



## Retailers and Technology-Solution Providers

--By Gene Gerke

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The convenience store industry has embraced technology in many areas over the years. Some of you may remember the good-old days of stand-alone cash registers, stand-alone pump controllers, stand-alone card readers, tank sticks, calling in orders, four hours per day of paperwork, mailing or picking up store paperwork in large, bulging envelopes, and large rooms full of accounting clerks. These scenarios are a thing of the past, but for many retailers, some of these activities are still part of the present and costing money every day. Retailers have made significant improvements throughout the business, but more needs to be done.



Gene Gerke

We at Gerke & Associates have worked with retail clients to select technology solutions. And we have worked with technology-solution providers (TSPs) to establish development priorities. Some of our most interesting consulting, however, has been helping retailers and TSPs better understand each other's needs, resources and business issues. Without this mutual understanding, the industry does not get the most benefit from technology solutions.

Working with retailers and TSPs, we have observed some keys to success in getting the most from technology. Below are some suggestions for TSPs and for retailers.

### For the technology solution provider:

- *Don't oversell:* A good salesperson always accentuates the positive, but disaster can (and will) happen if the retailer's expectations are set too high during the selling process.
- *Understand the business drivers:* What really makes a difference in convenience retailing? For example, there may be a trade-off between tighter inventory control and more convenient customer service. Which one wins? Which is more important for that retailer?
- *Don't just listen, understand:* Retailers often verbalize their wants and needs from a business perspective. The challenge for the TSP is to understand how retailers' wants can effectively be put into a technology solution.

### For the retailer:

- *Commit resources:* If you are going to buy a new technology solution, commit the financial and human resources to get it installed and running properly. If you do not, it is very unlikely the solution will yield the full benefit.
- *Check your skill set:* Getting the most from a new technology solution often means upgrading the company skill set to manage the technology or to best use new information flowing from the solution. The required skill set can come from re-training, from new hires or from external resources. External resources can be especially useful early in the process. Internal resources may be able to handle the solution in the longer term, but new solutions require a learning curve to master. The TSP often has training and consulting services that can be invaluable in leveraging the full benefit of the solution.

- *Be willing to change:* Often a technology solution does not exactly match the way you do business now. Do not be afraid to change operating procedures to best use the technology solution. The implementation of a new solution is a perfect time to evaluate the effectiveness of any procedure affected by the solution.
- *Partner with the TSP:* The selection process and actual purchase is the time for thorough analysis and tough negotiation. But once a solution has been selected, consider the TSP an important member of your team and not an “outsider” in the implementation process.

Convenience retailing is extremely complex. A small-box store operating 24 hours a day, seven days a week sells consumer packaged goods, motor fuel, financial services (ATM, money order), telecommunications (phone cards, cell phones), age-restricted products, gaming (lottery), car washes, frozen food, etc. All of these require different procurement, inventory, accounting and management systems.

We are fortunate in this industry to have several TSPs that have developed systems specifically for the convenience store/petroleum marketing business. However, based on our research, the technology is not being used to its fullest in the convenience store industry. Retailers and TSPs each have an opportunity to enhance the value of technology in the industry, by working together to build, and then effectively implement, world-class technology solutions.

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