

The Importance of a POS System

by Joy Draughon, stitchersjoy.com



Many fabric and quilt-shop owners begin in business because of their creativity and love of fabrics. A shopowner will not stay in business, however, without profitability. Of the many tools and resources that shopowners can put to use, the most productive are those that maximize efficiency and reduce wasted time and money. A prime example is the point-of-sale system. Despite the large initial investment it requires, a POS system provides long-term profitability, management tools, and stress relief.

What Is a Point-of-Sale System?

A point-of-sale system encompasses both the hardware and software necessary to process a sales transaction. It also provides a centralized location for sales transaction data. Technically, even a cash register or money bag with written tickets could be called a “POS system.” But the more modern meaning of the term refers to a computerized system. As technology continues to evolve, the hardware and software to operate a POS system also evolve. Let’s take a look at these components.

Hardware

There are hundreds of manufacturers selling thousands of products for POS systems. Here’s a look at the primary hardware components.

Transaction entry device(s). You may use a desktop computer, a laptop, a tablet, or even a mobile phone to input transactions into the POS system. A desktop computer might also require a keyboard and mouse, though the many touchscreen options eliminate the need (and space) for these. Devices such as a tablet or smartphone might have a built-in camera to read barcodes, or a separate barcode scanner may be required.

Receipt printer. Depending on the shop setup, the receipt printer may be

wired to the input device or connected wirelessly via Bluetooth or Wi-Fi.

Cash drawer. Most cash drawers are connected to the receipt printer, so printing a receipt triggers the cash drawer to open. Cash drawers also lock, so they can be opened with a key in a power failure or locked to prevent the digital opening of the drawers.

Credit card processing machine.

Since most businesses accept credit cards, this machine may also be necessary. It usually includes a combination of card swipe, card tap, or card dip features.

Software

Software provides the “brains” of the POS system. Basic POS software includes a database of the products for sale and their price. Using the database, the software calculates sales tax and provides the total price for the customer to pay.

For reporting, the software includes an item count, retail price subtotal, taxes collected, and total collected from customers. This is a basic system. Technology has advanced such that most POS systems provide much more information than these basics.

Today’s POS software programs can seamlessly integrate sales transaction data with credit card processing, inventory management, promotions, customer

relationship management, marketing, data analysis, and employee tracking.

In a brick-and-mortar store, shopowners have a choice between a stand-alone or cloud-based system.

Stand-alone system. A POS system of this type is usually housed on a specific computer. Some systems can be networked to allow multiple computers to operate the system. This can be a secure method of storing the data, but it is wise to back up this database regularly using a method allowing for off-site storage of the backup. This ensures that the data is not lost if the machine running the system is lost due to theft, fire, flood or natural disaster.

If you operate an online business as well, consider the ease of updating inventory counts in each system—in-store and online—to account for sales in the other system. Identifying ways to reduce manual entry or rekeying of data can be a time saver to both you and your employees. This ultimately makes your business more profitable.

Cloud-based system. For many shopowners, the alternative to the risk of data loss or manual data entry is a cloud-based system. In this system, the POS runs off a website instead of a physical computer terminal. Although many are compatible with either desktops or tablets, the data is not stored on the device, but in an online storage space. This means there is no data loss if an individual device is lost.

Additionally, many cloud-based POS systems integrate with online storefronts and maintain accurate inventories, regardless of whether a customer purchase is made in person or online. Moreover, data can be accessed from outside the store. This allows the shopowner to continue to monitor the store during illness or vacation.

Another benefit: Since the POS provider is storing the data and the software, that provider can make regular software updates to improve function and security. This is one less task for the shopowner's workload.

Benefits of a POS to Shopowners

Retailers wear a variety of hats: operational control, store management, strategic planning, creative direction, accounting, human resources, promotion planning, and marketing. In a perfect world, you'd have assistance in each of those areas. Yes, some employees can contribute in many ways. But it is ultimately the owner's responsibility to ensure everything is done on time, profitably. As shopowners struggle to hire, retain and pay employees, wasted efficiencies and low profit margins can result.

