

# The Perspective

April 2010

A Publication for the Convenience Store and Petroleum Marketing Industries

Published By:

  
**PINNACLE**  
CORPORATION  
[www.pinncorp.com](http://www.pinncorp.com)

## Pinnacle Summit 2010

See you in New Orleans!

## Loyalty Program Technologies

You don't want to miss this bus!

## Finding Your Strong Suits

Analyzing item performance

## The Brim Bunch

"Just-in-time" requires more than just a hunch

Bourbon

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 **PINNACLE**  
CORPORATION  
**SUMMIT 2010**  
NEW ORLEANS

Date	Event	Location
APRIL 13 - 15	NACS/CSP STATE OF THE INDUSTRY SUMMIT	Chicago, IL
APRIL 28 - 30	M-PACT	Indianapolis, IN
APRIL 29 - MAY 2	SIGMA SPRING CONVENTION	Tucson, AZ
MAY 2 - 4	PINNACLE SUMMIT	New Orleans, LA
MAY 5 - 8	NACSTECH	New Orleans, LA

## From Bob's Perspective

*Pinnacle has been preparing for the past several months in anticipation of our upcoming client conference in New Orleans, the city of hot jazz, spicy foods and great technology!*

*We are celebrating our 20th anniversary this year and this is our 19th client conference. In talking with clients over the years, they tell me the conference is a great value for them. Being able to hear how another client has leveraged their technology investment for improved loss prevention, cost control, inventory management or improved customer service pays many times over the cost of attending. I've also made note that clients who attend the conference seem to have the lowest support costs. I attribute this to the fact that they learn key information at the conference and from the contact that they make with other client IT specialists. This sharing between clients can be invaluable in the day-to-day operation of c-store/petroleum IT operations.*

*I'd be remiss if I didn't point out that marketing and operation staffs have also found the Summit worth attending. Best practices in food service, loyalty marketing, promotion, loss prevention and store management are central to many of the conversations and presentations at the meeting.*

*In looking over the speakers this year, it's another great line up! Jack Mc Laughlin, Director of Information Services for Tedeschi Food Shops is taking up the Master of Ceremonies role that Dave Murdock flourished at last year. I'm really looking forward to Jack's insightful comments on our industry and technology. You may know of or have heard John Dvorak, the long time industry observer and*

*participant. John is one of the most respected writers in the technology industry. Wow! I'm anxious to benefit from his insight!*

*For those who attended last years Summit you have heard Ed Freels speak. I have to say Ed is not your typical IT guy – great speaking skills; insightful thinking into the real world problems faced by c-store/petroleum IT shops, and; an amazing ability to creatively get things done on a budget! I'm continually impressed with the work Ed does and you'll be a better person for getting to know him – I highly recommend it.*

*Again this year, Mr. Michael Davis from the NACS staff is joining us for an update on industry issues being tackled by NACS. It's a target rich environment out there these days and I know Michael is anxious to speak with us on several fronts!*

*As you may suspect by this point, I'm really pumped up about Summit this year! I haven't even mentioned all the networking and training opportunities you will experience. It would be a real shame for you to miss it! See you there!*

- 



**Bob Johnson**  
President  
bjohnson@pinnacorp.com

# UTC RETAIL's 3100 Series:

## Touch-Screen Technology at its Best

Choosing the right hardware for your stores is no easy feat. Finding a system with the durability to withstand the c-store environment is tough enough. Now add in the other factors to consider like reliability, serviceability, sustainability, and cost, and it's pretty easy to see how purchasing hardware is a difficult and multi-faceted decision for the convenience retailer. Selecting a hardware provider that can understand and grow with your business needs is critical.

UTC RETAIL has been the preferred hardware platform for Pinnacle's Palm POS™ for many years. Since 1988, UTC RETAIL has deployed and serviced over 335,000 store-level POS installations for leading retailers in North America. UTC RETAIL has a portfolio of proven, hardened POS hardware solutions based on industry standards and open architecture ensuring compatibility with other store devices.

UTC Retail is setting high standards in the industry, releasing the new 3100 Series all-in-one touch screen integrated workstation solution. The 3100 Series provides efficient performance, superior reliability and exceptional value. Based on open architecture and embedded components, the 3100 Series protects your system investment ensuring a long productive life in the most demanding retail environments.

### **FLEXIBILITY AND PERFORMANCE**

The UTC RETAIL 3100 Series delivers exceptional flexibility through a variety of performance and configuration options allowing you to build the solution that best suits your requirements. The ultra high brightness LCD provides unparalleled

usability and user satisfaction in even the most challenging environments. Utilizing embedded Intel® technology, the 3100 Series will support today's demanding applications as well as tomorrow's emerging technologies. Options include a 3-track MSR, an easy-to-read 2-line by 20-character customer display, powered USB ports, an internal compact flash card socket, and wireless LAN.

### **SERVICEABILITY**

The UTC RETAIL 3100 Series incorporates a convenient rear door design providing easy access to all connections and ports which are clearly labeled eliminating complex cable routing ensuring fast set-up and easy changing of peripherals. The 3100 Series also includes 2 easy access USB ports located on the front of the unit that can be used for application upgrades or other maintenance needs. The LCD is also designed for tool-free maintenance and is easily detached using a simple thumb screw. Bottom-line, the 3100 Series is designed for ease of service ensuring maximum uptime to help your business run with as few interruptions as possible.

*UTC RETAIL is proud to be partnering with The Pinnacle Corporation, a leader in the convenience store industry. Pinnacle's expertise in the market has proved to be invaluable and we are thrilled with the success we are creating through our partnership.*

**- Sam Villanti, President and CEO, UTC RETAIL**

## SUSTAINABILITY

The UTC RETAIL 3100 Series was developed to be enviro-friendly. Its design utilizes a powerful yet energy efficient combination of electronics that run at a fraction of the power previously required to operate effectively at this level of performance. This is accomplished by utilizing energy efficient Intel processors and an 80 Plus Bronze power supply that drastically reduces energy consumption. The 3100 Series is also RoHS compliant. In addition, the product is manufactured in a facility that is certified under ISO's 14001-2004 standard for the implementation and operation of environmental management systems.

UTC RETAIL was recently ranked as one of the Top 3 POS solution providers in the RIS News Hardware LeaderBoard Survey for the fourth consecutive year. UTC RETAIL is the only POS Systems provider who has consistently been ranked in the Top 3 by retailers all four years of the survey. The RIS News annual benchmark survey ranks retail solution providers in a number of technology categories and on six criteria - all based on retailer responses. The 2009 results

represent input from nearly 500 retailer reviews collected by an independent third party research firm. Retailers ranked UTC RETAIL in the top three in Support and Service, Technology Innovation, Price and Value and Overall Performance.

