



## *Pet City*



### **Customer Profile**

Pet City is a successful full service pet store located in Colorado Springs, CO. Pet City specializes in live pets, food, and accessories for a variety of popular household pets. They offer great prices on name brand products..

### **Business Situation**

Pet City purchased a new QuickBooks Point of Sale System but did not have an efficient way to take inventory, receive/order merchandise, or to perform in store price audits.

### **Solution**

Pet City implemented POSPDA's Mobile Manager software. Using a Symbol MC50 Pocket pc, store employees are now able to interact with the QuickBooks Point of Sale database in real time, wirelessly from anywhere in the store.

### **Benefits**

- Accurate on hand item counts
- Ensures all items will scan
- Improved ordering process
- Receive merchandise where it arrives instead of at the cash register
- Periodic inventories help merchants identify "Shrink"
- Implemented easy to follow procedures to keep the inventory accurate

**Wireless software tools sharply reduce labor costs and dramatically improve inventory accuracy.**

**“Thanks to Mobile Manager we have reduced the time and labor it takes to count inventory, order merchandise and receive shipments by over 50%”**

### **Owner Pet City**

Pet City chose QuickBooks Point of Sale Pro edition as their point of sale application and purchased the system from their local QuickBooks Retail Solutions Provider in November, 2006.

Dustin, the owner of Pet City wanted to use a mobile solution with his previous POS system but the application provided by his software vendor failed to provide the required functionality. Hearing about Mobile Manager, Dustin arranged for a demonstration of the product. After a short review of the application he knew this tool would meet his needs. Dustin purchased a copy of the Mobile Manager Software from POSPDA in March of 2007 and has never looked back!

**“Mobile Manager has changed the way we do business...”**

After installing Mobile Manager, Pet City quickly changed their ordering process to include the use of the pocket pc. Employees were immediately able to order merchandise from anywhere in the store by simply scanning a barcode and entering a quantity. Before long, Mobile Manger became the preferred tool for receiving merchandise as well. Instead of writing down quantities and updating the system manually, the employees could use the mobile device in the receiving area and scan merchandise directly into the Point of Sale system.

After implementing an ordering and receiving process it became apparent that a physical inventory needed to be performed to establish a accurate baseline of the stores inventory. POSPDA.COM worked with Pet City to perform their first wall to wall, physical inventory using the Mobile Manager software. This study documents how the inventory was performed and the benefits derived from having an accurate inventory.

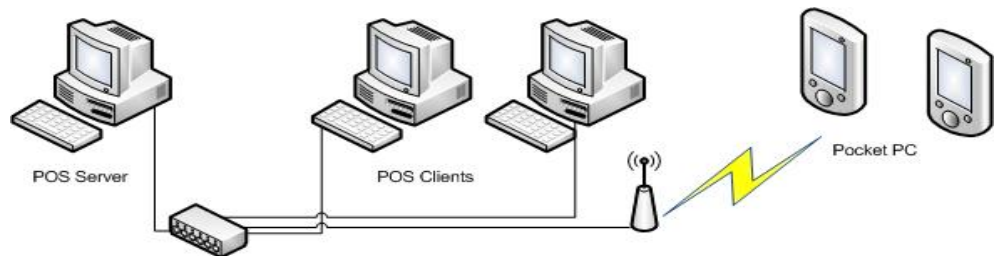


**UPC Version A**  
(retail items in the US & Canada)

UPC version A barcodes (12 digits) are the most common kind in the U.S.

## System Configuration

Pet City's computer systems included a server hosting the point of sale database and two pos workstations. All computers had Windows XP Pro operating system and were connected to the same local area network. A wireless access point provided wireless connectivity for Mobile Manager and the pocket pc's. Two Symbol MC50 pocket pc's were used. MC50's are the preferred pocket pc's because they are hardened, have a great built in barcode scanner, and a QWERTY keyboard.



## The Plan

The team from POSPDA.COM and Pet City's owner met to create a plan for the inventory. The following decisions were made during this discussion:

- The inventory would include the complete store.
- The inventory would be performed during normal business hours.
- Items counted would be looked up in the pos database using the manufacturer's UPC barcode.
- Any item that could not be found using a UPC barcode lookup would be placed in a shopping cart and added to the system later by a store employee.
- Items scanned and found in the pos database item file would be counted at the shelf. All counts would be entered using the Mobile Manager software which was preloaded onto each pocket pc.
- The two person POSPDA team would take the physical count and work cooperatively to insure the store was divided into sections. A plan was made to insure no sections were counted twice.
- Live animals would not be counted.

