

Real-time benefits

Green Valley Grocery captures up-to-the-minute data with new software

By Angel Abcede

Rick Crawford of Green Valley Grocery swapped “batch” for “real-time” in early 2003, and he hasn’t looked back since.

Yes, batch and real-time may sound like newly introduced fountain drinks or low-carb nutrition bars. But for petroleum retail and convenience store operators wanting to get the most out of in-store automation, the actual definitions mean newfound dollars—and the procedural differences are like night and day.

Batch describes the way certain software applications gather data, grouping sales figures for end-of-shift or end-of-day reports. Real-time is just that, at least in the sense of c-store automation.

As an example of real time in action, Rick can walk into any one of his 26 Las Vegas-area locations today, pick up a Snickers bar, scan it and know exactly how many should be in that store at that moment. With batch methods, a customer could come in while Rick was doing his count, buy a Snickers off the rack and leave Rick unable to account for that most recent transaction. For all his effort, his final count wouldn’t be exact.

“The market is extremely competitive,” says Rick, commenting on the importance of real-time information. “Margins are squeezed both in the store and outside with fuel. Coupled with the cost of land having gone from \$5 to \$8 per square foot to where it is now at \$25 to \$30, any [competitive] edge is important.”



Photos by Matthew Minard

Team technology: Edward Crawford (left), Rick Crawford, David Crawford and Michael Flinspach worked together to install a real-time software system in their Green Valley Grocery chain.

Rick, sons David (director of c-store operations) and Ed (head of the company’s Crawford Oil), and Michael Flinspach (CFO) have always focused on technology, having introduced scanning to their stores in the early 1990s. But their foray into real-time was a multiyear exercise that they finished rolling out about a year and a half ago. Since that time, the effects have been astounding:

- ▶ Shrink down from 2% to 1%.
- ▶ Labor savings both at the store and on a corporate level.
- ▶ Accurate tracking of vendor promotions and discounts.
- ▶ Greater inventory control.
- ▶ Increased accuracy.
- ▶ ROI in less than a year on a \$500,000

investment.

In addition to reports that help identify sources of shrink, Rick and his team use the applications to schedule labor hours, control fuel deliveries and generate reports that give them a greater understanding of what’s selling in their stores.

But they point out that they’re just skimming the surface in terms of what the real-time system, supplied by Convenience Store Automation Inc. (CSA), Appleton, Wis., can potentially offer. For instance, the team is currently letting store managers experiment with purchasing items based on past sales.

“We can lower costs with just-in-time inventory,” says Flinspach. How they use the newfound data is contin-

ually evolving: "We're not done playing with the system yet."

Getting real

The enthusiasm Rick and his team exude over achieving real time with their store automation system is well earned. Getting there can be a struggle.

For Green Valley, the foundation lay in a solid belief in the power of technology. Rick started his business from simple roots, with a single store in 1978. He grew through acquisition and ground-ups by ones and twos over the years.

In 1996, the company became a Shell-branded operator and brought the Houston-based oil company's name back into the Vegas market. Today, the company has gasoline in 20 of its company-operated locations and supplies roughly 50 dealers in southern Nevada.

Surviving in what has become an extremely competitive market—Vegas has gone from 400,000 residents when Rick opened his first store to 1.4 million today—has meant keeping ahead in all aspects of the game.

"We decided we needed to follow technology or be outdated," Rick says. "In the early 1990s, we put in pay-at-the-pump and scanning. If you don't keep up, you're at a disadvantage."

The CSA system they've been using is the third application they've employed over the company's history. Flinspach says the main thing the company was looking for in new software was the ability to obtain timely and accurate reports that truly portrayed inventory value. With the product the company was using before, he found the task of evaluating information at the stores arduous and time-consuming. He found the "perpetual inventory"

Key benefits of new software

Rick Crawford, president of the 26-store Green Valley Grocery chain in Las Vegas, says his company's new corporate-to-store software solution has real-time advantages. It has helped him create efficiencies and cost savings that returned his \$500,000 investment in less than a year.