UTC RETAIL is the preferred hardware platform for Pinnacle's Palm POS™. Palm POS has a broad range of capabilities that are desired by today's more progressive convenience store marketers. With advanced scanning and an intuitive touch-screen cashier interface, Palm POS improves your ability to service your customers. Palm POS is hardware flexible, and works with a variety of scanners, printers, pole displays, security cameras, lottery, money order, kitchen video, price sign, car washes and more. Nationwide, it is used to process more than \$10 billion in total convenience store sales and is certified on more than ten different credit payment networks. With an open architecture, it provides comprehensive management, operational and retail reporting across the enterprise for better, more accurate and timely decision making. ©

*We needed a stable, reliable, and robust platform to run our point-of-sale system. We like the fact that the UTC RETAIL repair facility is right around the corner from our offices, and we appreciate UTC's flexibility in helping us get a system deployed that meets our needs.*

**- Chris Boebel, IT Manager,  
Delta Sonic Car Wash**





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# UTC RETAIL™

## UTC RETAIL's 3100 Next-Gen All-in-One Touchscreen

UTC RETAIL is proud to bring their next-gen touchscreen product line to the market as a preferred POS hardware platform for Pinnacle's PALM POS™.



The 3100 Series provides efficient high end performance, superior reliability and exceptional value and is based on open architecture and embedded components protecting the retailer's investment and ensuring a long productive life in the most demanding retail environments.

The 3100 Series delivers exceptional flexibility and performance through a variety of performance and configuration options allowing you to build the solution that best meets your requirements. Intel processors range from Celeron 440 to Pentium Dual Core. The ultra high brightness LCD is designed for tool free serviceability and the unique rear door provides easy access to all cable connections which are clearly labeled making peripheral swaps a snap.

The 3100 Series is also designed to be enviro-friendly utilizing a powerful yet energy efficient combination of electronics including energy-efficient Intel processors and a high efficiency power supply that run at a fraction of the power previously required to operate effectively at this level of performance. The product will also incorporate recycled packaging and be RoHS certified.

The new 3100 Series, the most durable and reliable touchscreen system on the market, is ideally suited for the harsh environments typically experienced in the convenience store industry.

UTC RETAIL provides a complete set of branded hardware solutions and comprehensive professional service offerings, providing retailers a single point of contact and accountability for all of their retail management solutions.

For more information about our products, visit us at: [www.utcretail.com](http://www.utcretail.com)

## PINNACLE CLIENT SUCCESS STORY:

# GAINING OPERATIONAL EFFICIENCIES

### **Pinnacle Solution:**

Retail & Wholesale Fuel -Andalé!

### **Client:**

Flash Foods (Fuel South, Inc.)

### **Industry:**

Convenience Petroleum Retailer and Fuel Marketer

### **Stores:**

180 stores, 50 fuel delivery drivers.

### **BUSINESS:**

Flash Foods ([www.flashfoods.com](http://www.flashfoods.com)) is headquartered in Waycross, Georgia, and operates a chain of 180 convenience stores in Georgia and Northern Florida. A Pinnacle client since 1996, Flash Foods utilizes an enterprise-wide suite of Pinnacle applications including point-of-sale, back office, home office, fuel management, fuel accounting, and fuel distribution. The Jones Company is the holding company for Flash Foods, and also owns Fuel South, Inc., Distribution South, and the Walker Jones Auto Dealership.

### **CHALLENGES:**

The biggest challenge Flash Foods was facing was that they didn't know the in-ground cost of their fuel inventory. The only information they had to rely on when making retail fuel price changes at the store level was the replacement cost. Not knowing the in-ground cost of inventory could, and sometimes did, result in lesser gross margins than anticipated. Flash Foods experienced a loss in time and profit due to the manual and time consuming process they had in place for dispatching fuel loads and receiving carrier BOL information. Fuel delivery drivers

had no way to immediately report their BOL information to the home office, and drivers would collect all of their BOLs and deliver them to the home office via truck or mail, which sometimes took several days. The longer this process took, the longer Flash Foods had to wait to invoice customers, and the longer they had to wait to get paid.

The process of store manager entry of BOL information was time consuming, inconsistent, and on many occasions, inaccurate. The majority of Flash Foods' stores are unbranded; therefore, bill of lading information on a store to store basis is not consistently located in the same place on every BOL. Once all the BOLs had been delivered by the drivers, store managers had to find the needed information on each BOL before inputting the information, being required to enter it in timestamp or product code formats. Not only did this inconsistency lead to a loss of time due to the manual process of looking and finding the needed information on all of the companies BOLs, but it also led to inaccurate data entry into their accounting software, resulting in costly mistakes.

### **PROJECT GOALS:**

- Obtain real-time bill of lading information to enable real-time in ground cost of fuel inventory calculations at all Flash Foods locations
- Reduce lag time of receiving BOL information
- Reduce lag time in data entry
- Reduce errors in data due to manual entry

### **SOLUTION:**

Flash Food selected Pinnacle's Andalé!™ solution for automated, real-time BOL capture. Andalé is a web-based solution focused on the automation of the fuel supply chain from the point fuel is ordered by a retailer until it is delivered by the wholesaler. Andalé facilitates instantaneous BOL entry, reducing the lag time between dispatching a fuel load and receiving the carrier BOL. This ability enables retailers and fuel suppliers to increase revenues and gain operational efficiencies.

Andalé is simple to learn and easy to use. The process begins with the fuel

wholesaler dispatch office entering the fuel order into the Andalé system. The driver receives notification of new orders via a web-enabled cell phone, then proceeds to pick up the fuel load at the terminal and receives the hard copy BOL. The driver then enters the BOL number and necessary information into the Andalé system with their web-enabled cell phone. The driver also enters in delivery information from drop down list of choices. Andalé provides for split deliveries and splash blending information as well. The fuel wholesaler/retailer then receives the BOL information instantly on the Andalé system, enabling faster customer billing, more informed pricing decisions and the ability to maintain tighter control of fuel inventory. BOL information is then easily exported into virtually any 3rd party fuel accounting software.

Andalé is a SaaS (Software-as-a-Service) based solution, hosted by Pinnacle, which eliminates the need for clients to implement software.