To protect profit margins and your own compensation, shopowners must use time efficiently and reduce manual or repetitive work. One of the benefits of a POS system is the ability to automate and streamline many of the processes that occur on a daily, monthly, quarterly, or annual basis.

Using real-time data and sales performance enables you to make informed decisions quickly, for continued profitability. Having operational data readily available provides flexibility to make changes on a daily, weekly, or monthly basis.

What follows are many of the processes that a POS system can automate and streamline.

Cash flow management. One of the greatest challenges for fabric and quilt shops with annual sales below \$250,000 is cash flow management. Larger stores may struggle with this, too, but smaller stores must remain especially vigilant to manage and forecast cash flows. This is important for maintaining relationships with employees, vendors, and suppliers. It also reduces worries and stress.

A POS system can help by providing reports on past sales and analyzing trends in the data to create the cash flow forecast. You can see what days and hours of the day that sales occur or what promotions drive the most

customers into the store. This can help you determine when to schedule employees to work or when to adjust store hours to minimize labor costs.

Inventory reporting. Other than labor expense, the cost of inventory is the largest cash expenditure in a retail store. Most POS systems offer analytical tools or data to manage inventory value. This can free up cash needed for other business operations and expenses.

The POS system provides more than values at the end of the year for taxes. Inventory reporting allows the owner to understand key metrics for how much inventory to have on hand based on both sales and square footage. A POS system provides all of the data for an open-to-buy purchasing system.

The system also assists in identifying sales trends so funds are available to pay for inventory. Understanding customer behavior and what products the customer is purchasing can help you determine the product mix to carry. Then your inventory is generating sales rather than sitting idly on shelves. Overstocking items not currently moving ties up both cash and shelf space, which could be better spent on products with high turnover and higher margin.

Accounting and recordkeeping.

In addition to sales transaction and credit card processing data, a POS can provide proper valuation of cost of goods sold. This means accurate financial statements and tax filings. For many of these filings, the availability of accurate and useful data can eliminate errors and costly restatements.

Marketing and promotions. Using the POS to identify slow-moving items, you can create promotions using built-in marketing features to turn idle product into dollars. A system that incorporates promotion planning and automated marketing can help during promotion planning, and it provides an overview and reporting or analytics after the event has taken place.

Increasing your understanding of customer buying behavior helps you select products and services to carry to generate additional sales and revenue. Using stock keeping unit, or SKU, numbers and sales comparisons effectively will help you create a planogram for the shop. Then you can see the role that store placement and merchandising play in the business and sales cycle.

Beyond reacting to current customer trends, the POS system's marketing features enable you to be proactive with customer marketing and develop a marketing strategy.

Customer communication. POS technology makes it easy to set up a customized schedule to connect with the customer and remain top of mind. That's not to say the POS replaces the need to plan promotions. But the automations and scheduling can lead to consistent customer communication without your needing to remember or find the time to communicate with customers.

The customizations are simple to use for professional results without having to hire a marketing expert. Leading technology is also headed toward posting automatically on social media accounts when a new product is received or a new class is scheduled. This technology is not currently available on all POS systems, but it's coming. The automation means one more consistent contact with existing or potential customers with the same amount of effort by the owner or employees.

Customer targeting. Sales data by customer makes it possible to see customer buying habits for better targeting of upcoming promotions, classes or special events. Understanding sign-up behaviors and customer needs can assist in attracting quality teachers. In turn, customers feel more confident in the shop's ability to educate and teach them what they are wanting to learn.

A good POS system will make it easy to sign up students and track who has paid. It can also automate customer notifications, such as class supply lists, pre-class cutting instructions, class reminders, and follow-up surveys.

