

Getting Started with Retail Point-of-Sale

So you are going to start using a point-of-sale system to facilitate your sales, add marketing and promotions management plus control inventory. So where do you start? Right here.

If you are still at the shopping stage, this is article, and some of the other resources available in our library, will get you thinking and planning about the features and benefits of different aspects of your POS system. If you have your application picked out this will help to gather information in the following areas to build and configure your POS system's database:

Here are the ten steps we will cover:

- Work Flow and Entry Parameters
- Inventory: Departments & Classes
- Inventory: Vendor/Manufacturer Information
- Inventory Org. Item Information
- Customer Information
- Salesperson/Clerk Information
- Payment Types
- Integrated Credit Card Processing Information
- Sales Tax and other Taxes
- Receipt Printing Options

In the most general sense, your Point-of-Sale/Inventory Control system creates and manages data concerning you business; your company database. You might think of databases as similar to card files, where each record is an index card representing an individual Customer or Inventory item. Unlike index cards, which are only sorted in one way (e.g., indexed alphabetically by name or item description), your database records can be instantly re-sorted based on the information you have entered in each of several data fields as long as the program is set up for this, called Indexed Fields. Most software programs automatically maintain a sorted list (called an index) for each of the Indexed Fields. Whenever you add a database record or change information in any of the Indexed Fields, the programs instantly update the indexes accordingly. If a field is indexed, that field can be used to enter items on transactions, and to sort items in list boxes and on reports

Software configuration for point-of-sale, inventory control and accounting systems can be done in two basic ways. The first method is manual, and is most often used when a business is new and no computerized records yet exist. Also, for some set up information it is easier to manually, tender types, tax amounts, clerks etc. The second method is to populate the tables of the database automatically. Depending on the software used this method may be accomplished using SQL or Access query or a built in software database population feature. Any of these ways will require the creation of an ASCII or CSV file from a spreadsheet (link to our inventory set up spreadsheet). This second method is by far the quickest easiest method and the best for large amounts of data.

Step 1: Define the General Work Flow Entry Parameters

Here are some broad view considerations when looking for hardware software and possible different configurations. Does most of the store's inventory come bar coded? If not will you be adding bar codes? If you only have a few items you can get by with selecting items for sale from a computer screen menu, or you could use a short item alpha or numeric code that could be type into the computer.

Quick point about barcodes many people do not understand (also see our article on barcodes and inventory) the barcode on a product is just what is know as “machine readable” numbers, the code itself means noting in the abstract, it carries no information, and is really quite useless by itself. Only when it is identified, read by a scanning device and related to a record in a database is the code good for anything. It is the record in a computer based database that has all the information.

How many sales stations will you need and how easy is it to add stations? This is going to be just a guess on anyone's part and it will obviously change with the time of day and season. Not to mention your budget, but generally the type of store and size is a good indication. Look around at stores similar to yours using a POS system for ideas.

Will you want to track sales by customer? There are a wealth of tools and strategies available with a Point of Sale system. Even relatively high volume food and convenience stores can implement some form of customer identification and the rewards of knowing who your customers are and using strategies to pull them into your store instead of waiting for them to decide to come in is definitely worth it.

Also consider whether your will want cash control where clerks are responsible for balancing their own drawers. All electronic cash drawers are available with removable and optionally locking plastic“tills”. Some systems are available with the ability to open two cash drawers depending on who is logged into the system.

Finally consider whether you want to configure the system and install it yourself or get a professional to configure and install the system or split the different as is available from a pre-configured “self” installing system like CREST from Point-of-Sale systems.com

Step 2: Inventory Departments

In order to produce more meaningful management reports it is best to have created product or service departments. These are the logical divisions within a business for different types of products or services. For example, a food store might have: Meat, Dairy, Frozen, Grocery, Bakery and General. The general rule is not to have more than 12 such divisions as they become difficult to remember and work with.

The Department and Category databases are used to define groups of Inventory for organizational purposes. The primary function of Departments and Categories is to provide a basis for grouping and subtotals on Inventory reports; you can look up or sort items by either Department or Category if the program indexes those fields (Keystroke does not). The Category database gives you a second way to departmentalize your Inventory (e.g., by location), and has no relation to the Department database.

Some programs, allow the use of subsets of departments, sub departments to further organize your inventory. A class is not a subset of a department; they are simply two different ways of grouping items.

The Department or Category tables each consist of only two fields: Code and Name. A different and unique Code must be assigned to each Department or Category. Each Department and Category may also be assigned a more descriptive Name.