#### CLIENT OPINIONS

Debbie Butler, Business Manager at Fuel South, was tasked with rolling-out Andalé for all Fuel South drivers and Flash Foods locations. Implementation to all 180 stores and 50 drivers was started in

May, 2009 and completed in November 2009. According to Butler, "The biggest challenge during implementation was convincing the petroleum truck drivers that accessing emails and the internet on their Blackberry was a painless process. Once we convinced them to give it a try, our drivers were surprised with how easy it was to use, and we were surprised at how quickly they adapted."

#### RESULTS:

Our drivers are far more familiar with the product and bill of lading information and they have taken to this new technology well", says Butler, "Andalé has given us a quicker response time in evaluating our inventory, giving the ability to know our in ground cost of inventory on a daily basis. It has also reduced labor costs with the efficiencies gained from more accurate bill-of-lading information. Andalé is a great enhancement to Pinnacle's Fuel Smart® solution. We have been impressed with the ease of implementation and how quickly our drivers have learned to use this application."

Andalé provides real-time bill of lading information into Flash Foods fuel accounting system, enabling Flash Foods to know how much product is in the ground at any time as well as in-ground

product costs, information that is crucial to making retail fuel price changes.

Andalé has increased the efficiency of Flash Foods' delivery drivers. Drivers have become more familiar with Andalé and the bill-of-lading information. Lag times between delivery and BOL delivery information has been eliminated, and the information is now exported to Flash Food's fuel accounting system. Andalé has reduced manual entries and duplicative data entry processes, increasing accuracy as well as efficiency.

#### RESIDUAL BENEFITS:

In addition to the original goals Flash Foods met with the implementation of Andalé, they also experience some unintended benefits. With the increase in accuracy and timeliness of information flow into their fuel accounting software, Flash Foods is now able to produce monthly financial statements in record time. Furthermore, Flash Food will reach its ROI in June, 2010. ©



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## ANDALÉ! KEY FEATURES

SUBSCRIPTION BASED, NO UPFRONT SOFTWARE EXPENSES

NO SOFTWARE TO IMPLEMENT

ACCESSIBLE FROM ANY WEB BROWSER

RUNS FROM ANY WEB-ENABLED DEVICE SUCH AS A PC, LAPTOP, OR CELL PHONE

NO EXPENSIVE SOFTWARE OR TRUCK MOUNTED HARDWARE.

EXPORT BOL DATA TO VIRTUALLY ANY 3RD PARTY FUEL ACCOUNTING SYSTEM.

SUPPORTS SPLIT LOADS AND MULTIPLE DESTINATION DELIVERIES.



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Please join us and our partners on September 14th and 15th for our Think Tank Technology Exchange. During the conference, you will have the opportunity to gather knowledge about the latest industry technology, market trends, and much more!

We will also have an evening of waterfront entertainment and a tour on the historic Battleship New Jersey on September 14th.

Attendees will include decision makers from IT, retail automation, fuel operations, business managers and marketing.

## SAVE THE DATES!

Contact Paul Box or Mike Vogt for additional information.  
Email: [Paul@AlliedElectronics.com](mailto:Paul@AlliedElectronics.com) or [MikeV@AlliedElectronics.com](mailto:MikeV@AlliedElectronics.com)  
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# SUMMIT 2010

## NEW ORLEANS

**T**hank you to all of you who attended Pinnacle Summit 2009. There is no more challenging time in our market than right now, and we all know that we have to become more efficient to maintain successful businesses.

Pinnacle Summit provides an avenue to attain these goals and to see how others in our industry attain these goals through Pinnacle's software.



### WHAT IS SUMMIT ABOUT?

Discover new ways to increase your bottom line. Learn about recent developments that Pinnacle has completed and what's upcoming, but more importantly, learn how to use existing solutions more efficiently. Plus, network with peers, Pinnacle staff, and partners to discover opportunities for improvement.

"Pinnacle Summit is a great opportunity to learn more about some of the Pinnacle solutions that we don't already use, and also network with the other Pinnacle clients that are all very similar to us, and leverage the data that comes from the group rather than continuously re-inventing the wheel; it's really the greatest benefit from Pinnacle Summit." -Jeremie Myhren, Road Ranger

### YOU DON'T WANT TO MISS IT!

At Pinnacle Summit 2010, you will have the opportunity to attend 8 different tracks of break-out sessions.

You will also get the latest insight from industry-acclaimed speakers during our general sessions:

- **Master of Ceremonies Jack McLaughlin**, "Director of Information Services, Tedeschi Food Shops, Inc."
- **Opening Keynote – John C. Dvorak**, Columnist for PC Magazine
- **General Session – Deborah Holand**, President of Food Sense, Inc.
- **General Session – Ed Freels**, Director of Information Systems for Honey Farms, Inc.
- **NACS SOI Update – Michael Davis**, VP of Member Services at NACS

### REGISTRATION IS OPEN!

Visit the Summit website at <http://pinncorp.com/summit.aspx> and click the register here button along the top of the page.

"Pinnacle Summit - the value to it is the networking piece - meeting the other users, getting their ideas. When the users give the presentations, you really learn a lot. Also, the Pinnacle staff supplements those presentations, which I think has been the model of Summit."

-John Dilsaver, Rite Way Oil

"I would recommend that people come here if they're a client because while you have the actual good product out in the store or at your home office, this is where you really learn how to use it best."

-Greg Smith, Lassus Brothers Oil ©



**Tracie Wilbanks**  
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## THE OMNI ROYAL ORLEANS

Discover a rich blend of cultures in New Orleans while staying at the Omni Royal Orleans hotel. With influences from America, Africa, Europe and the Caribbean, New Orleans boasts a unique mix of architecture, culture and cuisine. Famous for jazz music and its extravagant Mardi Gras celebration, a visit to New Orleans is not complete without a stop at the French Quarter. And with a location in the heart of the French Quarter, the Omni Royal Orleans is just one block away from Bourbon Street and other must-see attractions. The hotel resides at the corner of Royal and St. Louis, in the festive soul of the French Quarter, where Old World charm meets 21st Century elegance for the ultimate New Orleans experience.

## BOURBON VIEUX

Bourbon Vieux – featuring one of the French Quarter’s largest balconies overlooking always-festive Bourbon Street — is renowned as “the finest party location in town.”

At the corner of Bourbon and St. Louis Streets in the heart of the French Quarter, Bourbon Vieux is located on the second floor above the Cajun Cabin Restaurants, featuring the food that made New Orleans famous.

We look forward to sharing New Orleans’ rich culture with you this year at Pinnacle Summit 2010!

