

Adding Intelligence to your aging Order Entry System to Maximize Profits

For years the hand held industry has been a vital link in getting remote orders from the field to a corporate facility. It has been proven time and time again that the payback of “Just in Time” inventory produces cost savings by receiving an order within days rather than weeks.

Today this process is the industry standard and millions of orders are received daily. Though there has been great cost savings, there is room for improvement. How can a company get better orders eliminating the “lost items” of an order? Contributing to these “lost items” is the rapid changing of products in the catalog, which items are carried by what vendor, and the antiquated means utilized to verify the bar codes. Legacy handhelds use check digits and length checks to try to insure the item is entered correctly. This can't, however, insure that the item ordered is a current product, or that it is carried in inventory. Low storage capability and the slow processing power of older acoustic hand held units are the limitations of the older technology. The constant increase in the number of new products and resulting new bar codes has also contributed to the problem.

Another issue we are seeing is at the store shelves. Constantly moving items to make room for new items, creating a display for an item on sale, often results in the shelf tag not reflecting the proper product near it. We frequently refer to this as the “Shelf Label Shuffle”. While this might sound harmless, when the clerk tries to reorder product they are often tempted to scan the shelf label without verifying that the label matches the product above. This results in ordering the wrong product. By the time the mistake is discovered, profits and customers are lost.

The result of this blind order approach is that the clerk placing the order is not informed enough about the product they are attempting to order nor do they know if this item is even carried in the warehouse or distribution center. Experience with our customers and prospects, along with interviews with major firms, has put the estimated loss in revenue at between 3% and 7% of total sales. Over time this amounts to a considerable loss in revenue, and customer dissatisfaction when the product is not available.

How can companies address this issue and get the most effective utilization of their order entry system? Newer technology handhelds offer a solution to the problem. With larger memory capacity, more horsepower in the processing unit, and faster connection speeds, it is very easy to load the entire product catalog in a portable hand held unit. Now when the customer scans something at the shelf label or product, they get instant feedback. The internal catalog gives a visual description to indicate the item is indeed what they want and the item is most likely in stock. Additionally, some systems even produce a “preferred pack” quantity, price, or additional information insuring that the clerk is getting what they want. Instead of a “beep” letting the clerk know they had a successful scan, they are seeing product information that verifies they are ordering the correct item

and the right size package. The preferred pack can be used to streamline the distribution center and increase sales while offering a pack size that is consistent with how the product is packaged in the warehouse. This has proven very effective in companies that provide small items such as drug and non-food items to eliminate the special handling required by warehouse people in order preparation and fulfillment.

Intelligent order entry now allows companies the ability to reduce the 3% - 7% of lost sales, improve profitability, and provide a competitive edge over companies not using the latest technology as a tool.

This is an exciting time for retail with computing power and intelligent applications becoming the building blocks of profitability and rapid return on investment. As once told by Dr Marvin Citron, a futurist in economy, companies have three choices to make; they can Automate, Educate, or Evacuate.