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Do you need a POS system?

As with any significant business purchase, buying a POS system should involve careful research into what the market has to offer - as well as what your own needs are.

A computerized POS system will probably pay for itself within a year if you have annual revenues of around $400,000 to $600,000. Smaller businesses, with revenues around $100,000 and above, can also get considerable benefits from a POS system, although they may be less direct. Below that, an electronic cash register may meet your needs for considerably less money if you do not require inventory control.

In many cases, new businesses choose to invest in a POS system before reaching those revenue levels - or before having any appreciable revenue at all.

They may want a POS system simply for the reporting features, or they may see it as an investment that can boost efficiency starting on opening day. A POS system is rarely totally unnecessary - most often, the only question is how soon it can pay for itself.

Save money

- **Eliminate shrinkage.** A computerized point of sale system can drastically cut down on shrinkage, the inventory that disappears from your store due to theft, wastage, and employee misuse. Since employees will know that inventory is being carefully tracked, internal shrinkage will dwindle.

- **Improve accuracy.** Whether you use barcode scanning or not, POS systems ensure that every item in your store is sold for the correct price. Your staff will never mis-enter or guess prices again, and you can change prices with just one tweak in the computer.

- **Get better margins.** Detailed sales reports can help you focus on higher-margin items. By moving items within a retail location you can help boost sales of high-profit items.

Get more information

- **Know where you stand.** At any point of the day, a POS system can instantly tell you how many of a particular product have sold today (or last week, or last month), how much money you have in your cash drawer, and how much of that money is profit.

- **Better inventory management.** Detailed sales reports make it much easier for you to keep the right stock on hand. Track your remaining inventory, spot sales trends, and use historical data to better forecast your needs. Often, the software can alert you to reorder when stocks run low. Many store owners who think they know exactly what trends affect them find a couple of surprises once they have this data.

- **Build a customer list.** Collect the names and addresses of your best customers as part of standard transactions. Use the list for targeted advertising or incentive programs.

Increase productivity

- **Reduce paperwork.** POS systems can dramatically reduce the time you have to spend doing inventory, sales figures, and other repetitive but important paperwork. The savings here: time and peace of mind.

- **More efficient transactions.** In retail settings, barcode scanners and other POS features make checkout much, much faster. Restaurants will find their order process greatly streamlined as orders are relayed automatically to the kitchen from the dining room. In both cases, your customers get faster, more accurate service.

Keep in mind that realizing these benefits requires a commitment to utilizing the POS system capabilities to their fullest. Without appropriate training and ongoing analysis, even the most sophisticated POS system will be no more useful than a basic cash register.