Step 3: Define Vendors

Different POS programs may define vendors and manufacturers differently, the Vendor should be the company you purchase inventory from. While you may sell Coca Cola you are not buying directly from the Coca Cola bottling Co. rather a distributor. If the manufacturer is important to know in your particular business you may want a POS program that can accommodate that information. In most cases the manufacturer is merely part of the description of the item.

If you purchase the same item from multiple vendors you will want to make sure the POS program can accommodate that, not all do.

Step 4: Define the Items

Generally, if a business sells items with Universal Product Codes (UPC) or bar coding and volume is significant the use of barcode scanning equipment will greatly improve check out time and accuracy. As such product/inventory identification codes are best left as those existing UPC codes. The Product Code field is most typically used as the primary method of entering items on transactions, which can be done via barcode scanner or keyboard input. If a majority of your Inventory is pre-labeled with a Manufacturer-assigned UPC, ISBN, SKU, or other Part Number, the Product Code field is most likely the best place for that information. Barcodes can be scanned directly into the Product Code field to ensure accuracy. If you have some items not already barcode labeled by the manufacturer, you can print barcode labels for just those items. In doing so, you will need to make up a Product Code for those items; one suggestion is to enter the Stock Number in the Product Code field.

The Product Code field may be used in a number of ways, depending on the requirements of your business. Product Codes usually may consist of up to 20 alphabetic (upper case only) or numeric characters, and some punctuation marks may also be used. If you want to use a barcode printer and reader with small 1" labels you must only use numeric figures as alpha characters

take up a great deal of label space. For information on this topic see our article on Inventory and Bar Codes.

Inventory ID or Stock Numbers are sequential numbers assigned by the POS program to each record. All programs have to have some way of uniquely identifying a record and it is usually by this a program generated method.

Step 5: Customer Considerations

One of the most useful tools in a POS system is the ability to track customers. Why is that so important? Because if you know who is buying what you can “target market” to those good customers. For example if you know the customers in your women's clothing and accessory store that purchase handbags from you over the last year and even the subset that has multiple purchases you can email or send them an invitation to view a new line of handbags you have or inform them of a sale you are planning or send them a discount coupon. All are ways of “pulling customers” into your store. Instead of waiting hoping a customer will think of you now you can be proactive. See our article on Marketing Ideas with your Point of Sale System for more information.

The consideration you need to think about are how do you want to identify your customers, how do you want to organize the information and how do you want to gather the information?

Identity of customers. All customer records must have a unique field or piece of information. Just as all drivers in your state have a unique drivers license number. Your options are usually a customer number generated by the POS system or a phone number. Years ago the phone number was not so good as multiple people at the address had the same number but with cell phones today almost everyone has a number. Alternatively do you want the ability to look up customers by first name, last name or business? Think about how you want the sales process to flow. Generally the sale process starts with the clerk asking for the customer ID/phone number, the items are identified, the payment method is determined, payment is taken and change is returned or a credit card receipt is signed.

Organization of Information: Think about what types of information would be useful to know from your customers. The obvious things like contact information, address, phone and email are great for contacting customers in a variety of ways to promote sales, send coupons etc. Other information might be useful in specific situations like clothing sizes in a children's clothing store so that relatives could purchase items. Should this information be available on a computer screen or a report or both?

Gathering the information: Motivating people to take the time to complete a form is key. As well as being able to quickly set up a customer and make a sale. Therefore most applications allow for a customer to be set up with a minimal amount of information such as customer number and name. In this scenario a form can be available at the counter to be completed by the customer while the sales clerk is processing the sale, wrapping the merchandise etc. [Click here to see a sample form](#) . The next consideration is the motivation of the customer to give you their contact

information. Offering an immediate discount to the purchase helps, perhaps offering special pricing or notification of sales are all possible offers as well as offering a free promotional item such as a coffee mug or other suitable item imprinted with your store's name and logo.

Step 6: Salesperson Clerks Considerations

As far as Salespersons and clerks using a Point-of-Sale system are concerned, all applications define users with a name and password. Access and functions are limited by permissions. consideration should be made for what areas and functions of the Point of sale application the sales people should have access to. Who should be allowed to make price changes, give discounts, view inventory information and the like. Different POS software programs have different ways of granting users access to information so if there is a specific need it should be defined.