## Starting the Inventory

The inventory process started by creating an inventory named, "May" in the Mobile Manager Base Station software. Next, we created a snapshot of the database using the "Create Snapshot" function. This feature takes a picture of all current item data in the pos system. The snapshot data includes the on hand item count. These numbers are used at the end of the inventory process to compare beginning vs. ending counts. When the counts do not match we can conclude the item was either sold or returned during the inventory process. This is the key to taking an inventory while the store is open for business.

The "May" snapshot completed in about three minutes. The POSPDA team opened the Mobile Manager Remote software on the MC50's and began counting.

## The Count

Counting every item in a retail store takes time and can be an imitating task. Everyone who has been involved in a retail business recalls a story of endless hours counting and writing down inventory information. Mobile Manager utilizes technology that allows users to work right at the shelf and interact with the database in real time. Item information is displayed after each scan and the item lookups are very fast. Typically less than two seconds! The easy to use application allowed the POSPDA team to progress rapidly through the store, counting every item in Pet City in less than three days. Lets review some of the definitions and terms used in the case study.

## Case Study Terms

**Total Items Scanned:** Mobile Manager keeps track of the number of scans that occur during the inventory. A scan is defined as a key entered or scanned item number that is successfully found in the pos database. The user must submit a count for an item to be considered in the “Items Scanned” count. Note: Users can lookup items and not add counts. These lookups ARE NOT considered in “Items Scanned” totals.

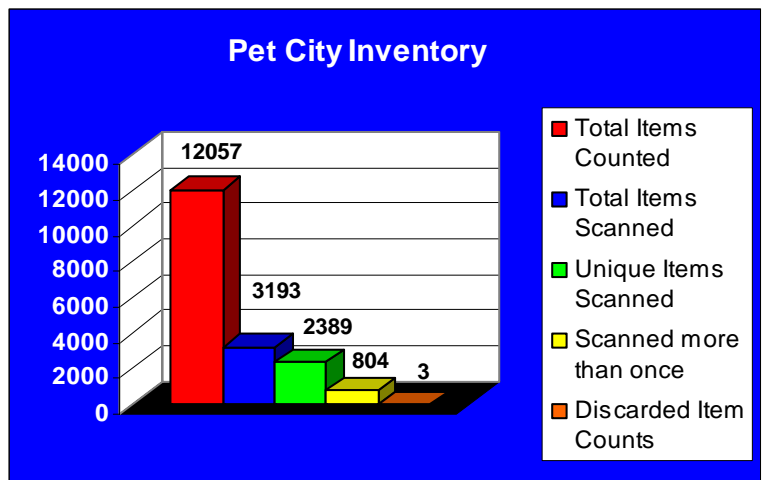
**Total Unique Items Scanned:** This count indicates the number of unique products scanned. For example, Pet City carries IAMS dog food in five pound bags and in twenty pound bags. Although Pet City may have five bags in each size, ten bags total, the “Unique Items Scanned” is two. This is a good indicator of how many distinct items are in the store.

**Items scanned more than once:** These items represent, in large part, items that were found in more than one location. For example, an item may be placed on an aisle shelf and on an end cap for promotion. Counts added in the aisle and end cap locations for the same item are considered “scanned more than once” and are added together. Corrective counts can also be submitted using Mobile Manger. For example, the user counts ten bags of dog food and inadvertently enters a count of one hundred. The user can submit a second count of minus ninety to correct the original count. This would also be considered “scanned more than once”.

**Bad Scans:** Users may record obviously incorrect counts. For example: 8765908764 bags of cat litter. These item counts are considered “bad scans”. In our inventory we found a total of three “bad scans” which we discarded.

