Computer Assisted Ordering (CAO)

Computer Assisted Ordering

Retailers are faced with the challenge of keeping store shelves replenished not only with the correct products but also the correct amount of products. Mismanaged store inventory can be a serious problem for retailers; often the wrong products are being ordered, higher quantities are being ordered of products that don't sell as fast as others, and not enough is being ordered of the products that do sell. Overstocks and out-of-stocks can cause major problems in terms of the cost of storing products that aren't moving. They can also cause consumers to go elsewhere when the products they want to buy are not available.

Pinnacle's Computer Assisted Ordering (CAO) module is an inventory replenishment system which can use either sales or inventory algorithms to prepare a suggested re-order. Used in conjunction with Pinnacle's manager workstation solution, CAO is proven to significantly reduce the amount of labor hours associated with creating a manual re-order and to balance merchandise inventory levels to significantly improve retailers' bottom-line.

Benefits

Increase your Inventory Control
Controlling inventory in the backroom has always required managers to maintain a delicate balance between inventory levels and out-of-stock conditions. CAO can control that balance across the entire range of products, regardless of demand levels, and to some degree, space allocation.

Improve your POS Scan Rate
In order to maintain accurate inventory item levels and ensure a successful CAO implementation, store personnel must be trained to scan all individual item SKUs at the POS. For example, when cashiers are presented with a 12 oz. Diet Pepsi and a 12 oz. Diet Coke, they may be tempted to scan the Diet Pepsi twice instead of scanning each product separately. Doing this will cause sales data from the POS to CAO to be misrepresented and cause the replenishment order to be incorrect. By training the store cashiers to correctly scan products at the POS to integrate with CAO, the scan rate at the POS will improve.

Decrease your Labor Hours
Implementing CAO greatly decreases the number of hours spent by a store manager in the manual ordering process, including creating build-up sheets and other replenishment associated activities. CAO has helped some retailers see as much as a 30% decrease in their order processing time.

Increase your Gross Profit
When reviewing the results of implementing CAO and item level inventory with the cigarette category, our clients have found that the estimated dollars invested in unnecessary overstock of inventory was on average at each store $82,000. The cigarette category was 44 percent of retail inventory, or $36,080. When reviewing these numbers, clients found that the average cigarette inventory pulled from each store was $9,000 which at 180 stores is equal to a $1,620,000 investment.

Decrease your Inventory Theft
People cannot steal what is not there. When you know what products are selling, what items are necessary stock, and what is overstock, keeping an accurate balance of inventory at the store is actually possible. Keeping accurate accounts of store inventory level drastically reduces the amount of inventory piling up in the backroom. If there is no excess inventory lying around, it can't be stolen.
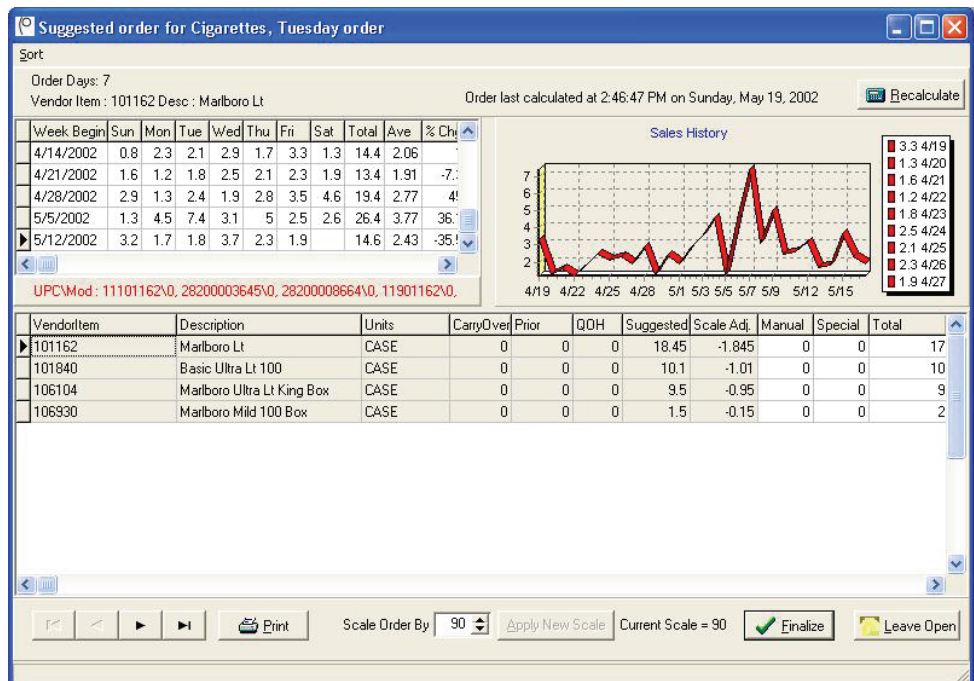
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Leverage your Technology Investment

Thousands of dollars are spent on equipping stores with POS systems, implementing scanning, and training personnel to accurately capture sales data. CAO simply uses the transaction sales data that is already being capturing.

The labor costs associated with the manual ordering process are considerably high and can be greatly reduced when using a CAO system.

Why Computer Assisted Ordering?

CAO, used in conjunction with the Pinnacle's manager workstation inventory module, removes a lot of guesswork. Here is how it works:

- It allows retailers to use the information currently in the manager workstation to determine needs when ordering inventory
- It evaluates product sales over variable periods of time to account for variances depending on situations or seasons
- With that information, retailers can set up minimum required stock-on-hand rules that the manager workstation will use automatically in conjunction with available stock data maintained in the system
- The manager workstation then automatically recommends orders, which can be evaluated and confirmed by store personnel and immediately transferred to vendors
- This automated process reduces the time store managers dedicate to the inventory management and ordering process
- Once stores are set up and using the CAO features, they will have lower overall inventory levels and still be able to avoid out-of-stock issues

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Vendor Purchase Order

Store #26

Paperwork Date: 5/19/2002

PINNACLE
CORPORATION

Purchase order for : Cigarettes

Vendor # 6095

Order ID # 11.00

Store Info:

Store #23

Downtown-23

112 Main Stre

P.O. Box 1235

Johnsonville, OR 45632

465-526-3623

Vendor Info:

ON YOUR WAY DISTRIBUTION

John Grace

425-689-7825

Delivery Date/Time 5/20/2002 12:00:00PM

Vendor Item	Pack Size	Description	Order Qty	Unit Cost	Total Cost
101162	10	Marlboro Lt	17.00	39.67	674.39
101840	10	Basic Ultra Lt 100	10.00	37.02	370.20
106104	10	Marlboro Ultra Lt King Box	9.00	39.67	357.03
106930	10	Marlboro Mild 100 Box	2.00	39.67	79.34