

## **Doomsday for the Independent Operator? No!**

**By Bill Veneris, President of ALERT-IMS**

Not too many years ago, most Americans bought their groceries from a locally owned, independent grocery store. But then as national chains began to develop, these independent stores found that they lacked the resources the big chains had and could not compete. It was not long before most independent grocery stores disappeared. Today, as more and more rental stores are being purchased by large conglomerates, many owners of independent stores are wondering if the same fate lies ahead for them.

It is interesting to note that these same concerns also are strong among independent hardware stores. The emergence of “big boxes” has significantly changed their market conditions too, and made the competition much more intense.

In looking at the future of rental stores, therefore, it is useful to examine how existing independent hardware stores have responded to the growing competition and how this response differs from that of the grocery stores.

When grocery stores began consolidating, computerized information systems were available only to those who could afford the high initial investment and significant operating costs. This meant that only the large national chains, which could spread the costs across their many different stores, had powerful information systems. So while the national chains were armed with easily accessible and up-to-date management information, the independent stores were forced to compete without that kind of information. This left them at a serious disadvantage.

Fortunately for the independent stores today, this has changed. Technology has advanced to bring down the cost of system hardware drastically. And as companies that develop software have gained experience, they have advanced their products so that the costs of development are shared over their entire customer base. This means that for the independent rental store operator, it is now possible to purchase affordable information systems built on years of experience in their industry.

The difference that these information systems can make for independent stores is illustrated by the case of hardware stores. Certainly, there are some independent stores that have not been able to compete with the big boxes and have vanished. But there are many others that are competing quite successfully.

What is the difference between these stores and the ones that failed? Recently, I met with several hardware store owners and asked them this question. They said that in order to survive, they had to completely change the way they do business.

The important point is that these changes were made possible because the information in their computer systems is easy to use and access. With the help of their computer, they are providing better customer service to existing customers, creating smart marketing strategies to get new customers and make wiser pricing and buying decisions. The result

is that these stores are doing better than ever before, despite the presence of the big boxes.

The independent rental store owner can learn a great deal from this. And there's good news to start with: most rental stores today have good information systems. But having powerful software is not enough. It is crucial that operators know how to get the information they need out of their computers in a format that they can use.

In most cases, the key to unlocking this information is to have a report writer. A report writer is a tool that allows non-technical people to pull the information they want out of their computers. It allows you to "program" your own reports to print exactly the information you want, presented in a manner that is easiest for you to use.

To illustrate the benefits of a report writer, let me share with you a story from a rental store in Georgia. Every year before a holiday, this store was overwhelmed with small orders. Their phones were constantly busy, and over-stressed sales associates did not always try to build the orders.

The owner of this store felt there had to be a better way to handle the holiday rush. Using a report writer, he discovered that a number of orders for a holiday were repeat customers from the previous year. From this information, he created a new business strategy for handling holiday seasons.

He decided that 60 days before a holiday, he would call his repeat customers and thank them for their business. Then he would ask if they would like to place their reservation now for the upcoming holiday. A copy of their previous order would be in front of him during the conversation so that he could discuss their needs intelligently and make good suggestions for building the order.

The result of this new strategy is this: 80 percent of the customers he talks to make a reservation immediately. He is still as busy as ever during holidays and his sales associates are still stressed, but he is now doing more business during this period than ever before.

The difference is that now, the infrastructure of the store is being used more efficiently – the phone lines and counter staff do not spend all their time on repeat customers during the busy season. This, in turn, has opened the door for meeting the demand of new customers, which means better equipment utilization and better profits. Plus, this rental store owner feels that he is providing better service to his repeat customers.

This example shows the value of a report writer. By creating one simple report, this rental store owner identified a key fact about his holiday business and quickly capitalized on it.

The same benefits can be available to other stores when they begin to really use their information systems. Your computer does much more than write contracts. It holds a

wealth of information about who your customers are, what they rent and when they place orders. This information can mean the difference between extinction and profitability for the independent rental store owner.

Like the hardware stores, rental stores can use their information systems to change the way they do business – and instead of facing a declining market share, they can actually expand their businesses.