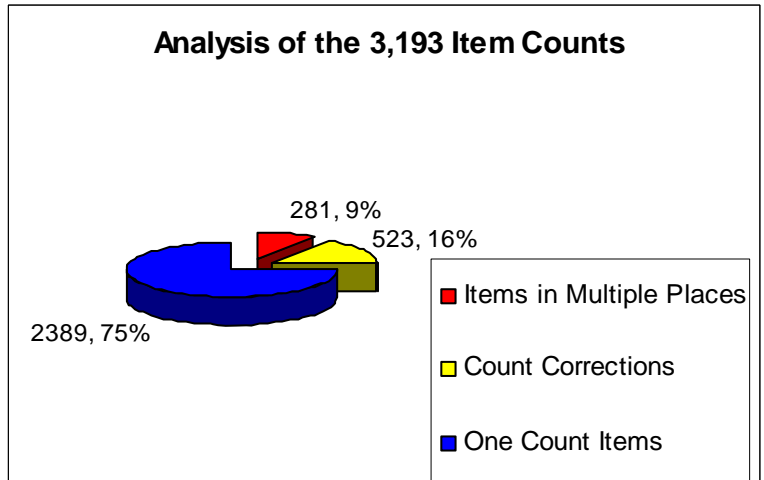
## Physical Count Review

The count was completed using the Mobile Manager application according to the plan. Reviewing the data after the physical count revealed that of the 12, 057 items counted, 2,389 were unique and 804 items were scanned more than once. We were pleasantly surprised to find only 3 bad counts in our inventory. Items with bad counts were discarded.



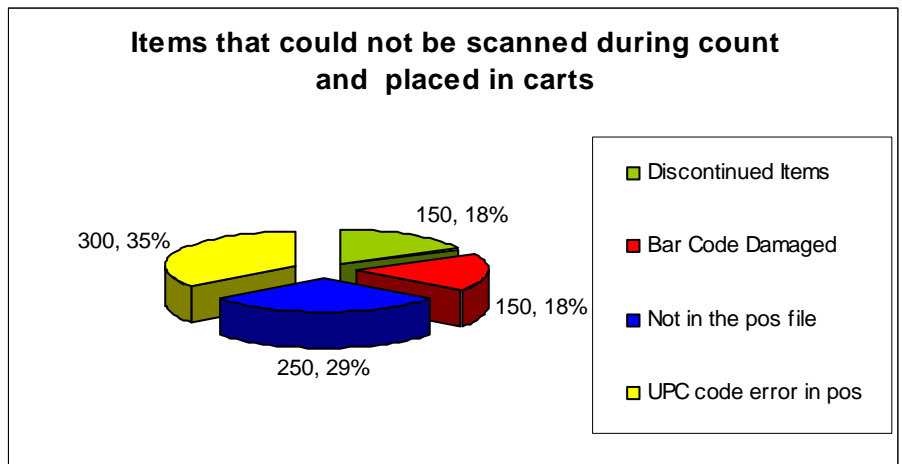
**Item Counts**

When analyzing the 3193 item scanned, we found that 804 items were scanned more than once. We determined that approximately 9% or 281 items were actually in two different places. The remaining 523 items were the result of various counting and keying errors. The ability to review and modify counts with Mobile Manager was essential in completing an accurate inventory.



**Items that wouldn't scan**

Items that could not be scanned were identified and placed in locations around the store for employees to research. Some items were added to the file while others were just corrected. This process continued over a period of time after the inventory was completed. 250 items were added in total. The remaining items were either discontinued items, or items with UPC codes that would not scan. Labels would not scan for several reasons: bar-codes were damaged when in-store labels were removed or the UPC number was incorrectly entered into the QuickBooks



POS. Identifying these items while conducting the inventory allowed Pet City to correct their item file and ensure that all items in the store would scan at the registers. This greatly improved the accuracy of their database!

**“The first inventory was clearly our toughest. Now that our item file is in shape I’m sure that we could easily complete the same inventory in 25% less time.”**

**Quick Stats**

Although we did not set speed records in our scanning and inventory efforts, it is important to get some idea about the speed at which you can expect your inventory to progress. Quick stats to the right.

***How productive was the item count ?***

Items Counted per hour: 377

Items Counted per minute:: 6.3

Items identified as not in file: 250

### Some comments on the physical count:

- The symbol MC50' performed extremely well. The laser scanner read barcodes on the first attempt, and the extended life batteries powered the portables all day. No time was lost to recharging batteries.
- We found store generated labels placed over the manufacturers barcode. Time was lost removing labels so we could scan the items original UPC.
- Some items on high shelves required a ladder to reach. This had a adverse affect on productivity.
- Identifying and separating items not in the file worked great. This allowed us to segregate items into shopping carts for employees to add to the file. This was a valuable feature of the inventory and illustrates the value of real time data access.
- The ability to add to or subtract counts proved very effective. Over eight hundred items were scanned more than once. This would have been a major problem without this functionality.
- Racks of items contained a mixture of items on single pegs. To properly inventory these items we had to first remove all items from the peg, sort them into "like item" piles and then perform our counts. This took additional time and had an adverse affect on our productivity. Dog leashes were particularly painful.
- We incorrectly inventoried some non-inventory items which later required corrective counts.

