

Case Study

“LS Retail has already paid for itself because of the data collection and reporting. Knowing our customers’ purchasing trends is how we make our money. ”

Barry Kozlowski, Vice President

Situation

Gallo Retail, aka Alko Distributors, is a privately held retail distributor of discount fashions with 24 stores in five states. Based in Baltimore, MD, Gallo is growing and plans to add 10 stores equaling approximately 250,000 square feet of space in the next five years.

Gallo is a family owned and run business that started in 1975. Before moving to LS Retail for Microsoft Dynamics NAV in 2005, they used disparate systems for their accounting, POS and inventory management. Gallo used Peachtree Accounting for back office accounting and a Canadian product called Software POS for their cash registers and inventory management. Gallo began their search for a strong Windows based system in early 2000 and refused to make a change until they found a system that addressed their criteria and needs. One of the catalysts that drove Gallo to make a change occurred in 2003 when their busiest store went down on the busiest day of the year--Christmas Eve.

“It was a nightmare,” says Barry Kozlowski, Vice President of Gallo Retail. “One of our cash registers locked up, causing all of the systems in our main store to go down. There were lines wrapped around the store because we had to process all transactions manually by writing everything down. We easily lost \$20,000 that day, and who knows the long term effects it had on repeat business.”

Solution

Initially, Gallo’s primary goal was to replace their outdated POS system with a robust POS software to manage and help grow the business. When they saw how seamlessly LS Retail’s POS integrated with its back office accounting, they decided to replace both their back office accounting and POS software simultaneously.

“LS Retail allows us to accurately see what is selling and in which stores on an hourly basis. With this information, we can make time-sensitive decisions to reorder stock or move inventory quickly,” says Kozlowski. “But the most important criteria in choosing a system is reliability. If your POS goes down, you risk lost sales and lost customers.”

Since implementing LS Retail in 2005, Gallo’s star store has had the highest profits to date. Gallo attributes this to the fact that LS Retail is so fast and efficient at the point of sale. “We typically have five cash registers with five baggers and constant lines during our busy season. In the years since implementing LS Retail, we’ve seen more customers, sold more products and had much shorter lines,” Kozlowski says.

Gallo has also saved thousands in payroll dollars. Each Christmas season used to put Gallo in emergency mode because of the constant threat that the system would go down. “We staffed each store with a manager throughout the holiday season because we were always concerned that the system would crash,” says Kozlowski. “With LS Retail, we are confident that our systems will work and we are able to have a much more relaxed holiday season without sacrificing customer service or profits.”

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Benefits

Instant Access to KPIs for Informed Merchandise Decision Making

LS Retail gives Gallo nearly instant access to reports on inventory levels in each store. LS Retail's data replication pulls data from the store server to headquarters' server at regular intervals, allowing upper management at Gallo to review sales, inventory levels, etc. as often as needed. They don't have to wait for a store manager to download data as part of the end-of-day procedure. Management at the head office can view the status at all stores or target individual stores. Gallo pulls the individual store's data to headquarters every few hours so that they can view performance and make adjustments, like moving inventory from one store to another or purchasing larger quantities quickly.

"Because we deal with buy-outs, it is often difficult to replenish popular items if we reach the vendor too late," says Kozlowski. "LS Retail enables us to see what is hot so we can get back to the vendor and purchase their existing stock. Our purchasing decisions are now based more on fact and less on instinct, which reduces our risk of overages and allows us to profit on what is hot."

Elimination of Menial Tasks and Duplicate Work

Replication at the store level significantly eliminates duplicate work for Gallo. Prior to using LS Retail, Gallo had to create each style number or receive them from the manufacturer. Now, all they have to do is print the ticket and put the merchandise on the floor. This saves the management team hours of menial work, allowing them to focus on business critical issues.

Reduced Shrinkage

Each of Gallo's 24 stores all maintained storage for their own inventory, making it difficult to track while giving personnel unmonitored access to products. With LS Retail, all inventory is stored and managed at the home office and adjustments are made and audited by upper management.

Increased Profits and Customer Loyalty

With LS Retail, Gallo's customers experience fast, smooth transactions which keep the lines short during the busy season. By serving customers quickly, Gallo makes the shopping experience pleasant which encourages customers to make return visits. Reliable systems and fast service have also helped Gallo achieve record profits since implementing LS Retail. "The reliability of our POS software is imperative to our business," says Kozlowski. "We believe that providing our customers with a smooth and quick transaction is a key reason for the increased profits we've experienced. The ROI from LS Retail has been great."

About AVF Consulting

AVF Consulting is a Microsoft Gold Certified partner and a leading LS Retail and Microsoft Dynamics NAV consultant. AVF's hands-on approach ensures that every engagement receives the highest level of customer service and that each customer receives the individual attention they deserve. Learn more about us at www.avfconsulting.com.

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