

THE BOTTOM LINE

The Independent Voice for Canada's Accounting and Financial Professionals

www.lexisnexis.ca

Vol. 21 No.10

SEPTEMBER 2005

Fields says software boosts its bottom line

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Situation: Fields Stores is a division of Hudson's Bay Company with 105 locations across Western Canada.

The average Fields store is 7,000 square feet and stocks general merchandise and apparel goods with about two cash registers per store. Fields generates \$75 million to \$100 million in annual revenue and will have about 800 employees by the end of 2005.

Like many other companies, Fields replaced existing IT systems because of Y2K. It considered using HBC's system, but decided it was too extensive. After a thorough evaluation, Fields selected the Magstar system, which had most of the required functionality at a reasonable price.

Solution: Magstar Inc. Magstar (www.magstarinc.com) is a Toronto-based developer and integrator of retail management systems.

Its software runs on the open-

source LINUX operating system and includes financials, merchandising, inventory control, warehouse management, POS, CRM and loyalty programs. Magstar is used by more than 40 companies worldwide, with about 20 in Canada

Challenges and resolutions: The biggest challenge was customizing the Magstar system to support the retail method of accounting.

Rather than maintain a perpetual inventory system at the stores, closing inventory value is determined by calculating the average relationship between the cost and retail values of merchandise available for sale during a period.

The retail method was the only practical way to calculate inventory in the early days of computing.

Fields decided to customize the system to support the method as it was how they had always managed inventory. At the time, Fields lacked point-of-sale

devices in the stores that would allow them to maintain actual quantities for each item.

Another big challenge was implementing the system in time to meet the year 2000. Like employees at many mid-market companies, Fields' employees were not able to dedicate themselves to the new system.

They also lacked project management experience. With the help of Magstar, they were able to meet the deadlines with a lot of effort on all parts.

(In retrospect, at least one person should have been dedicated to the project.)

Even with the Magstar system, Fields did not know how well individual items were selling in the stores. Managers relied on an inefficient method of keying in ticket stubs that were sent to head office for scanning into the system.

It took up to 10 days to complete the process and even after all that time the results were still not reliable. Some merchandise was not ticketed, considering the

12 cent cost of each ticket. As well, the manual collecting, sending and scanning was error prone. In 2003, Fields implemented POS at all of its stores using IBM equipment and Magstar software.

Costs and benefits: The one-time cost of the Magstar system including hardware, licensing and services (but excluding POS) was less than \$500,000.

On the benefit side, the implementation of the Magstar system was considered essential because, without having a Y2K compliant system, Fields would not be able to operate.

The POS project was considered highly successful as it significantly improved the efficiency and effectiveness of their business processes. Information that used to take more than a week to obtain is now available the following day—and the data is reliable.

The real win was that Fields could now do a better job in having the right inventory at the

right time in the right location. According to Diane Barham, finance director at the company, Fields has experienced double digit growth over the last few years and has outperformed the market, partly due to implementation of the POS system.

Bottom line: Fields has shown that technology can make a big difference to the success of a company. It has come a long way in a few years with the Magstar system.

In the words of Barham, "the real gains are coming from POS and the ability to better manage our inventory in a quicker and more detailed manner."

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