right technology. While OTC is very easy—barcode on receiving and barcode on selling—what about those parts for service and equipment you install that go to a truck first? On day one, you fill your truck with everything you should need for a successful day of installations and/or service calls. When your technician turns in his paperwork for that day, your software will automatically bill the customer while relieving the inventory from the technician's truck. Next week, when your technician informs you he had to leave a job site and drive 30 minutes back to the office to pick up a \$2 part, you can determine if it is his fault for not requesting more stock or loading his truck beforehand, the office person's fault for not billing the customer for the correct part, or the purchasing manager's fault for not responding to requests in a timely manner.

Keep in mind that each part you bill should not have to show up on the customer's bill. That information should have the option of being summarized. For instance, you may prefer to create inventory 'kits' that relieve your inventory of multiple parts when a single item is billed.

If your office assigns a serial number for a piece of equipment to the customer as soon as a sale/rental contract is

signed and you have stock to cover the sale, then expect that from your software. If you just load your installation vehicles with available stock and then fill in the serial number after the installation, then expect your software to accommodate your workflow in that manner. Either way, you should always be able to allocate a unit to a customer before it has been installed. That way, when your office person says you are out of softeners and you know you just walked by eight in your warehouse you can immediately see how many have been allocated and to which customers. Don't forget to use your paperless office system fully-integrated into your receivables package to instantly pull up the signed contract on your computer screen without ever running to your filing cabinet. Heck, you should not even need to leave your home to check on that.

Where did this cooler come from? (Rentals)

When you are dealing with a large rental base, or even reconditioned units, for some reason used equipment just seems to show up in your warehouse without any history or anyone's knowledge of its status. Not to worry. Just type

(or scan) the serial number into your computer and pull up the complete history of that unit all the way back to its original cost including shipping and all 10 customers it has seen since. Don't forget to pull up the last removal service call while you are checking the history so you know which technician dropped it off at your warehouse without letting anyone know what to do with it. One of the government's favorite things about rentals in most states and Canada is that you are taxed for that inventory. If you are issuing purchase orders, receiving units into your inventory and updating the unit costs with the shipping information, then getting your hands on tax information for your rental base is as simple as pulling up a report on your computer. If you are skipping any of these steps then the process may be a bit more complicated. Determining the value of your rental base for depreciation can be just as simple with the right technology or just as complicated without it.

Conclusion

If you have experienced any of the headaches described above, it is probably time for you to contact your software vendor and determine what they pre-

scribe. Keep in mind, this software should be specifically tailored to *your* business not just to your industry and will be priced accordingly. Pre-packaged or off-the-shelf software is not able to provide the customization that each business owner will require to continually keep costs in check. Take a look at the automotive industry. Can you afford to ignore the lessons that are all too prevalent in their industry right now? If you have ever purchased software then you know prices only get higher. Now may be the best time to consider improving your business for years to come while getting a leg-up on the competition.

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