

Sales and Warehouse

White paper

Introduction

No matter the size of your business, the most important thing is to manage your company generating the lowest costs and gaining the highest profit. A slowdown in the economy is an opportune moment to investigate the best way to save money by investing in improved efficiency and results you will see in the not-too-distant-future.

In order to become more effective, take a look at the business processes that bring in revenue for your company – sales and activities tied with warehouse management. Achieving effectiveness in these two areas will bring important results – better organization of your work, streamlined communication, a product line to better serve the market, and saved time. A successful implementation of the Comarch ALTUM management software will help you accomplish this quickly and easily for long-lasting results.

Finding Efficiency

Becoming a well-oiled machine depends on two key elements – the quality of your internal processes and how quickly strategic decisions can be made and implemented. The main roles of Comarch ALTUM are to serve as the backbone that supports all operational activities and that provides real-time information to make the right business decisions.

Start with the Basics

To begin working towards maximum efficiency during a recession, you can start by improving efficiency in



your most basic business processes. This means automating as many processes as possible. With management software, information entered into the system is available to all departments at different stages of the sales process. For example, customer information will be made available to the sales department who place the orders, to the warehouse who releases the merchandise, to the AP department who processes payments, and to the accounting team who creates cost analysis reports.

You want your sales people to be doing what they do best – selling, not spending all their time filling out four different documents for each sale. Comarch ALTUM allows your sales people to transform a

proposal into a sales order with one click, automatically releasing this merchandise from the warehouse and issuing an invoice at the same time. After entering data into the system just once, the information is automatically transferred into the appropriate documents used by different departments. Once an invoice is entered into the system a liability (or receivable) is automatically created that will be tracked by the AP or AR department and each activity is posted automatically into the correct accounts. Your accounting team will be able to more quickly and directly analyze the total costs and effectiveness of AP and AR. This is exactly how Comarch ALTUM – a management system that integrates all your business processes is designed to work.

Implementing automatic processes into your company will save you an enormous amount of time and will greatly reduce human errors! Since you can track activities by every user who is logged into the system, if an error does occur, you can monitor who was responsible for the mistake and implement training to ensure it will not happen again. Automating repetitive activities improves organization, streamlines internal communication, minimizes fixed costs, and contributes to company

growth. This has an unbelievable impact on your ability to optimize business processes.

Teamwork is Crucial

Most often the reason for unnecessary bottlenecks is a communication problem between departments.

For example, the purchasing department may be delayed in responding to the sales department about an order and then logistics is not able to deliver results in a timely manner - which impacts how quickly your customer receives their order.

By automating work at each station and in each department, Comarch ALTUM will help you improve communication between departments and reduce the amount of time wasted on repetitive tasks that do not add value to your company. Independent studies have shown that automating processes within your company can

decrease 5% of your fixed costs and save up to 17% of your employee's time per year.

Comarch ALTUM is equipped with a Workflow tool that allows you to quickly manage business processes within your company. You can use the Workflow tool



to automate and create standard responses to routine business tasks, specifying who is responsible for certain processes and decisions, set priority levels for tasks, and recommend or guide responses to specific business situations. A few examples of how Comarch ALTUM users have managed activities with the Workflow tool include: confirming source documents, setting minimum inventory levels, automatically paying bills, and responding to customer complaints. Improving work coordination between departments and removing bottlenecks will result in lower costs and better customer service with increased revenues.

You need to know what you've got

By automating processes you have the ability to more accurately see what is happening in your warehouse. The ability to automatically generate documents you use on a regular basis means that creating any type of warehouse documents will no longer be time consuming. Also, you can accurately track your inventory levels, merchandise that your customers have reserved, and merchandise that you have on order. The more informed you are about what and how much you have in the warehouse, the greater your capability to successfully manage inventory. You need to keep records on each product such as color, size, how long it's been in the warehouse, how much it costs, and any additional costs that need to be associated with that item (such as transport or duties). Only with this specific information are you able to make an educated decision about what inventory levels you should keep in the warehouse – so that you can keep minimum levels in the warehouse without the risk of the merchandise running out.

Comarch ALTUM's tools for monitoring warehouse movement, tracking merchandise in the sales cycle, managing purchase orders, and gauging customer loyalty are unmatched by any other system. Improving warehouse management will reduce the time needed to receive/release merchandise and reduce the cost of inventory that is just sitting in your warehouse resulting in more capital and fluidity of your company's cash flow.

Going Wireless

You can increase efficiency in your warehouse even further using Comarch ALTUM in conjunction with such tools such as mobile scanners to read merchandise barcodes or scales to check merchandise weight. Your employees can scan items at any moment and at any location in the warehouse without typing anything into a computer workstation to record that the merchandise has been received or released. This information will automatically synchronize with Comarch ALTUM so you will immediately know your stock levels in the warehouse. Warehouse management has never been so easy. The benefits of this solution are clear – further reduction of errors, more effective work, and real-time information on inventory levels. If only these mobile devices could help sales as well....

They can! The benefits of entering orders or creating invoices during a customer visit are just as important. With a smartphone (or a phone with Windows Mobile) sales personnel can enter sales documents into Comarch ALTUM or check inventory levels. No more, "I'll have to get to you on that", accepted orders can be finalized even before a sales person leaves the customer's office. He won't have to call and dictate the order over the phone either, which will reduce human error and get him back to what he should be doing – selling!