Employee data. POS systems are beginning to include by-employee information in their data reporting. A few systems function as a time clock, and most allow a separate login by employee. This means you can monitor sales by employee and have an audit trail of changes each employee makes in the system. This information can help you determine fair pay based on metrics or identify employee misinformation or theft.

Employee scheduling. Understanding sales data and timing can also help in scheduling. Having adequate staffing during peak times will ensure customer service. Reducing staffing during slower sales times can help in balancing labor costs. The same data can be used to determine optimum open and close times for the shop and to create sales targets based on your goals.

Shipping. A final process to benefit from streamlined workflows is shipping, whether of online orders, a subscription, or block-of-the-month program. Using the technology in the POS system can reduce labor costs and thus potentially reduce overall shipping costs. Such reductions will improve profit margins on these products and services. A well-planned system also reduces the frustration of preparing these types of packages for shipping.

Customer Service Improvements

Most shopowners would agree that customer service is their top priority. Yet many fail to understand how a POS system can impact and improve the customer experience. In our "on demand" world, customers are accustomed to finding and getting what they want instantly. This means they are less patient with slow processes. The

POS can speed things up for customers in a number of ways.

Ease of checkout. Impulse items at the register may distract the customer, but they still may notice the time it takes to hand-write a ticket, use a calculator for totaling items, punch codes into a register, or process a credit card on a separate terminal. The integration of a barcode scanner and credit card processor with a POS system can streamline the process and reduce a customer's idle wait time.

Likewise, the ability to scan a product or receipt or enter a customer's name to locate a past sale can improve the speed and accuracy of returns or refunds. It can even locate what a specific customer purchased before, so they can either buy more of the same item or avoid purchasing a duplicate.

Payment options. Technology advancements allow customers to choose the payment method that works best for them. As security standards and ease of access increase, alternative forms of payment are on the rise. In addition to traditional cash, check, or credit card options, a POS system allows the store to accept financing options, bank-to-bank transfers (ACH or Zelle), or third-party vendors like PayPal or Venmo.

Technology is also evolving to make payments even easier. During the pandemic, touchless technology increased. This is both healthier for the customer and more secure because their credit card never needs to leave their hands.

On-the-go transactions. Advancements in software design and security mean customers can make a purchase in literally any location. All it takes is a POS app on a mobile device that includes a phone (usually a smartphone) to serve as a tap-to-pay device. Shows or fairs are what first come to mind for this technology. But a customer may also sign up for a class,

preorder an upcoming project kit, or take delivery of a quilted project whenever and wherever they are.

In-store experience. Smartphone technology can improve customer service inside the shop as well. A shop may have limited financial resources to purchase multiple computers or tablets, but a smartphone can be used to scan a bar code, record the amount cut, and suspend the transaction at the cutting table. Such actions can speed up customer checkout.

Loyalty programs, coupons, discounts. The automated features of a POS system make it easier to set up and track customer loyalty programs. Customers benefit by not having to carry cards in their wallet or remember to use a loyalty card or coupon. They also need not worry about an employee making a mathematical mistake when applying a coupon or discount. Shopowners may still desire a physical card or coupon at times, but a POS usually has the flexibility to apply a loyalty program or coupon automatically or track a manual entry.

One-time offers. Separate from coupons, a shopowner might want to offer a one-time discount to a customer for a specific item or provide discounts by product, category, or vendor. When you can schedule these discounts to turn on or off, forgetting to reset prices is a thing of the past. For customers to be able to rely on the store to charge accurately is part of building trust and improving their experience so they will continue to return to the shop. This will increase the customer's lifetime value to the shop.

POS Benefits to Employees

Employees benefit from clear expectations and training, and then tend to remain employed longer with less turnover. Using a POS system to create consistent processes and procedures can prevent different employees from completing tasks differently. This promotes harmony in the shop.

The POS can also be used to set sales targets for employees, so they understand how their work fits into the larger picture of the business.

