Computerizing Your Tire Dealership: A Step-by-Step Approach

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Introduction: Taking the right approach

If you are thinking about computerizing your tire dealership, you have probably looked at a number of ads from vendors and read the literature they send out in the mail. If you're like most people, you have found the technical language difficult to understand, and many of the features of computers and software difficult to compare.

Sometimes, companies' claims even seem to contradict one another.

Don't despair. Your decision to computerize is a good one. A good computer system can increase your access to critical information and provide real savings in time for your staff. . . and that translates into profits.

There are, however, a number of pitfalls that confront new computer users. This checklist will help you move through the process of selecting a computer system in a logical, step-by-step fashion. It will help you understand what you are doing throughout the process, make the best decision for your operation, and avoid mistakes that can be costly in money, time, and loss of employee morale.

As you work through the checklist, keep in mind that the real value of any computer system you choose must be measured according to these important criteria - which are listed in order of importance:

1. How well does the software work, and how appropriate is it for your specific needs?

2. Will the vendor supply good software support (assistance during implementation, modifications as your needs change, training your staff, diagnosis and correction of "bugs" that appear in your system, etc.)

3. Can you get hardware support and on a timely basis?

4. How much does the complete system - computer(s), peripherals such as printer and modems, and software - cost relative to the time savings expected?

Any systems you consider must be evaluated on all of these points.

In other words, a lower cost figure (see question 4) from one vendor represents no real savings to you in time or money unless the system gets good marks on Questions 1 through 3.

STEP ONE: Analyze the Objectives

This is the most critical step in the computerization process.

Just as it would be dangerous to start building a new home without architectural plans, it is dangerous to start building a computer system without knowing exactly what you need and what you want it to do. Unfortunately, this important process is often overlooked or given too little attention.

When you're thinking of computerizing, it is important to remember that the main thing a computer system has to offer your business is a saving of time. therefore, it is critical to determine which staff activities require the most time and effort, and to make sure that the features a computer system offers address these activities in useful, time-saving ways.

1. In order to establish timesaving objectives for the system you will use, assemble key staff members and form a committee whose task it will be to formulate the specific system requirements for your company.

    a. Initial organization can be done by the company President, some other designated staff member, or by a paid consultant.

    b. At some point, however, the committee should take over.

    To ensure that you get the best system for your needs, the committee should include representatives from:

    a. Top management personnel

        The presence of management on the committee demonstrates top-level company support for the committee's activities and assures that the committee's decisions fit into the overall business plan of the company.

    b. Staff members from each area to be automated.

        Caution: A frequent mistake made by prospective mew computer users is to assign the task of specifying objectives to the comptroller instead of forming a representative committee. The comptroller is often expected to be aware of the entire operation of the company and thus best qualified to handle "technical matters' like computerization. While the comptroller's insights and expertise are valuable, the importance of receiving input from all those who will use the system cannot be overstated.

2. The committee's first task is to decide how your computer system will function. This decision will greatly affect the utility of the system you choose.

The main types of systems available are:

a. "Back Office" Systems

These act strictly as receptacles for information after the sale.

In a "back office" system, sales activity is recorded with paper and pencil. Later, a designated staff person enters this sales information into the computer and runs programs to generate reports. This kind of system is often found in tire dealership, because initially it was the only kind available.

Advantages:

1. It is easiest for a programmer to build because it need not be user friendly.

2. The principal user of the system is usually a highly trained staff member whose time is "dedicated" to working on the computer.

3. In the "back office", interruptions to the data entry and report generation tasks are not a problem.

Disadvantages:

1. It requires the addition of special data entry staff.

2. It requires dedicating a staff person to learning how to operate an unfriendly system.

3. Information in the computer becomes available only after a day or more delay.

4. Requires the interpretation of a hand written ticked and the possibility of errors in translation and entry.

5. Precludes the system from EDITING the price data and addition errors on each ticket.

6. Forces TWICE the workload on your staff because the salesperson needs to produce the hand written ticket and then that same data needs to be handled again when re-entered into the computer system.

b. POS (Point of Sale) Systems

The cash registers used by many mass merchandisers provide a good example of the POS systems, which are almost identical in many respects to the "back office" systems.

Advantages:

1. Salespersons enter data into the computer as sales occur. (No need for special data entry staff.)

2. Access to information stored on the computer is available without a time lag.

Disadvantages:

1. System provides no information about prices or quantity on hand while salesperson is making the sale.

2. Information on the computer is not available as salesperson discusses product features and benefits with the customer.

c. Selling-Assisted POS

This is the most desirable and most sophisticated type of computer system for tire dealerships.

Advantages:

1. Salesperson uses the computer to obtain access to information such as pricing and quantity on hand to help make the sale.

2. After the sale is entered, the system works like a POS system.

3. Virtually all of the "disadvantages" of system types "a." and "b." above are turned into advantages here.

4. System can be programmed to track any changes that the salespersons make to the price at the time of the sale - along with the normal statistical information.

Disadvantages:

1. Cost. This type of system costs more than the others mentioned, however, the saving in time; salaries of data-entry staff, and increased efficiency more than offset the initial cost of the system.

3. For dealers with more than one sales point or outlet, an additional choice about system configuration must be made. The committee should decide on the system configuration that best fits your needs.

a. Stand alone Configuration

In this kind of system, each computer installation is self-contained. Information on transactions occurring at each location must be exchanged periodically, usually at night.

b. Integrated Configuration

In this kind of system, the computer at the second store is linked by phone line to the main system. In that way, inventory levels and other information are updated automatically with each transaction.

In general, integrated Selling-POS systems are more desirable.