Another consideration in this topic is whether clerks will be sharing a cash till or will work a specific till and therefore have cash responsibility and balance out at night. Some POS software allows for multiple cash drawers so it is possible to have a single station but different drawers will open for different users. Of course space considerations will limit the number of drawers possible.

Step 7: Payment Types & Considerations

While many POS application have the basic payment types, Cash, Check, Credit Card, some let you create other types and have payment options for gift cards which depending on your situation can be a great offering. Gift cards are plastic, credit card size cards with magnetic strips or barcodes which are custom printed in full color for your store (see our article Using Gift Cards as Tools to Increase Sales). You can use them as a way to increase cash flow, by providing another “item” to sell that, until the card is redeemed has no cost. While it looks like an immediate “ Sale ” it is from an accounting standpoint a liability, you actually owe the holder of that card the cards value in merchandise, but it can be a great way to boost cash flow. Remember that the card itself, like barcodes is merely a number that number corresponds to an entry in the POS database that contains information on the card's balance.

The ability to offer on account sales can be used to issue store credit; instead of giving money back to customers for returns you can issue the credit, which can be maintained as a reducing balance until it spent. Again, the rewards are better cash flow because you are keeping your money. Another benefit is that most customers think of the store credit as free money, almost like a gift card, because they have already spent the money, so they can be encouraged to spend more. Example: instead of buying the \$50.00 jeans with the \$50.00 store credit, get the \$50.00 jeans and the \$50.00 sweater (the customer was already thinking of spending \$50.00) while perhaps slightly illogical, it really does work!

Finally if you have special payment needs like multiple currency, or food stamp like programs, those payments types will need to be configured.

Step 8: Integrated Credit Card Processing Information

There really is little choice any more that you will want to integrate your credit card processing with your Point of Sale system. Although technically you do have the choice of a separate standalone terminal with a keypad and magnetic strip reader (“card swiper”) that is connected to a phone line; the process of reentering the sale amount, with the inherent possibility of mistake (\$24.42 becomes \$42.24) and the time delay of the dial out process, and the fact the cost is less to integrate, really means integrated credit card processing is the only way to go.

With the widespread availability of high speed internet, DSL and cable, most stores will be able to take advantage of the speed of those connections to process over the internet. Although it is still possible to have integrated credit card processing and use a dial up modem. Same advantages of reduced mistakes, still a time savings, just not as much as with the high speed connection.

If you are going to set up your payment processing software or have it done for you, you will need to have your merchant account provider supply you with a set up sheet from the actual processing company. This information will include a variety of different codes as determined by the processor. These will be entered as configuration settings in the credit card processing software (usually PC Charge or IC Verify) and tested. Be sure to have the support phone numbers for both the software developer and the credit card processor because you will usually have to call one or both before the system can be made operable. To really understand the credit card processing process see out article on: Integrated Credit Card Processing: Why it Makes Dollars and Sense.

Step 9: Sales Tax & Other Taxes

A big advantage of the point of sale system is to quickly and easily apply sales tax and most importantly generate a report at the end of a period so that your Sales Tax return can be easily completed. This is important because the easier it is to file your tax returns the easier it is to stay in compliance with your taxing authorities.

Most areas have a combination of percentage sales tax on items sold and some have various amounts charged either on a per unit basis or ad valor um. Each taxing division with percentage must be known and exactly when to apply it. It is best to contact the taxing authority and request written detailed documents or pamphlets to most accurately complete this area.

As an example, in California , install a customer's computer, no sales tax, this is strictly a service. But, sell the computer and the installation service, both are subject to sales tax.

Step 10: Receipt Printing Options

Your store receipt can be a great place to communicate with your customer. Of first consideration is receipt size. Do you need a full size, 8 ½ “ x 11” receipt or the more common 3 1/8 (80 millimeters)? Most printers and software can print a store logo, and some new thermal printers can print in two colors (the paper is 3 to 4 times as expensive as well as the printer which uses a print head with varying degrees of heat to activate the different colors).

Consider what messages you would like to print on the bottom of the receipt, such as return policy or perhaps a regularly changing quote that reflects your store's premise and philosophy.

Also what information would you like to print on the header of the receipt? Customer ID, name, Clerk name, in addition to the invoice number, and date. You will probably want in addition to the store name and phone number the store's web site address.

So there you have it every thing you need to know to select and set up your point of sale system. There are so many way that a POS system can improve your store's customer service, and inventory control, as well as, improve your bottom line that there is no reason not to get started today!

-Point-of-Sale Systems.Com Staff