POS Benefits for Vendors and Suppliers

The final stakeholders to benefit from a POS system are vendors and suppliers. A shopowner who understands what inventory is on hand and what is likely to run out soon, and who has planned the cash to pay for incoming items can create consistent orders.

Reducing late payments and accepting orders on time is one way to improve relationships with vendors and suppliers. The automation of orders and reorders is on the rise, so vendors do not require as much manual entry to process an order.

Other important vendors are government agencies and the shop's accountant. Providing and maintaining accurate financial records either directly from the POS system or through export of data can reduce the time and stress of completing financial statements and tax filings.

When looking at the monetary investment in a POS system, it is easy to overlook a number of benefits of a system whose value is challenging to quantify. As this article points out, a POS system can provide value not only to the shopowner but in a wide range of ways to the shop's other stakeholders as well.

CONTINUATION FROM ISSUE 152...

Buying a POS

Make no mistake: A POS system is an investment of both money and time. Shopowners usually expect and plan on an upfront cost plus a recurring monthly or annual payment. What many don't expect is the investment of time. It takes time to learn a new system, transfer data or initially set up data, and understand what the

information coming out of the POS is saying.

This data can also mean the need to update existing systems and processes. But the time savings later can offset the time commitment at the beginning. This is true whether a shop is brick and mortar only, online only, or a combination. As with any investment, it is important to research that you are getting the best benefit for your time and money. Make sure the outcome meets or exceeds your needs.

Features for Fabric Retailers

The fabric industry stands alone in some of the features needed to manage business efficiently and effectively. Since some POS systems are designed primarily for the restaurant industry, it's important that the POS you choose will handle inventory management and the retail environment.

Fractional selling separates fabric retailing from the rest of the retail industry. A fabric shop may also incorporate some of the same needs as other industries, such as services, classes, hospitality, and financing. With so many types of businesses potentially consolidated into our shops, it is important to understand which features are most important to your unique shop. Let's look at these needs and features.

Fractional Selling

Nearly every fabric retailer buys fabric by the bolt and then sells it by the yard or partial yard. This fractional selling sets us apart from other retailers, so our POS system must include this important feature. But what exactly are we looking for?

The most visible place we see this functionality is in the quantity selection on the product page or sales screen. Can the customer or employee enter a decimal or fraction, or select an option other than whole units from a drop-down menu? If the answer is yes,

that is your first indication the system was designed with fractional selling in mind.

If fractions cannot be entered, then the POS system may not be designed to work this way. This does not mean that you should mark the system off your list of potential providers. A system that includes this feature might be preferable, but there are ways to use a system that does not already include it, as follows.

1. Research the system deeper.

Some POS systems have a setting or two that simply needs to be configured to allow for fractional selling. The best way to find this is to ask the salesperson, contact customer service, or review online resources. Any of these sources may show you that fractional selling is not available in a lower version of the product, but may be in a premium version.

2. Add an app.

The salesperson or other resources might lead you to a second option: to add another application, or app. Some POS systems are built “a la carte”: You start with a base product and add the functionality you want to use.

When adding on to a system, find out who the app developer is. Some apps have the same developer as the original POS system. Others are created by a third-party developer. When using multiple third-party development apps, a conflict between the apps is more likely to occur than if the majority are created by the same development team. Knowing up front about potential problems down the road is helpful.

3. Limit sales to whole yards only.

This would mean your per-transaction sales would be higher. But it might mean less sales overall as consumers look for shops from which they can buy smaller quantities. To prevent customer frustration if you go the whole-yard route, state clearly in the

shop or online that full yards are the only option.

4. Change the selling unit.

Rather than sell by fractions of a yard, sell by the half-yard, quarter-yard, or by the inch, so for a typical 15-yard bolt, received inventory quantities would be entered into the system as 30, 60, or 540 units, respectively. This also means that for customers to receive a yard of fabric, they would need to purchase a quantity of 2, 4, or 36 units, respectively. This approach requires customer reeducation and clearly worded examples for both customer and employees.