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### Bronze

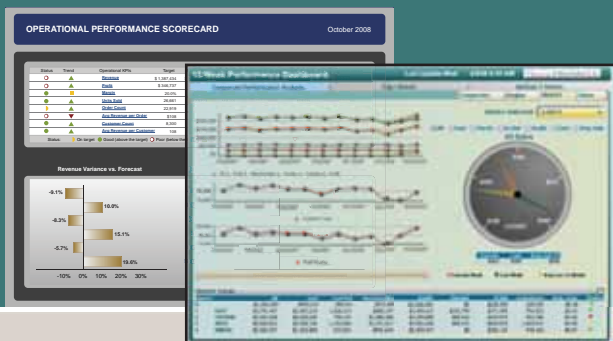
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# LEVERAGE THE POWER of MICROSTRATEGY Dashboards and Analytics through PINNACLE EPM



MicroStrategy's business intelligence software is embedded in the Pinnacle Enterprise Performance Management (EPM) solution to help convenience and petroleum retail companies analyze product sales performance. MicroStrategy's flexible reporting and analysis tools provide at-a-glance insights to help stores detect and prevent fraud; make more informed decisions on product pricing, promotions and product mix; and track sales performance across categories.

MicroStrategy's business intelligence software enables stores to:

- Evaluate potential fraud indicators, including number of voids, safe drops, returns, and price overrides
- Identify and track instances of fuel "drive-offs"
- Monitor performance of specific product categories over time, in relation to competitors, previous performance, and forecasts
- Analyze the tender used in transactions, such as credit, debit, or cash, to identify prevalent trends

To learn more about MicroStrategy software,  
visit [www.microstrategy.com](http://www.microstrategy.com)

**MicroStrategy**

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# Loyalty Program Technologies:

You Don't Want to Miss this Bus!



I've said it once, twice, three times and again; if you're not seriously planning to implement a loyalty program in the near future you'd best get on the bus. Loyalty has become a household name in the convenience retail and petroleum space, it took a bit longer than many of us thought but it is indeed here and here to stay.

New suppliers for loyalty programs are emerging from the woodwork; it seems like just yesterday there were only a handful serving our space. Proof to the fact that adoption has exploded and soon will be prevalent in the majority of convenience retail; or at least the majority of retailers that are serious about staying in this business.

Many retailers are looking for a quick and dirty solution to address the fact that they don't offer a "loyalty" program of some nature, but might not be taking the time to think long term strategy. What is best for my customer base not just for now, but for the future? Will the program I'm considering offer the flexibility I need when fuel discounts, for example, aren't in the center of the bull's-eye? Will this program really allow me to connect with my consumers? Can I really implement and support this program?

Don't get trapped by short sighted tactical plans; think through it to ensure the loyalty solution you are about to implement will take you into the future. If it doesn't you may not only be faced with starting over at some point, but it just might cost you the loyal consumer base you did gain in the short term. Loyalty programs are hard to take back.

Sure, as a supplier it's easy to say that you should think strategically about your loyalty program as you are doing everything you can to keep from being cleaned out by a competitor that's just implemented a wizzbang program that is destroying your fuel volumes. But the fact that you are now so interested in a loyalty program presents an even more compelling reason to make sure that when you implement one, you will be able to compete, be innovative, lead instead of follow, and not forget that it's going to be

really difficult to take your loyalty program back from consumers without losing some of them. *(Continued on p.12)*



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## The Long Haul

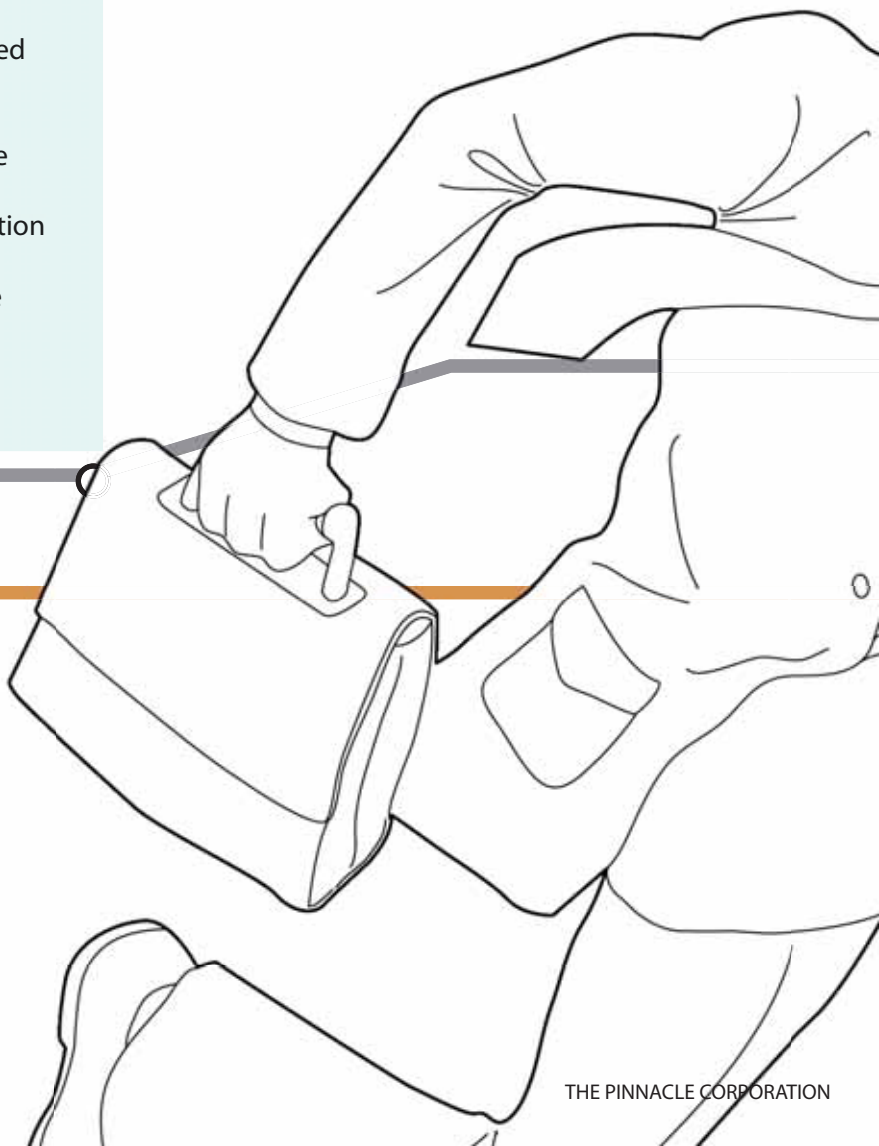
Define your goals and identify them in terms of implementation timelines. Make sure the program will be able to support those goals in terms of features and functionality.