Not only will the effectiveness of using the mobile devices affect sales and purchasing activities, but it will help your managers as well since the management reports in Comarch ALTUM are also available on cell phones. Work is an activity not a place, isn't it?

Tactical Wisdom

Recently, a publication revealed that an average middle manager today makes more decisions during the course of one day at work than a Medieval Lord made during his entire life in the Middle Ages. Life just keeps moving faster and faster, and we are under even more pressure to make the right decisions. To do this you need to have access to all of the right information. To decide whether to change the discount level and payment agreement for a long

term customer, you need to take into account how long this customer has been with you, what their payment history has been, and weigh it against many other elements. Accurate decision making is often just a factor of getting enough of the right information in a format that is easy to cross-analyze.

All information associated with customers and vendors - their orders, invoices, and payments - are entered into one integrated database. Comarch ALTUM allows you to quickly locate the information you need to make decisions using complete reports providing wisdom to manage your company – strategically, tactically, and operationally.

Focus on what matters

An important way to thrive during a recession is to cut costs. The decision to reduce expenditure by 20% is easy, but doing it the right way is a lot harder. The best route to take is to only apply those cost-cutting measures that can be done without having a negative impact on your company’s revenues and that will not close the door to further growth of the company.

One of the tools most frequently used by optimization experts to analyze which costs to cut is known as the ABC Analysis. This analysis is similar to Pareto’s rule that says for many events; roughly 80% of the effects come from 20% of the causes. For example, a general rule of thumb in business is that 80% of your sales come from 20% of your clients.

ABC analysis applies this process of analysis to customers, vendors, and products to help you find which costs can (and should!) be reduced. Comparing the relative value of these items you can group these items into three categories:

- **A group** - Items generating 75% of total value
- **B group** - Items generating 20% of total value
- **C group** - Items which make only 5% of the revenue

What surprises most is that if you run this analysis, you will notice (and it happens in the very majority of cases), that the first group consists of as little as 5% of all items that you sell while 75% of your products generate as little as 5% of our revenues.

Group	Share in the revenue (%)	Share in # of Products (%)
A	75%	5%
B	20%	20%
C	5%	75%

Using this analysis you can focus on dedicating the **maximum attention and resources** to those items generating 75% of your revenues and minimizing the resources you expend on the items bringing the least value.

Courses of action you could take based on this analysis

Group A	Group C
<ul style="list-style-type: none"> Precisely analyze the purchase price, terms of payment, and delivery times Analyze the actual margin including indirect costs 	<ul style="list-style-type: none"> Perform a simplified analysis of purchase process and terms Create batch orders for entire period of time
<ul style="list-style-type: none"> Analyze competition that offers these items Vigorous negotiations with product vendors 	<ul style="list-style-type: none"> Strive to settle accounts with customers and with vendors in a month cycle Place orders by phone
<ul style="list-style-type: none"> Control the Stock levels of these items on a daily basis Set precise minimal and optimal stock levels analyzing sales trends and demand level 	<ul style="list-style-type: none"> Stock level analysis should be simplified Set minimum stock level without in-depth demand analysis
<ul style="list-style-type: none"> Order less but more frequently to ensure you always have sufficient stock 	<ul style="list-style-type: none"> Order more but less frequently for larger discounts

Comarch ALTUM provides clear reports that will help you perform an ABC analysis. These reports are available and created by consultants who have implemented the system in many companies, and allow you to monitor your company's activities more effectively. With Comarch you will find more of the best places to make the smartest cost cuts. Then once you have made the cuts, ALTUM's easy-to-use reports will allow you to monitor the effectiveness of the changes you have made.

De-Mystifying your Sales Figures

The most common tools a successful company uses to boost sales during slow times are discounts and promotions. The tricky part is figuring out which items to discount, when, and to whom?

To help you make these decisions, management software will give you easy access to data about your historical revenue and stock levels AND reports to forecast these numbers. With pre-defined reports which can break down sales by product attributes, geography, season, day of the week, time-of-day, and customer purchasing behavior, you won't have to make these decisions using a Magic Eight Ball.

Profit and Loss Statement, Redefined

To track whether all this hard work on efficiency is paying-off, no doubt you will want to note any changes in your profit and loss statement which gauges the profitability of your company. This is a great tool to determine the company's condition, but often the information delivered is just too general. To really drill down, you want information about profitability not only for the whole company, but also divided into product groups, single products, customers, and vendors.

Comarch ALTUM will track accurate data on purchase costs and additional costs associated with the item (such as duties, warehousing costs, transport, promotions, and rebates). As the finance and accounting tools in the system track down all the other company expenses (such as wages, overhead costs, and media) you can easily calculate margins that include all of these costs, right down to the level of a single transaction. Decisions you make on what to sell, the prices you will charge, and merchandise terms that you offer to your customers will be based on your knowledge of precisely where you are the most profitable.

Recessions can be a demanding test of management. However, following a plan that begins with automation and improving your organization, followed by cost-cutting based on ABC analysis will help you stay ahead of the game during the downturn. In the end, recessions do not last forever. The world economy has always experienced periods of slowdown after stretches of economic prosperity. Investing in Comarch ALTUM and improving your efficiency will help prepare your company to be a market leader during the next economic boom.