Inventory rounding. Once you know whether a specific POS will process sales transactions with fractional units, check for rounding of inventory quantities. Most POS systems will round numbers at some point, but know when one is rounding and the impact it has on reporting. A POS that rounds to a single or even two decimal places can lead to inaccurate reporting over time and with high volume. Sometimes it is a setting that can be changed. Other times it is part of the software code.

To understand what is happening, enter a test sale of 5/8 yard (.625 yard) of fabric. Look at the individual product inventory level to determine if the reduction was made as .625 or .63 yard of fabric. Then run a current-day inventory detail report with both inventory item counts and inventory value. By doing the math, you should be able to tell if the reports are rounding either of the values or both.

Classes, Events & Appointments

Stores that offer classes, private lessons, or special events will also want a way to register customers whether in-store or online, communicate with students, and track attendance. Classes generally differ from

regular product sales in that inventory is not usually tracked. (Some shop-owners, however, do offer classes with kits included in the price, required kits or patterns sold separately from the class, or optional kits available.)

Classes. When you offer classes, consider what additional requirements may be needed for your POS:

- **Posting.** How does the POS system handle the posting of the class information? Is it simply a listing similar to a physical product? Or can you create a unique listing with the special information needed for a class?
- **Calendar view.** If you have an online store, can you create a calendar view? This makes it easier for the customer to find the class.
- **Reporting.** After customers have signed up and paid for a class, does the reporting make it easy to tell who should be in the class?
- **Reminders.** Can you set up automated emails to remind students what supplies to bring and what time the class starts?

Special events. Shops that often presell tickets to special events, such as a designer lecture, need to think about ticket issuing. An event can be set up simply as a product that does not track inventory. Or ticket sales can be automated, whether you issue physical tickets, printable tickets, or e-tickets. Some POS systems will integrate with event apps or services to automate the process and save you time.

Appointments. If your shop provides lessons for students, scheduling a specific day and time in a POS system can be challenging. Allowing customers to choose from a list of available times can be convenient for them, but make sure the input of available times is easy for you as well.

Quilting and Related Services

Shops offering services such as longarm quilting, quilt repair, binding, or piece cutting need additional functionality in their POS. Necessary features include the ability to offer a quote, accept a deposit, and calculate totals based on the quilt size.

"Nice to have" features include:

- Ability to email or text the customer when the quilt is complete and ready for pickup.
- If the system will also email invoices and receipts, then the customer can pay for the item before pickup. This has the added benefit of saving the staff time when the customer arrives in the store.

Tracking costs and profitability.

A POS system that tracks employee time spent and expenses, such as a broken needle or thread change, can help the shopowner assess a given service's profitability. Does the reporting show that providing these services is profitable?

Tracking profitability is especially important for shopowners who themselves are the longarm quilter or service provider. Just as an employee would be paid, an owner should also be paid for the time spent providing the service. Including your own compensation as appropriate will help you determine if you've priced these services correctly and if they are a profitable use of your time.

Sewing Machines and Other Serialized Inventory

Stores that sell machines also need to track serial numbers. Sometimes the machine manufacturer requires this. And the tracking is important for both internal controls and customer service. Having this information on hand enables the store to assist the customer who needs proof of purchase or the serial number for insurance or other purposes.

Recording profitability by machine also allows shopowners to determine which promotions are most effective and profitable.

Trade-ins. Stores that sell machines may also take trade-ins, which requires additional POS features. Trade-in values vary, so the final sale price can vary. And then there is the cost of disposition of the traded-in machine. Some POS systems are designed to handle such complex transactions and still report overall profitability.

Machine Repairs

For shops that repair machines, transaction processing and information reporting can be complex. A single transaction could include a flat service fee, an hourly rate charge, and a product part. The POS system should have the ability to:

- Prepare a quote for the customer.
- Notify the customer when the repair is ready for pickup.
- Potentially enable the customer to prepay for the repair.