1. What does loyalty mean to your organization? Define it and capture it; your definition of loyalty will help drive the types of offerings you might consider.
2. What's your adoption strategy and which consumer segments are you targeting, can the program offer something for each of those segments? If you want to target teens and younger consumers a loyalty program that only does fuel won't help you here.
3. Is the strategy quantity or quality centric in terms of number of loyalty program consumers and what they spend? If your strategy is to increase consumer spend per visit and the program doesn't actually incent the consumer to spend more you've missed the mark.
4. If you are pursuing a follow strategy, do you have the confidence that the loyalty program you are considering will allow you to follow the competition when they do the next best thing? Lead, don't follow, develop a program that is better than the other guy.

## Flexibility

Think beyond the tactical problem or short term goals; ensure the program is sustainable over time. Can the program support:

1. Food service? If you are going to stay in this business it's a given you'll be doing something food service related in the future.
2. Alternative payment methods? Credit card fees aren't getting any better and the industry is rapidly adopting alternative forms of payment.
3. Multi-use? Pump start, ACH payments, check card, stored value cards... all considered as driving consumer "loyalty". Does the program you are considering support these aspects as well, and perhaps on a single form of identification?







## Consumer Connection

What type of connection with your customers will the program facilitate; will the customer really feel compelled to be part of the program?

1. Can you develop programs that will allow you to build incremental benefits for the customers that visit your stores more often than others, or spend more money than others?
2. Emerging Technologies and Trends. What does the program offer, or have plans to offer, in the social networking or mobile space?
3. Is the program built in a way that your cashiers and other store personnel can sell it? It just might not sell itself so programs that drive the consumer to be in front of store personnel give you an additional advantage.

## Implementation

Can you really implement it and how will it impact daily operations?

1. How will it integrate with your POS and/or dispensers? If it doesn't, does it really make sense?
2. Will the program require additional hardware and if so will you be able to support it? No different than a dispenser, if a consumer expects to receive loyalty benefits and the loyalty system doesn't work they're going to walk out the door and just might not return.
3. Any potential PCI implications? If it touches your network, hardware or software, assume it's in scope until you know for sure. ©



# Set a record pace for quick and easy PCI compliance.

**Now you can meet the deadline with the most cost-effective PCI-compliance solution.**

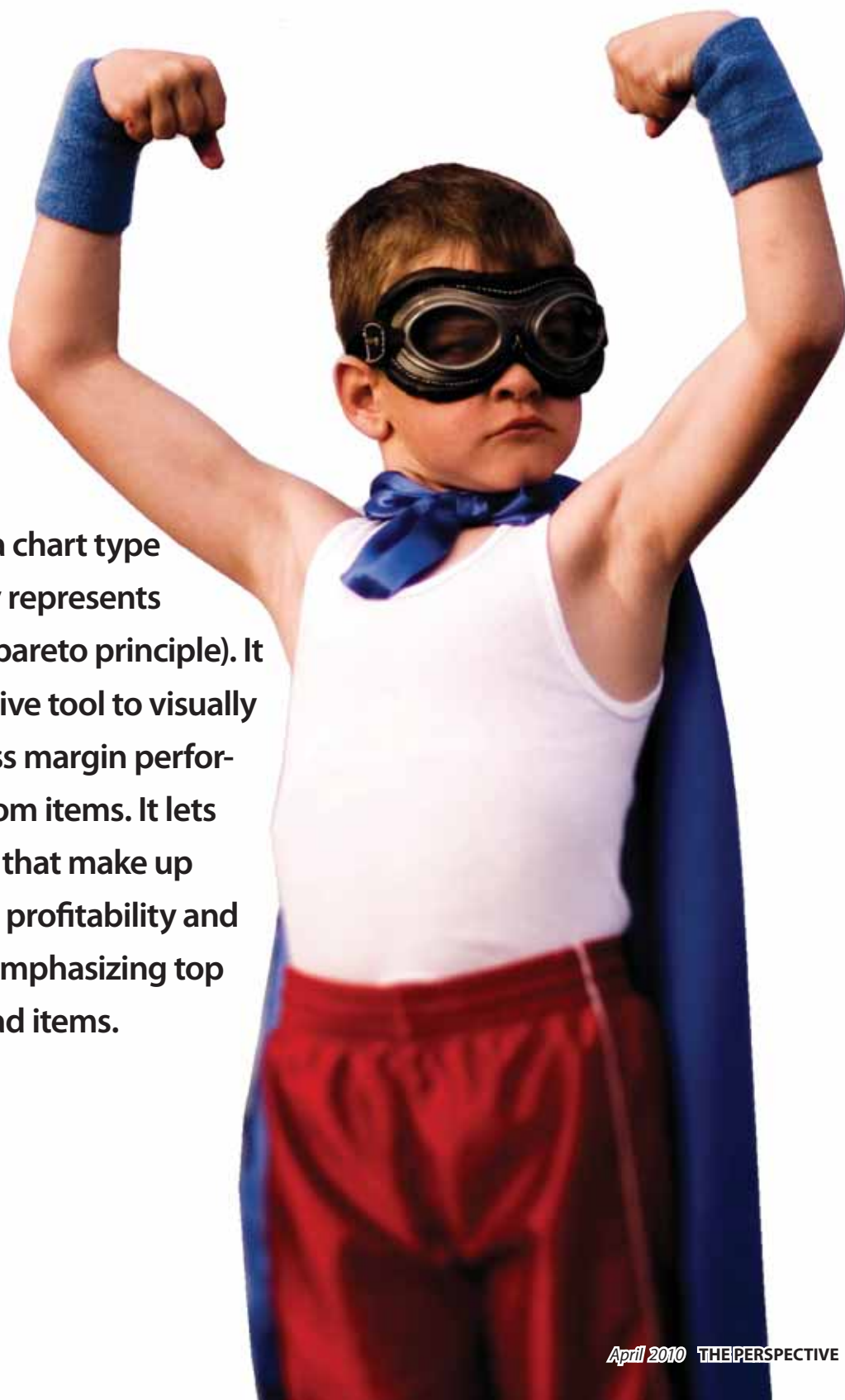
**Coalfire** offers a comprehensive package of low-cost services designed to help merchants comply with the Payment Card Industry Data Security Standard (PCI DSS) Report on Compliance (ROC) and the Self Assessment Questionnaire (SAQ). Our services are designed to provide merchants with a streamlined and cost-effective solution for validating PCI compliance. As a trusted compliance partner with **Pinnacle**, **Coalfire** understands your payment systems, architectures, and compliance requirements... we have the knowledge YOU need to support PCI compliance quickly and accurately.

