

INVENTORY MANAGEMENT

Opens POS Like a Book

Above the Treeline makes critical data accessible and practical



MANY PEOPLE USE BUZZWORDS— such as “data driven”—to cover what they don’t know, but for retailers, “data driven” is becoming a survival necessity.

In an industry where inventory turns average two—compared to other channels that churn four to six—information about sales, inventory, and stock provides reality hooks that cut through hope and hype to tell you what’s real: Do your customers like what you’re offering or not?

Inventory velocity is critical to retail success. A 5% improvement in turns and a 5% reduction in staffing costs could increase return on assets by 2.3% for a store with \$500,000-\$750,000 in sales. That could be nearly \$8,000 more cash flow monthly—about \$96,000 annually.

CEO John Rubin developed his web-based Above the Treeline database software to help bookstores do just that using category or ISBN management. He initially designed his software for a Chicago-area independent ABA bookstore. Since then, he’s had multiple success stories. At one store, he increased the store’s turns 50%—from two to three. That alone helped boost average sales \$10,000 per month, with \$100,000 less inventory

What Does It Do?

The analysis tool opens POS data like a good book, with easy-to-access reports presented graphically or as lists. You can quickly check key performance indicators such as turns,

return on inventory investment, stocking over time, and more by category, ISBN, title, time period, and vendor. With a click, you can learn products’ dollar and margin contribution to analyze under-performing stock.

In addition to best and worst sellers, Above the Treeline tracks and compares stock on hand and creates lists, charts, and other analysis tools by store or compared to other stores or your budget plan. It maps ABA or Christian Product Category codes to categories you create, so you can collect, view, and analyze data by STATS or other classification.

Above the Treeline’s staffing module creates employee schedules and task lists, provides sales-per-hour compared to schedule, and analyzes daily staffing efficiency.

Because it’s web-based, there’s no hardware or software installation, and it works with virtually any POS system.

Cooperative Programs

The software is about getting the right product to the right place at the right time and the right price. In addition to analyzing store performance, retailers also can share information with vendors, opening the door to vendor-managed or -assisted inventory management.

Rubin said the tool lets retailers and their trading partners easily set up data sharing that benefits both parties. Some of the industry’s core-inventory programs are a first step toward that. Sales reps help track and analyze agreed-upon core-inventory minimums, including shelf counts and returns. Reps are paid on sell-

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through, since returns generally are deducted from commissions, so reps have incentives to build highest-performing selection.

CBA Training & Development Manager Mike Hockett, who's testing Above the Treeline at 20 Christian stores, said it offers unparalleled data visibility and presents information in ways so retailers and their trading partners can effectively act on it.

"Retailers are seeing greater operational performance and return on inventory investment," he said. "That will mean suppliers, particularly publishers, will have greater visibility into the independent channel. That will support improved editorial and product development, reprint, and distribution decisions."

At CBA's Future of the Industry conference, Soderquist Center for Leadership & Ethics founder Don Soderquist, former Wal-Mart COO, told how Procter & Gamble and Wal-Mart more than quadrupled turns of Pampers—from 16 turns to 70—through cooperation and shared-data analysis. The increase came from improved replenishment practices and more efficient logistics to cut costs.

Hockett plans to announce initial findings from in-store Above the Treeline tests at CBA International next month. The six-month test ends Sept. 30.

For more information, see www.abovethetreeline.com, or contact Hockett at (800) 252-1950. E-mail: mhockett@cbaonline.org.