Tracking time by both machine and repair type can help you assess the profitability of a routine cleaning versus specific additional services. This helps you make decisions about pricing and services offered. It can also help you see the efficiency of individual employees. Then you may choose to adjust pay, time expectations, and staffing accordingly.

Subscriptions or Block-of-the-Month

Stores that offer block-of-the-month or subscription programs require the ability to handle repetitive payments. Look for a POS system that makes it easy to set up the program but is flexible enough to allow for changes and evolution.

The repetitive payments may continue until canceled or may have a defined

term, such as a 12-month block-of-the-month program. The system must allow customers to pay as scheduled, pay for the entire program upfront, or pay for the remaining amount at any point.

Choosing a POS capable of automating credit card charging can reduce the time it takes to process the transactions. This frees you or your employees for other tasks.

Credit card security. Since these transactions require the repetitive charging of a customer's credit card, a shopowner should also know where the credit card information is stored and who is responsible for PCI compliance and safeguarding the information.

Kitting

Since kitting involves fractional selling, it differs slightly from product bundling. A product bundle includes whole units of several items, combined into a single product with one price. Thus, it is supported by many POS systems.

For a kit, by contrast, a single yard of fabric may be cut into eight pieces, with each piece combined with a partial unit of another product. The complicated part is correctly calculating the cost of the new kit and adjusting inventory for the partial units used to make the kits.

If a shop makes and sells a large number of kits, choosing a POS with this built-in feature can be a significant timesaver.

Reporting

At a minimum, a POS system should maintain any reporting a shop is currently using. One of the benefits of a new POS system, though, is to increase reporting capabilities and analytics. This allows the shopowner to make better decisions about profitability and product mix. Shopowners can use a vast number of

reports, but at a minimum, the reporting function should be able to identify:

- Top-selling items, by both quantity and the highest margins.
- Products with no sales.
- Items that are low in inventory, to assist in replenishing stock.
- Products on order, to reduce duplicate purchases.

A detailed sales report should include a time stamp for each transaction. If the POS does not already provide a report or graph to show daily and hourly trends, exporting the detailed sales report to a spreadsheet program can show when the shop is busiest. This data allows you to monitor trends in sales and make decisions. These decisions might include when to:

- Adjust opening or closing times seasonally.
- Increase or reduce staff.
- Offer promotions to drive traffic into the shop or onto the website.

Top customers. Identifying the shop's top customers, both in total dollars and number of transactions, will show who is purchasing and generating cash flow. Understanding their habits can guide you in building programs around those specific customers, or generating other top customers.

Marketing

In today's competitive marketplace, shops must effectively market their business in new and transforming ways. A website and email newsletter remain the top ways of marketing to established customers. But the evolution of video and content-based marketing has made these methods necessary for reaching new and potential customers.

Social media is rapidly becoming the preferred method for consumers to find new products. The platform they use may vary by demographic, but for a shop to post manually onto each of

several sites is nearly impossible. Fortunately, automation has improved our ability to provide quality content, information, and product awareness to our customers and potential customers. The ability to automate between several platforms and to schedule posts means also that we can communicate more with our customers in a more efficient manner.

Another emerging technology in POS systems is the ability to differentiate ourselves from other shops. By customizing information with our unique shop "voice," we allow our shop personality to shine for customers who may only ever order online.

Many POS systems offer some basic forms of marketing, so it is important to understand whether the marketing is the same for every shop. As an example, a popular POS system sends the same type of emails to customers at the same time for every fabric shop on a regular basis. This means if a customer subscribes to five shops using that POS, they will receive the same basic email from all five shops at the same time. The logo at the top and featured products may be different, but the rest of the formatting is the same. Marketing differently from other stores can help set yours apart.

Flexibility and Ease of Use

Since technology is rapidly changing, our businesses need to be able to change with the technology as well as other business factors. Making sure that any new POS has adaptability and capacity to grow with our business is vital to our continued success.

