

Getting organized—from paper to pixels

Mitchell Clute

Trade in bulky boxes and filing cabinets for more efficiency

One of the greatest challenges to successful retailing is simply keeping track of the flow of information. Invoices, purchase orders, vendor contacts, human resources files, sales histories, tax documents, organic paper trails—all this data has to be sorted, saved and organized so retailers can find it when they need it.

This used to require boxes, cabinets and laborious alphabetizing. But for today's retailer, the bulk of this information is in electronic form. "I'd like to see movement away from file cabinets," says K.J. McCorry, an efficiency productivity consultant and owner of Officiency Inc., based in Boulder, Colo. "More than 90 percent of the data we receive is electronic. Electronic formats ease time and efficiency. Managing paper is extremely time-consuming—you have to print it, put it in a file, archive it and then be able to find it again."

One retail chain that has taken this idea to heart is PCC Natural Markets based in Seattle. PCC, which consists of eight certified organic markets in the Seattle area, has created an electronic database and back-up system from the ground up. "The old system was paper," says Paul Schmidt, PCC's director of merchandising. "We had hundreds of file boxes of invoices. We've spent a lot of money in the last three years on improving technology because the payoff is efficiencies."

Keep it organized

Another key question for retailers is how to organize data, whatever form it may be in. "In today's world, we get three data formats—paper, e-mail and electronic documents," McCorry says. "When I work with businesses, I usually see three different systems, but we want to see data as data regardless of format."

The first step, she says, is to figure out a file structure for all data a business receives. For example, if the category is accounts payable, files should have consistent subcategories whether they're stored as paper, e-mail or electronic data. If the electronic database subcategorizes by vendor name, and the paper filing cabinet subcategorizes instead by

Tips for managing data

The sheer amount of data in today's business world can be overwhelming. Here are four simple tips for keeping your organizational strategy as simple as possible:

1. Make sure all your databases are organized with the same structure.
2. Whenever possible, keep key documentation in electronic form.
3. Back up your data often, to multiple locations.
4. Know how long you need to keep each type of documentation—and get rid of it when it's no longer required.

department, it makes tracking documents more difficult.

"Once we figure out the primary categories and subcategories, we mimic that structure in the hard drive, in e-mail and on paper, which makes it far easier to manage data."

In most cases, McCorry says, it's not worth the time it takes for a small business to scan older documents, such as invoices, and convert them to an electronic format such as PDF. But it is worth ensuring that all new data is electronic. When working with small companies or directly with farms, a retailer may receive invoices by fax rather than electronically. Rather than keeping all those faxes as paper, there is another option. "You can sign up with a company such as eFax," says McCorry. "For a monthly fee, they can convert incoming faxes to PDF form and send them directly to your e-mail inbox."

Stay in contact

For retailers, a key database component is the list of vendors that supply the store. Gone are the days when the store manager's desk contained a couple of Rolodexes bulging with stapled business cards.

At PCC, category managers maintain individual databases for all contacts—one for grocery, one for produce, etc. At the store level, each department's buyer can access the database for all necessary contact information. Many retailers also use handheld scanners, which can import information from business cards directly into the contact database. "I keep a notebook with crucial business cards, but virtually every one is also loaded electronically," Schmidt says.

"When you keep contacts in paper form, you have limited use and functionality," McCorry says. "You may want to keep some business cards on hand, but with an electronic database, you have far more functionality to manipulate data and make it do what you want it to do."

Larger businesses are better off using a dedicated contact database, while smaller businesses may be able to meet their needs using the more limited functionality of e-mail-based address books, such as those found in programs like Outlook and Lotus, McCorry says.

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Catalogs, invoices and purchase orders

Moving invoices and purchase orders into the electronic realm can have both cost and efficiency benefits. In PCC's case, the move toward an electronic database has paid off in many areas of the business. "It helps us on every level, from being able to manage the pricing, store the invoicing and pay vendors, to providing stores with data for contacts and ordering," Schmidt says. For example, when an invoice comes in, the system can automatically compare the invoice costs with the product database and verify that the

prices are correct. "By comparing each invoice to what's in the system, we know we're paying what we're supposed to pay," Schmidt says.

Some distributors still use paper, but that is changing. "This year, we've begun to receive some of our major suppliers electronically, so we don't have to save the hard copy," Schmidt says.

Distributor catalogs are one type of item that might be useful in both an electronic and a paper version. For the store's own use, the electronic version is much easier to manage. At PCC, when a customer wants to special order a product, department buyers look the product up in the distributor's database. But McCorry says some customers may be more comfortable with a good old-fashioned catalog. "The electronic age really began in the 1990s," McCorry says. "Whether to keep paper catalogs in addition to your electronic ones really depends on your customer. Many people over 50 still feel more comfortable looking through paper."

What to keep and what to toss

A key question is how long to keep copies of documents, including tax information, personnel files, invoices, and—a key consideration for natural retailers—documents relating to organic items.

There are three primary reasons you keep data," says McCorry. "The first is for tax reasons, in case you're ever audited. The second is from a legal standpoint, for liability issues. The third reason is corporate knowledge, for data that has usefulness for the company."

The IRS can request tax documents for up to five years, or seven in cases relating to fraud or tax evasion, so seven years is the minimum for these documents. Although it's safest to keep these in paper form, McCorry says this is beginning to change. The IRS in some cases now will request PDF electronic documents for review, and that may well be the wave of the future. Invoices and purchase orders must also be kept seven years.

Human resources documents are usually kept two years after an employee leaves a company. "Some companies keep these documents longer if they think an employee may sue, or if there's a grievance in the works," McCorry says. Though the personnel file may be destroyed after two years, financial data—such as proof that an employee was paid—must be kept for seven years.

Company data can be kept forever if it remains useful. For example, it may well be helpful to be able to scan sales data from 10 or even 20 years earlier. This type of data can be seen as part of a store's history, and how long to keep it really depends on the retailer's specific needs.

According to Schmidt, organic product invoices, like other invoices, must be kept for seven years, while documents relating to organic audits from a certifying agency must be kept for five years. "As a certified organic retailer, we're required to maintain those

records, including invoices and front-end sales records," Schmidt says. "The certifying agency—in our case, the Washington State Department of Agriculture—will do an unannounced audit, pick an item or category and review the purchase and sales history. Last year it was organic bananas; this year it was ground beef."

Back it up

"Hard drives are the primary data system in today's world," McCorry says. "It should be your primary filing cabinet. It's far cheaper and easier to keep, and has more longevity than a paper system."

Retailers may remember a time when hard drives crashed regularly, destroying key data. That, McCorry says, is generally a thing of the past. However, it's still important to back data up to multiple sources, in case of a computer crash or physical damage—for example, a fire.

"No matter where you store data, there's a risk," Schmidt says. "We back up to the hard drive nightly, and our backup tapes are stored at regular intervals." For smaller businesses, it's possible to cheaply create an offsite 'mirror' of an entire hard drive for a small monthly fee. That way, an external file server will have a backup from which the entire drive can be restored in case of drive failure or other damage.

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