### How long did the counting take?

From start to finish the inventory took a total of 32 man hours over three days. This time does not include the time spent correcting the pos file. These corrections were made following the inventory process. Pet City employee's updated the database information and added new items as time allowed. The chart below answers the question, "How long does it take to count store merchandise". We have extrapolated the time it took us to do the Pet City inventory by item so you can easily estimate how long your inventory will take.

The chart illustrates the data in increments of 5000 items up to 50,000 items. To determine how long your inventory will take simply find the total items column that is applicable for your store.



Next we will review the Mobile Manager inventory finalize process. Although you have already seen some of the final results, it is important to review the entire process so you can understand exactly how the Mobile Manager inventory process works. You will see some new and interesting statistics that are available each time you perform an inventory. The information provided by the Mobile Manager inventory module gives retailers important information that can be used to dramatically improve inventory accuracy.



**Other data available for review**

**Display items not scanned:** 9176 items in the pos database were not found in the store.

**Display Items Scanned:** Useful as productivity tool. Indicates the number of unique items scanned and counted during inventory.

**Display items with no Cost or Display items with no Price (selling price):** It is not a good idea to have items without a selling price in the item record of the POS system. The item will scan and can be sold for \$0.0. Additionally, if there is no price or cost the inventory value is \$0.0. (5 X \$0.0 = \$0.0). Mobile Managed displays these items for review and correction.

**Display items with negative counts:** Negative on hand quantity counts distort the value of inventory. Modern POS systems can and do keep negative on hand counts. Failure to receive merchandise into the POS system is the most common cause of this issue. The effect of negative counts can be illustrated by the following example.

UPC	QBID	Desc1	Cost	SnapCt	CurrCt	InvenCt
	1758	Fish, Tropical	0.0000	92	0	0
	1758	Background,	0.0000	101	101	0
	1910	zzzReptile S	0.0000	100	100	0
	1910	zzzSmall Ani	0.0000	98	98	0
	793	zdReptile setu	0.0000	0	0	0
	794	zdPuppy setu	0.0000	0	0	0
	150	Kit starter	0.0000	0	0	0
	404	Kit Delx	0.0000	0	0	0
	405	Kit starter	0.0000	0	0	0
	406	Kit Delx	0.0000	0	0	0
	3799	Kit starter	0.0000	0	0	0
	3800	Kit Delx	0.0000	0	0	0
	3801	Kit Delx	0.0000	0	0	0
	3802	Kit Delx	0.0000	0	0	0
	3803	Kit Delx	0.0000	0	0	0

Assume we have only one inventory item in the store. Our current stock consists of 10 pieces @ 5.00 cost, total \$50.00

New items arrive and are not received into the system. Lets assume 20 items arrive.

Now we have the original ten (10) plus the twenty (20), so thirty(30) total items in the store. Assume we sell them all.

The QuickBooks POS on hand total now shows negative twenty(-20) with a value of -\$100

With no items on the shelf, our inventory value should be \$0.0. The point of sale system however was not updated properly and has a value of negative 20. Our inventory is now understated by \$100. This is why negative counts should be set to zero prior to taking any inventory. Pet City cleared all negative on hand item counts before the inventory started.

Mobile Manager provides a convenient means to check the inventory data and identify potential problems. Empowered with this information users can easily take corrective actions and insure an accurate inventory. When all corrections are complete, users can proceed to the final step which actually commits the counts to the QuickBooks Point of Sale database.

**Quick stats from the Pet City finalize process**

Variance between snapshot and current data totaled 56 Items

Items not scanned totaled 9,176 (reference)

Items Scanned totaled 2389 (reference)

Items with no Cost totaled 15 (reviewed and corrected)

Items without price totaled 191 (reviewed and corrected, mostly discontinued items)

Items with negative counts totaled zero (0) ( Corrected prior to inventory)

### The Wrap Up

Our review complete, the last part of the process was to send the inventory count data to the QuickBooks POS system. This is accomplished on the Mobile Manager base station and is for the most part an automated procedure. There is one important decision to make regarding the inventory. What should be done with the on hand count for items that were not counted during the inventory. The Choices are: (1) Leave the count as is or (2) Set all items not counted to zero. Pet City chose to set all items not counted to zero because our inventory was a complete wall to wall count. Also we felt that if we did not count it, it was not in the store.