For your **FREE** white paper, "Top 10 Compliance Issues for the Payment Card Industry (PCI)", call 877-224-8077 or visit [www.coalfiresystems.com/pciwhitepaper2](http://www.coalfiresystems.com/pciwhitepaper2).

# Finding Your Strong Suits

Analyzing item performance using Symphony.epm™, Excel®, and the pareto chart

**A** pareto chart is a chart type that graphically represents the 80/20 rule (pareto principle). It can be used as an effective tool to visually assess item sales or gross margin performance for top and bottom items. It lets you easily see the items that make up the bulk of your sales or profitability and draw sensible lines for emphasizing top items or eliminating dead items.





To start, generate an item sales report in EPM and export it to Excel. It will need to have the item description and the item's sales over the desired time period and region.

You can select a set of items by department or whatever criteria you desire, as this analysis can be performed on a subset of your assortment as long as the size of the assortment is not too small (it probably should be at least 20 items).

We'll be adding a few columns to the standard report once it's in Excel. Note that the Excel formula may not match yours exactly, depending on the location of your data cells. It may be helpful to look at the Excel sample document included.

First, add a total sales value at the bottom (or top) of the Total Sales column. The formula will be something like:

**=SUM(E13:E999)**

or whatever is appropriate for your range of item dollar sales cells. Name this cell "TotalSales" by typing it in to the left of the formula or using the name range function in Excel.

Now, sort the items by Total Sales if they aren't in that order already. You can use the Excel Data/Sort function.

Next, add a column for cumulative sales. The cumulative sales column will show the cumulative total sales of each item and those above it in the ranking. The formula will be something like:

**=F12+E13**

This will add this item's sales to the cumulative sales for the item above it. For the first cell it won't matter that it's adding an empty cell; the top selling item's Total Sales column and Cumulative Sales columns should be the same since it's the first item. Use the "fill/down" function in Excel or drag the formula to all of the column's cells for all of the items.

As a double-check, the last item's Cumulative Sales value should be the same as the Total Sales column total you created above.

Now create a % to Total column. The formula will be something like:

**=E13/TotalSales**

Format this cell as a percentage with two decimal places. Use "fill/down" or drag the formula to all of the column cells.

Add another column called x10 % to Total. The formula for this cell will be simply:

**=G13\*10**

Or 10 times the % to Total column. Format this column as a percentage value. This column is useful on the Pareto graph to make the % to Total scale better with the cumulative percent. The cumulative percent column will max out at 100%. Even your best item is unlikely to contribute more than 10% of your total sales, but if you are looking at a very small assortment, you may want to use the regular % to Total, not the x10 % to Total.

Last, create a Cumulative % column. The formula will be something like:

**=F13/TotalSales**

This column will be the accumulated percent to total for this item and all of those items above it in the ranking. Here's what the first few rows and columns of the spreadsheet might look like: **FIG 1**

Now that we have our data, we can create our Pareto graphs. Select the data and column heading in the Item Description column, and then, using the <Ctrl> key, select the data and heading in the x10 % to Total column and the Cumulative % column. Note: it will be easier if you do not select the empty cell right below the column heading description. Select the data ranges and the column heading cells individually using the <Ctrl> key.

Insert a 2-D column chart. It should look something like this: **FIG 2**

You may want to cut and paste this chart to a new sheet in the workbook as we did in our sample.

Click on the vertical bars on the graph which represent the Cumulative % values. Right

click and select Change Series Chart Type. Select the first option for the line chart type. Your chart should now look like this: **FIG 3**

This is a pareto chart of your items. Depending on how many items you have selected, you will need to stretch your graph horizontally to see all of the item descriptions in the horizontal axis. For this reason, it might be more useful to do a pareto of the top 50 or 100 items, or the bottom 50 or 100 items so that there is a reasonable number of items shown on the graph.

This graph makes it pretty easy to "draw a line" say at 80% and see which items fall into the 80% sales contribution.

Likewise, you can look at the bottom performers and eliminate those that don't make a significant contribution to your bottom line.

An example pareto of all of the items in our stores: Using the pareto chart, you can draw sensible conclusions that will help you optimize your assortment by emphasizing strong performers and eliminating weak ones.

Another good use for this analysis is in conjunction with computer assisted ordering (CAO). Most ordering models fail on extremely slow moving items. Using the pareto can help you make decisions on which items should use different algorithms, such as a "force" for minimal product facings independent of sales, or eliminating items from the CAO system altogether. ©



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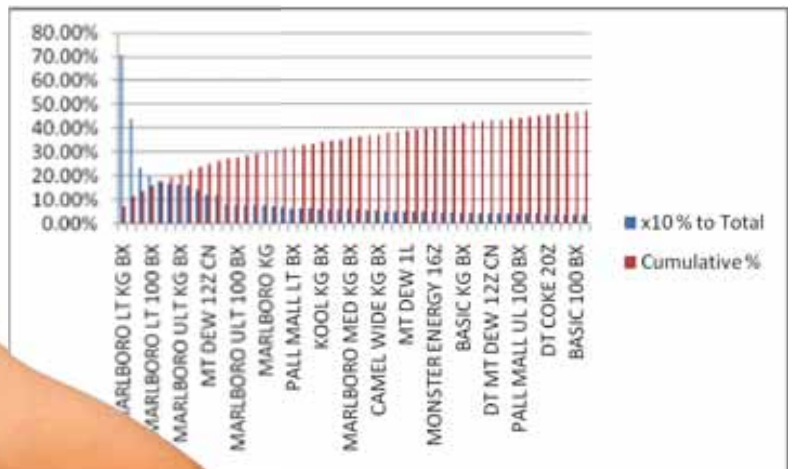
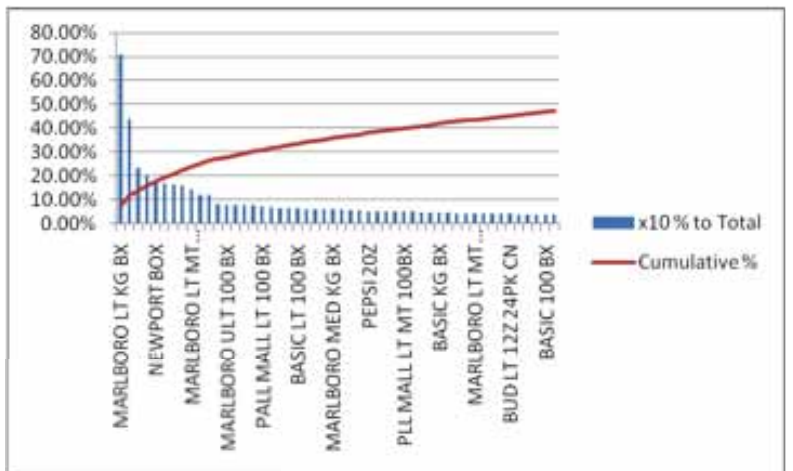
FIG 1