Capabilities:

- ▶ Provides real-time, item-level inventory and profitability reports.
- ▶ Tracks vendor promotions, discounts and specials.
- ▶ Cuts manual data entry.
- ▶ Allows for incoming and outgoing inventory scanning, with accounting based on last-in, first-out (LIFO) or first-in, first-out (FIFO).
- ▶ Traces transactions down to the drawer number and shift.

Benefits:

- ▶ Cuts shrink from employees and vendors.
- ▶ Dramatically reduces paperwork at checkout and day close.
- ▶ Frees personnel to attend to customers.
- ▶ Increases data accuracy.
- ▶ Generates timely reports.
- ▶ Allows for ordering based on historic movement.

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—Rick Crawford
Green Valley Grocery



aspect of the CSA product easy to audit and accessible at any moment. "Its main strength was its real-time inventory capability," he says.

Gaining control

For Rick and his company, the future is today. They now have the processes and practices in place to significantly reduce shrink, cut labor costs and better control inventory.

Here are highlights of the strides the company has made in such a short amount of time:

- ▶ Cutting vendor and employee shrink. Loss of inventory can occur from customers, vendors and employees. A combination of store

processes and software capability has allowed Green Valley to spot problems sooner, and has let managers track losses down to specific employees at specific registers. In terms of vendors, the company's centralized pricebook and scan-in practice at the store level stops vendors from circumventing the process. "You can trust 99% of your vendors," says David Crawford. "But that 1% can get you into trouble."

- ▶ Control over promotions and discounts. Under the old system, the company found tracking promotions and vendor discounts difficult. Today, those tasks are easier to execute because of the software's real-time information.

- ▶ Labor savings. Inside the store, the

company has cut back on having to overlap shifts, where employees needed 15 minutes extra to close out. The system handles much more of that paperwork automatically, alleviating the need for extra minutes that over the course of the year tend to add up. The software also tracks scheduling, spotting abnormalities and prohibiting unauthorized hours. In addition, the company has been able to cut back on manual tasks such as checking invoices and processing data at the corporate level, allowing for cost savings from top to bottom. "The key term is 'real-time,'" says Flinspach. "When the employee checks in the vendor [deliveries] off a truck, it's instantaneously posted to inventory. At the time a customer buys a Coke, that sale is instantly transmitted from inventory, so when the clerk closes out, [the transactions are] instantaneously recorded."

► **Speed and accuracy.** When managers close out their shifts, they receive an instant recap of what transpired over the previous 24 hours—gross profit margin, hours worked by employee, electronic payroll, total gallons of gasoline sold, amount of gallons on hand, margins for fuel, etc. Accuracy is



Petroleum plus: The new system's real-time information gives store managers updates on total gallons of gasoline sold per shift and amount of gallons on hand, among other information.

also a given because everything is automated. Ed Crawford says all of that information has really helped with pricing and squeezing the most out of margins. "It's much easier to figure out where the margins are," Ed says.

In the end, the savings that occurred in the areas of shrink, labor and overall store operations lead to a faster-than-expected return on investment, Rick says. The roughly \$20,000 per store investment in software and hardware was returned via significant cost savings relating to inventory and manpower, he says.

Setting up for success

But automation is only as good as the people using it, David says. The company went through a training and hiring period that was designed to ensure success.

A full-time information technology (IT) manager, Jason Keiss, was hired, and existing employees were trained to handle the new software.

In addition, processes and physical infrastructure were put in place to make the most out of the software's capabilities. "Software is a tool," David says. "It's really about how you use it."

As far as other in-store technology, VeriFone Inc., Clearwater, Fla., supplies Green Valley with its point-of-sale (POS) devices.

As a company, Green Valley refrains from technology for technology's sake. For instance, instead of always-on connections via a wide-area network, many of the stores still operate on dial-up modems. But for the company's processes, this is completely acceptable.

The main concept is the ability to extract the right bits of data and deliver them to the proper personnel with enough time for that person to react. Rick views that concept as fundamental, but one that many in the industry still have to grasp.

"For those folks still working out of a cigar box [as a cash register], they're going to have a tough time," Rick says. "The folks who are progressive are the ones who will survive." ■

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