The finalize inventory screen is shown below. This screen displays the current value of inventory at cost and retail. Most important, it shows the new value of the inventory at cost and retail. The actual figures have been removed from this screen to keep the information confidential. We can show you the net change in the value of inventory that was calculated as a result of the physical count. The inventory value at cost increased by \$6,062.00 and value at retail increased by \$11,033.00.

We reviewed the proposed changes to the inventory. We were satisfied the inventory data was correct so we pressed the "Commit Now" button and sent our changes to the point of sale system. Our changes were recorded in the QuickBooks's database and a "Quantity Adjustment" voucher was created as a permanent record of the changes.

### Finalize Inventory : May

Inventory summary	Current	Proposed	Finalize Options	
Value @ Cost			Zero Items not Counted/Scanned?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Value @ Price			Items Effected:	11552
<b>Totals</b>			QB POS Backup Complete?	Type: YES or NO <input type="text" value="yes"/>
Change in Cost	\$6,062.00		<input type="button" value="Generate Summary"/> <input type="button" value="Fetch Results"/> <input type="button" value="Commit Now"/> <input type="button" value="Exit"/>	
Change in Price	\$11,333.00			

View Data									Planned Updates
	QBNumber	UPC	Desc1	CurrQBCt	NewCount	Cost	ExtCostCh	ListID	
▶	3624	004566305	Step N'Go	3	6	4.15	12.45	493684811	
	1210	007723404	Floppy Arc	1	0	0.1	-0.1	495519784	
	1211	007723404	Tennis Gal	0	0	3	0.0000	495519784	
	2077	007723404	Bunqee W/	0	0	4.15	0.0000	495519785	

### Finalize Inventory : May

Committing changes to QBPOS.

Inventory summary	Current	Proposed	Finalize Options
Value @ Cost			
Value @ Price			
<b>Totals</b>			
Change in Cost			
Change in Price			

**Success! Local db cleanup starting**

Quickbooks POS system has been updated!  
 Please be patient as we clean up the local information about your inventory job.  
 Quickbooks POS will maintain a permanent record of this job via a Quantity adjustment memo. Local information about this job is being removed.

Our "May" inventory was complete.

## Verifying our inventory

For final confirmation that our inventory counts were applied to the database we reviewed the new Quantity Adjustment Voucher created in QuickBooks POS.

Item #	Description 1	Attribute	Size	New Qty	Old Qty	Diff Qty	Avail Qty
3624	Step N'Go Adj Harness	purple	sm	6	3	3	6
1210	Floppy Arctic Fleece			0	1	-1	0
1227	Fleece Dinosaur			0	1	-1	0
1229	Spotbites Mini Shoe-Slipper			3	0	3	3
1232	Fp Travel Gr Backpack	green		0	1	-1	0
1234	Silent Dog Whistle	Brass		2	2	0	2
3614	Retro Delux Dbl Dinner	red	sm	4	4	0	4
3523	Retro Delux Dbl Dinner	black	med	3	0	3	3
3521	Retro Delux Dbl Dinner	red	med	0	5	-5	0
3392	Retro Delux Dbl Dinner	silver	lg	1	1	0	1

## How did the Mobile Manager application perform?

Mobile Manager performed beyond our expectations and proved to be an efficient and accurate way to perform a physical inventory count.

- Item lookups were fast and in most cases took less than a two seconds.
- Displaying item information on the pocket pc after a successful scan enables the user to not only enter counts but also check the price, description or other item information and even print a tag in addition to performing the inventory.
- Identifying items not in the item file and the ability to add the items during the inventory on the pocket pc is an excellent way to correct pos item file issues.
- Being able to check and correct counts while at the shelf makes the inventory counts extremely accurate.
- Having the ability to start and stop the counting process without affecting the inventory was very convenient.

## Ongoing benefits to Pet City

QuickBooks reports are now accurate and provide valuable information to run the business.

Mobile Manager makes it easy to perform ongoing maintenance to the POS database.

Reduced number of items sold by manually entering a price. This dropped from \$6000 to \$2000 in one month.

Less stress on the cashiers because nearly every item scans.

Ordering and receiving process were simplified and made easier for employees.

Items are easier to scan because multiple barcodes on items were eliminated

POSPDA.COM

Mobile Manager for QuickBooks Point of Sale

Customer Solution Case Study

For more information on Mobile Manager and taking physical inventory in a retail environment using mobile technology contact [POSPDA.COM](http://POSPDA.COM).



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