	Item Description	Unit Sales	Total Sales	Cumulative Sales	% to Total	x10% to Total	Cumulative %
SKU							
20388	MARLBORO LT KG BX	50,811	\$324,857.40	\$324,857.40	7.08%	70.77%	7.08%
20382	MARLBORO KG BX	32,024	\$201,635.28	\$526,492.68	4.39%	43.93%	11.47%
20455	NEWPORT 100 BX	18,676	\$106,947.98	\$633,440.66	2.33%	23.30%	13.80%
20386	MARLBORO LT 100 BX	12,583	\$92,017.10	\$725,457.76	2.00%	20.05%	15.80%
20458	NEWPORT BOX	13,968	\$80,264.99	\$805,722.75	1.75%	17.49%	17.55%
70379	MT DEW 20Z	52,121	\$77,756.79	\$883,479.54	1.69%	16.94%	19.25%
20401	MARLBORO ULT KG BX	12,014	\$75,575.65	\$959,055.19	1.65%	16.46%	20.89%
20223	CAMEL LT KG BX	12,296	\$72,842.79	\$1,031,897.98	1.59%	15.87%	22.48%
20392	MARLBORO LT MT KGBOX	11,034	\$64,528.74	\$1,096,426.72	1.41%	14.06%	23.89%
70095	MT DEW 12Z CN	18,618	\$55,415.04	\$1,151,841.76	1.21%	12.07%	25.09%
20381	MARLBORO 100 BX	8,087	\$54,930.89	\$1,206,772.65	1.20%	11.97%	26.29%

FIG 3

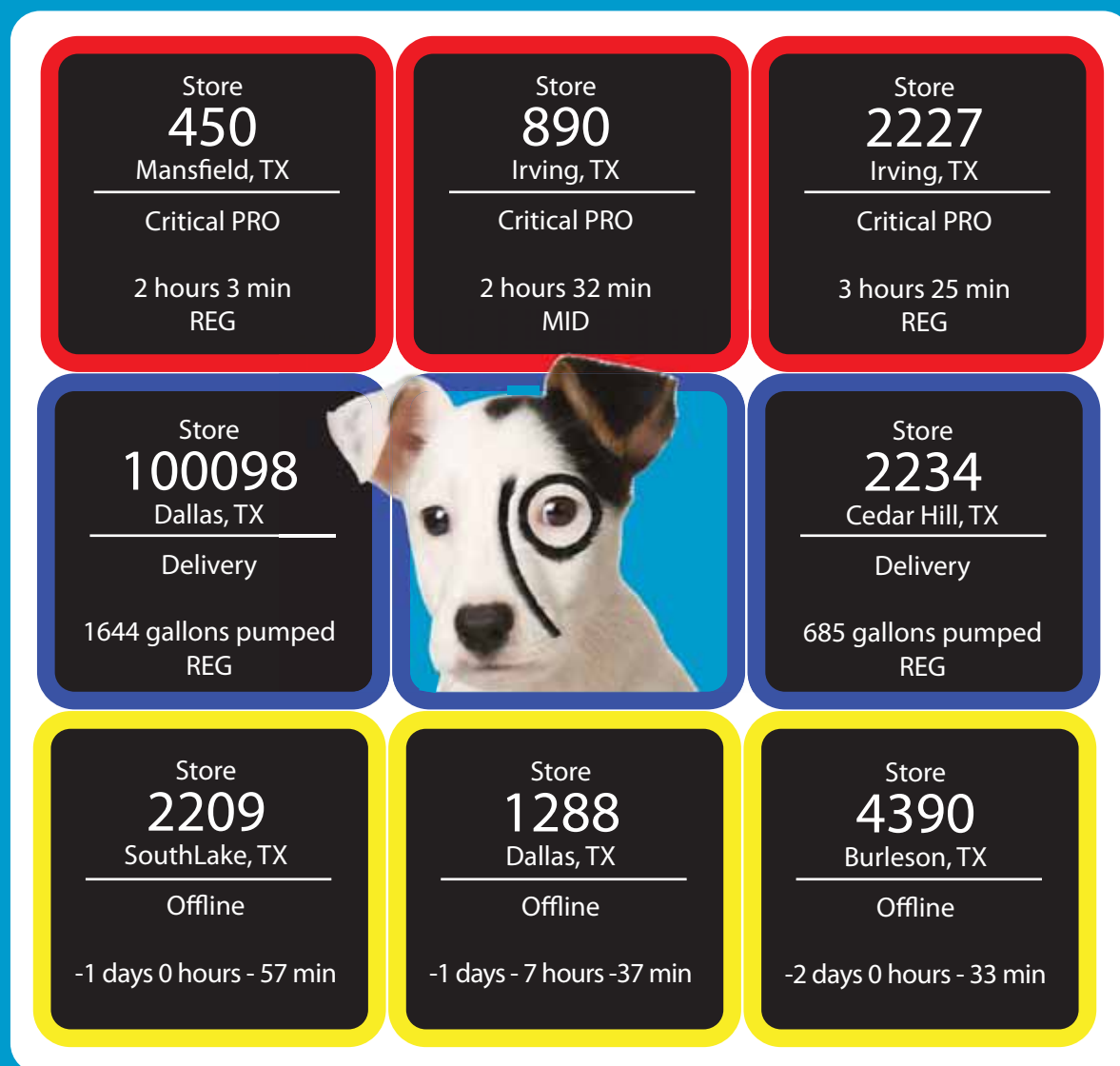


FIG 2



# The Brim Bunch

How to Move From Keep-Full to Just-in-Time Fuel Inventory Management



**"Just-in-time" requires more than just a hunch**



**B**ack in the day, “filling it to the brim” was exactly how petroleum marketers routinely managed their petroleum inventory. Rack costs, freight and credit/allocation were relatively stable, so it made sense to manage fuel inventories on a “keep full” basis. But times have changed...