As the technology evolves and more systems are added to our POS, it's important it remains easy to use so we can fully benefit from the new technologies. We should be able to do more and do it better without spending more time on our business.

Hardware

Each POS system has its own preferred hardware. Some systems run only on iOS-based tablets or smartphones. Others run solely on PC-based computers or tablets. Likewise, hardware such as printers, scanners, cash drawers, and shipping label printers may be wired, wireless or Bluetooth. Some shopowners welcome an upgrade to new hardware. Others are cautious about price and want to reuse existing hardware. Consider your needs and values in choosing your hardware.

An additional consideration may be the ability to vend at outside events or add another register for special events. Think about whether the POS and related hardware are easy to transport and connect. A system running a cellular-enabled tablet might be more reliable than a computer that runs solely on an event space's Wi-Fi or a mobile hotspot.

Consider that a system that can run off a phone or tablet can also act as a second or third register for special events or high-volume sales days. This flexibility means better customer service and potentially higher sales.

Existing Work Flows

One of the biggest benefits of choosing a new or different POS system can be the need to rethink existing processes and reimagine them with more efficiency. Sometimes efficiency comes from the use of the new technology. Other times it comes from being forced to rethink current workflows and how you do things. Yes, it is often uncomfortable to move away from what we know and have always done. But reevaluating these systems and creating new workflows can lead to more profitability.

Still, you should not necessarily replace products you know and love. For example, if you have a favorite

accounting software, look for ways to integrate with a new POS system for efficiency. It might mean taking advantage of new features in either the accounting or POS system. Or it might mean limiting your POS choices to ones that function best with your preferred accounting system.

Integration with vendors & suppliers.

One of the biggest timesavers of using a POS system is reducing mundane and repetitive tasks. One of these is uploading new products. For brick-and-mortar-only stores, a POS system may be integrated with a vendor or distributor. This makes it easy to import new product.

For stores with an online presence, however, the descriptions in the product details may not be sufficient. Instead, online stores should carefully consider how and which import features they use. Since SEO rankings factor in the uniqueness and completeness of product descriptions, a process that includes a review of uploaded descriptions or bulk importing of products using either a spreadsheet or .CSV file may be preferred.

True Financial Cost

The initial price for setting up a POS can cause sticker shock among shop-owners. But initial price is not the only cost to consider when reviewing POS options. Find out what the true cost is for using the service.

Some systems charge a large upfront fee and then very little for an ongoing monthly or annual charge. Others offer a low ongoing fee for a basic service, but then charge more fees for add-on features and capabilities. Understand what additional fees will be charged based on the level and functionality you actually need.

Credit card costs. With published rates available for many POS providers, it is also important to understand the credit card rates and any tiers that might be available. For some, the

higher tiers of the POS system pay lower rates. This helps offset some of the additional costs. Some providers also charge different rates for in-person cards than they do for online or “card not present” transactions.

Using an average month’s sales for your shop, calculate the cost of credit card fees for each POS system and tier. This gives you a consistent measurement to compare costs across platforms.

Shipping. Some systems also include shipping in their services and offer discounts for using them. In addition to the efficiency of not having to transfer data from one place to another, a POS system may offer tiered rate plans or discounts. Again, use a consistent and average shipping location, package size, and weight to calculate shipping costs. Compare these across POS systems.

Continuing Service

There’s more to a POS system than just choosing and installing it. The ongoing after-sale services—education, support and updates—should also factor into your decision making. Let’s look at these essentials.

Education

One of the most time-consuming aspects of a new POS system is learning how to use it. Is the POS system you’re considering buying easy for you to learn? Does it come with resources to help you get started? This includes not only setup, but also training on the program’s basic use.

Ask what training resources are available. Since each store owner and employee learns in a different way, make sure the training includes a variety of one-on-one training, searchable written content with plenty of photos and examples, and video explanations of features.