Most dealers will find that the cost for phone lines to each location and the necessary equipment to communicate with a host computer can be easily justified by the ease of communication and the capacity to have each act as part of a "company" and not just an independent store.

If the stores are in one large metropolitan area, the phone line costs are frequently less than $50/month for each.

4. As the committee develops your system requirements, it is important to state the obvious.

a. Often, a system feature that seems plain to one person will be quite obscure to someone else. By stating every aspect of the desired system, you will ensure not only that the system you purchase has all the features that you need; but also that it works the way you want it to.

b. Be sure to include in your list of system requirements your company's special needs such as sales promotions, commission structure, special product pricing schemes, etc.

Many dealers who are not familiar with sophisticated computer systems, fear that the system will require a computer programmer to maintain the prices and assure the daily operation - and some do! It is best to ask first!

Additionally, some tire dealers will be drawn into the idea of either "writing their own" software in their "spare time" or working "from the ground up" with a local friend or relative to custom develop the "perfect" system.

These approaches either produce a mediocre system or are doomed to failure - it is very difficult to develop a sophisticated system on your own - after all, many computer vendors dedicate large staffs and lots of money and aren't successful.

Step TWO: Develop an RFP (Request for Proposal) that clearly states the requirements for your system.

This step has two main parts:

1. Software requirements

   Computers vary in the amount of data they can store. Software packages also differ in the amount of data they record for each transaction. Use the following checklist to determine how much storage you need, by estimation your current annual activity in the areas given.

   It is a good idea to add a reasonable growth factor when specifying the data storage capacity your computer system should have.

2. Hardware requirements

   a. In addition to system type and configuration (specified in step one), the amount of data your system will collect and keep also influences the number of computer (or terminals on an integrated system) you will need.

   b. Logistical needs are also an important factor. In order to make your investment pay off, you should make sure you have enough computer hardware so that staff can get needed access. Consider also the optimal number and placement of peripheral devices such as printer to make use of your system efficient.

STEP THREE: Solicit appropriate responses from qualified vendors.

1. Once you have carefully specified your software and hardware requirements in a RFP (which may range in size from a few pages to as many as a hundred, depending on how carefully you specified your needs), send out copies to qualified vendors.

2. The best way to establish a list of vendors is to consult with the National Tire Dealers and Vendors Association and trade publications.

   You may also want to contact state tire dealer's associations.

   Your tire dealer friends are also a good source of information about vendors, since they can make recommendations from first-hand experiences they may have had - good or bad.

3. Having put in the time and effort to specify your needs carefully DON'T LIMIT yourself by contacting only a couple of well-known names in the computer or tire software industries.

   You should contact a minimum of three potential vendors.

   It's important not to settle on a particular hardware manufacturer BEFOR you have selected the software that will do the tasks you want - in the way you want.

   Remember, a good computer system is determined not by brand name but by how well it does the tasks you want.

The solicitation you send to vendors should include:

a. Your RFP containing your careful system specifications.

b. Name of the contact person at your dealership (in case the vendor has any questions)

c. Time limit for vendor response.

d. Request for information about where you can get hardware and software service in your area.

e. Request for the names of tire dealer who are using the vendors system.

STEP FOUR: Evaluate responses from vendors and determine which are best qualified to provide what you need; seek these vendors' input as you redefine your objectives in light of their proposals; and make a final decision.

1. The goal at this stage is to learn from the proposals you have received. As you evaluate each proposal you receive, you will discover more information about the features and benefits available in different systems. Sometimes, systems have features you didn't ask for but which you find very desirable.

2. Spend some time building rapport with vendors that interest you, and take the time to visit tire dealerships like yours that use their systems. When you visit dealerships, observe the sales and office staff interacting with the computer system in their daily routine, and try to determine how easy the system is to operate.

   This is the acid test.

   Many systems look great on paper, but when you see them in actual operation, their strengths and weaknesses really emerge.

3. During your visits, pay special attention to these aspects of the computer system:

   a. POS (Point of Sale) activities.

      Look to see how many keystrokes are required to perform operations. Remember, the more your sales people have to type, the greater the chance of error.

   b. How reports are generated

      For example. . . . .

      Most systems will generate a "trial balance" report in the Accounts Receivable module, in less sophisticated systems; this information is available only in a fixed format. The most sophisticated systems, however, will enable users to select and organize material presented in the report in a number of different, useful ways:

      * by location
      * by transaction detail (e.g. detailed report, summary by invoice, summary by customer, etc.)
      * by end date of a time period

* by accounts you specify or for all accounts
* display contact person and phone number for account
* select only accounts of a specific salesperson
* select only a special class of customer
* aging by invoice date or transaction date

STEP FIVE: Implement the system you select.

1. Undertake this step in cooperation with the vendor whose system you have chosen. As a service some vendors will even enter the data from your current records onto the system for you.

2. During the implementation process you may wish to reassure your staff that the computer system has been purchased to make operation smoother running and efficient - not to eliminate jobs.

3. Take the time that changeover to the computerized system of operation requires.

   Don't try to rush things too much, because that's when mistakes happen.

STEP SIX: Training and Data Maintenance.

The single most important way to avoid problems is to make training a high priority when implementing your new computer system.

Training is critically important because it ensures that every employee who uses the system:

a. Knows what they're doing.

b. Understands the importance of entering data accurately.

c. Always uses the computer system to enter data, avoiding "paper and pencil" shortcuts - which, when the system is new and unfamiliar, often seem easier than putting in the effort to learn it.

In addition to placing a strong and continuing emphasis on training, it is also important to establish carefully organized procedures for interacting with the computer . . . then making sure your staff follows them consistently and conscientiously.

Follow these simple guidelines, and your newly computerized operation will run smooth and error free.