Thanks to non-stop TV reruns, practically anyone that grew up in the 70s or later knows the Brady Bunch. During the opening credits of the show, the entire family was displayed in a grid like fashion. At the center of it all was good ol’ Alice, the faithful housekeeper. . .

In between scheduling meat deliveries from “Sam the Butcher” and other various sundry tasks, from her centralized vantage point, Alice kept a continuous vigilant eye over the entire Brady clan, preventing them from entering harm’s way. As evidenced by every episode of the Brady Bunch ending with a positive outcome, this concept of centralized and simultaneous real-time monitoring and control worked flawlessly. Using a similar concept it’s possible to keep up with a different breed of hellions, which is, an entire chain of petroleum storage tank locations.

This “Brady Bunch” grid arrangement concept or “view of many” allows petroleum operators to see firsthand store locations’ real-time fuel inventory and depletion rate in comparison with each other. Stores that require immediate attention are organized in a prioritized pecking order. Locations that are not in need are shuffled to a less prominent position on the grid than the ones that need immediate attention.

Past performance is an excellent indicator for future results, and this adage certainly applies for retail petroleum sales. By accurately monitoring and storing inventory information in a database, a store Gallons per Hour (GPH) can be established. Using sophisticated algorithms it is possible to have a sales trend “crystal ball” for predicting a time for Product Run Out (PRO). Precise drill down information is easily accomplished by clicking over the location in question. Real-time information is presented in an easy to understand dashboard,

and historic sales data is graphed and superimposed for a predicted sales trend over actual sales correlation, giving operators confidence that PRO predictions are reliable.

Other interpretive bits of information can also be gleaned by correlating the inventory graphs. For instance, if a sales trend is higher than its historic counterpart, this can imply that a location’s pump prices are too low in comparison to the competition. If a sales trend is lower than it’s historic counterpart, this can imply that the location’s pump prices are higher than the competition and a course of action can be taken to remedy the problem. Other variances may be attributed to disruptions, such as weather or road construction. This type of information can be determined at a glance and an investigation (phone call) could be the logical course of action in order to make an adjustment.

In today’s market environment, fuel inventory is one of the most economically stressful products to manage. For many operators, filling it to the “brim” i.e. the “Keep-Full” method is no longer an acceptable technique for inventory management. Petroleum “Just-in-Time” is a concept that many operators are currently trying to completely understand and master.

We all acknowledge the risks involved with Petroleum “Just-in-Time” inventory. If a c-store is out of fuel due to mismanagement, it is effectively closed. If the pumps are down and customers perceive a problem, then that is obviously a bad thing. It’s easier to just keep the tanks topped off and not have that problem. However, easy and profitable are seldomly two words used in the same sentence. If inventory is always high, then precious corporate cash resources can be unnecessarily stretched to depletion. Proper planning and access to

real-time inventory information is the key to a successful “Just-in-Time” petroleum inventory management program.

Just because “Just-in-Time” requires more planning than the “Keep-Full” method, it doesn’t mean that it has to be more difficult. All that is required are the right tools. 2300 years ago, Archimedes said, “If you give me a lever and a place to stand, I’ll move the world”. Today, I’m saying get me Symphony.dispatcher workstation™, a place to sit, a sandwich and something to drink, and I’ll let the computer do all the heavy lifting for calculating petroleum “Just-in-Time” inventory. Work smarter, not harder—that’s the ticket!

Utilizing technology, the petroleum “Just-in-Time” concept should allow for a safe balance for determining the correct amount for “optimal” inventory. The saying “keeping an eye on things” takes on new meaning, because with Symphony.dispatcher workstation, it is literally possible to keep an eye on every single petroleum storage tank at once. ©



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## **PINNACLE PROFESSIONAL SERVICES TEAM:**

# **PROVIDING TOOLS FOR SUCCESS**

Professional Services is the consulting arm of Pinnacle. Our goal is to provide consulting services to increase our clients' utilization of Pinnacle solutions, and we are always looking for ways to improve our quality of service. In response to client feedback, we've recently added a few new services to our repertoire:





## NETWORK ASSESSMENT

We have found over the years that some issues we encounter during implementation, or long after the system is working in production, can be attributed to inefficient network capacity or architecture. The Network Assessment is an analysis process which provides a strategic and tactical plan for clients to alter their technical architecture in order to effectively operate Pinnacle solutions throughout the enterprise.

The Network Assessment has three possible components, each of which can be performed separately or fit together as a package:

### PRE-INSTALLATION NETWORK ASSESSMENT

Analyze current Home Office, Store and Communication infrastructure configuration. Write Analysis and Recommendation Document. Review Analysis and Recommendation Document and train client staff on what to do.

### PERIODIC REVIEWS

Regularly scheduled assessments of current Home Office, Store, and Communication infrastructure configuration to determine if it still meets the client's business needs and determine what needs to be changed.

### REMOTE MONITORING

Ongoing system monitoring that establishes what will be monitored, what alert ranges will be set, how alerts will be communicated and to whom, and how often incident reports will be produced.

## PRICE BOOK ADMINISTRATION

Price Book is a very popular and valuable software solution for our clients. To assist our clients with maintaining their Price Book after it is implemented into production, Pinnacle developed the Price Book Administration service offering. Pinnacle's Price Book Administrator provides the additional resources a client might need to stay current with Price Book maintenance, such as store, vendors, pricing, and item changes. Pinnacle developed a process that controls the authorization, change, and review functions to ensure the Price Book is correct with the most current modifications before it updates the store. A quick glance at the process would look something like this:

As a client's Merchandise Manager receives pricing changes from their vendor or decides to run a promotion in defined markets, the Merchandise Manager will send a written request for change to Pinnacle's Price Book Administrator. Pinnacle reviews the request and will access the client's price book remotely to initiate the change. Once Pinnacle completes the change, Pinnacle and the client review the change and the client's Merchandise Manager will sign off on the change. The price book modifications are sent to the store and the store is updated. With this fairly simple approach, our goal is to relieve the price maintenance function from the list of tasks a client must complete on a daily or weekly basis.

## NEW PROFESSIONAL SERVICES WEB PAGE

We have developed a new Professional Services web page which defines the services provided by Pinnacle's Professional Service team. Go check it out at: [www.pinncorp.com](http://www.pinncorp.com) to see more detail about how the Pinnacle Professional Services team can assist you with utilizing your Pinnacle solutions to maximize success in your business. ©



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