Is there a backup plan in case the system goes down? Most POS providers can tell you up front what you need to

do should you either lose power or lose access to the system, so you can continue to transact business. Suspending selling or closing the store should never have to be an option.

Support

We never want to have to use support, but it’s important to know when support is available. Is customer support available only during business hours, or 24/7? Does this match when you think you are most likely to need support?

How is the support provided? Most support could be provided by phone call, video call, chat or email. But is it? If you have a preferred method of communication, it’s worth making sure the POS customer support team is available using that method. A customer service agent with the ability to dial into your computer or online system can help solve problems more quickly than talking through a problem. But not all shopowners are comfortable with this option.

Finally, how responsive is the support team? Will they respond to you in a timely fashion, or will you have to wait weeks to hear back from them?

Updates

For shops that use a cloud-based platform, most POS systems will automatically update with little notice or disruption to, or input from, the shop. This means a cloud-based system is always up to date. Still, be sure you understand what type of update information you will be given. A POS system that adds features without telling you what they are and how to use them is not benefiting you.

If you’re using an in-store or stand-alone system, understand when updates are available and how they should be installed. Some systems may never be updated, while others require software downloads or uploads. Know the frequency of the updates and whether they are included in your purchase price or must be purchased separately.

As with cloud-based systems, you should understand what the updates are, how to use them, and how they will affect your workflows.

Data Migration

For shops currently using a POS system but considering migrating to a new POS system, take these data migration factors into account:

- **Exporting and importing.** How does the new POS system accept information from the old system? Sometimes the migration must be done only at the developer level, with no input from the store itself. Other systems require the shopowner to do all of the work, including the exporting from one system and the importing into the new system. Still other systems will not accept bulk import of information at all.
- **Amount of data.** Some shopowners want to start on a certain

date and enter only new information into their new system. Other shopowners want to import as much historical data as possible to provide better reporting. An accurate mapping of data between the old and new system is the key to getting quality reporting from the transfer of old data.

- **Cutoff date.** If you will import historical data, consider the cutoff date. Stores that have been in business for 30 years may not need to import data for all 30 years, when one year will do. This will vary by shopowner. Consider this carefully before migrating vast amounts of data that may never be used.

Take It for a Test Drive

My final piece of advice when considering the purchase of a new POS system is to try it out. Many salespeople are happy to take you on a guided, planned tour of their system.

What they choose to show you and how you will actually use the system, however, are not necessarily the same.

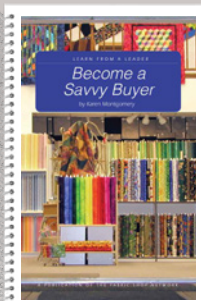
Ask if they have a test module you can use, to input some of your own types of transactions. This will help you understand what different types of transactions look like as they are completed between entry screen and reporting.

These recommendations are specific to how fabric retailers operate. Many other features could vary in appearance and use among POS vendors, and are necessary for all retail stores. The final determination is whether a POS system meets the shop's needs and operates as the shopowner thinks it should. ♦

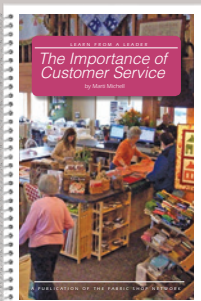
FabShop Learn from a Leader Series Handbooks



Your Shop Is **On Display** With Everything You Do
by Julie Milam & Kathy Thompson



Become a Savvy Buyer I
by Karen Montgomery



Customer Service I
by Marti Michell



Merchandising Matters
by Jennifer Albaugh



Seven Management Strategies for Success
by Amy Marson

"I purchased several of your books at quilt market which have been most enlightening even after owning my shop for 20 years! Thank you. I've been a member since you started and can testify that your publications have greatly helped me be successful in business."

— Carol Watkins, Loving Stitches, Fayetteville, NC

Order these and other popular titles by The Fabric Shop Network.

fabshopstore.com

(360) 666-2392