

# Man AND Machine

## Human element of retail technology makes or breaks a system

By Joe Bush

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technological program, smoothly transition to one or solve problems upon implementation.

“A lot of people just don’t want to go through that process,” says Robert Canterbury, president of AIMS Inc., Monroe, La., of switching systems. The company is a supplier of accounting and enterprise resource planning systems for fuel distributors, specializing in electronic reporting of dealer credits. “I don’t want to say it’s difficult, but there’s a lot of change. Resistance to change is the biggest obstacle.”

Because middle management and below have the most interaction with the new technology, oversight and commitment to the initiative is of utmost importance, according to Canterbury. If even one employee exerts a negative influence on a project, the influence has to stop before the attitude spreads.

“Generally a large percentage of [how smooth it goes] has to do with the executive management, and their attitude toward the change,” he says. “If upper management doesn’t step in and say, ‘Hey, we made this decision to move forward; this is what we’re going to do,’ it makes it difficult. It’s all about attitude.”

Sometimes that one employee is the boss himself.

“The worst implementation some-



**F**uel, lottery, merchandise, loyalty cards, maybe money orders. Add the proliferation of locations, high employee turnover and volume of foot traffic.

How challenging is the c-store world of transactions?

“It is, if not the most complex, one of the most complex retail formats for technology,” says Greg Buzek, president of IHL Consulting Group, a retail technology analyst based in Franklin, Tenn.

There can be incompatibilities among food-ordering touch-screen systems, POS software, fuel-pump management systems and back-office suites. Integration of ordering systems between retailers and wholesalers can raise ire, and the muck created when

combining compatible systems with incompatible accounting methods can get deep indeed.

Retail technology has saved labor costs, speeded transactions, reallocated capital, finely tuned inventory management, made communication easier and clearer and increased ordering accuracy. It also has undone all these.

While every retailer and wholesaler and supplier can cite different brand names with model numbers and letters that have caused them grief, money and time, they all have one common foe: humans.

Uncooperative attitudes, fear of change, laziness, lack of vision and territorialism are just some of the reasons a retailer may fail to begin a

times is when the owner decides to make the change but hasn't really involved the folks that have to do the actual implementation, just mandates it, then doesn't want to get involved after that to address attitudes," says Canterbury.

### Progress vs. Man

Matt Paduano, vice president of information for Nice N Easy Grocery Shoppes, Canastota, N.Y., is one of many retail executives who know how people can gum up the works. This past winter, Nice N Easy was trying to use hand-held ordering devices and had to get the devices endorsed by its back-office supplier so it could send orders to its wholesaler. The retailer wanted to be able to order from any supplier or wholesaler but could order from only one.

"The issue got muddy quick, with the number of people and personalities involved: the retailer's buyer and pricebook department, the wholesaler's buying department, the retailer's accounting vendor, the wholesaler's accounting vendor, the retailer's IT department and the wholesaler's IT department," says Paduano.

Drawing a conclusion from the experience, he says, "One big problem with technology is the blame game. The hardware supplier will blame the software supplier, and vice versa, and the retailer will blame both of them."

Several conference calls with all parties ensued, and the device was ready for a test. However, the project was held up by one of the parties involved, due to a misunderstanding and a late-starting cost-proposal process.

"[It's] taking way too long," Paduano says.

### Do the Diligence

John Hervey, executive director of the Petroleum Convenience Alliance for Technology Standards (PCATS), Alexandria, Va., says whether cost is a prohibitive factor or inclusion of the proper personnel in decision-making is a stumbling block, the lacking ingredient is a "vision for what's possible."

The path of least resistance begins when a company's tech personnel is included in long-term planning, and not merely for the IT department, according to Hervey.

"Sometimes the technology folks are relegated off to the side, not involved with making business plans: Where's this company going and how are we going to get there, and what can technology do to help us achieve these goals?" says Hervey, who previously was chief technology officer for NACS. "If they're not brought in right at the beginning, it makes it very difficult for technology people to be able to deliver, or for the company to even know what's possible. People won't ask for what they don't know exists."

The entrepreneurial spirit of much of the c-store industry means plenty of successful people working from the gut. Hervey suggests that more executives need to educate themselves at events such as NACStech, to see the latest solu-

tions and learn strategy. Hervey knows firsthand that knowledge must be followed by guidance to further the process.

PCATS in 2004 started its mission to make compatible as much c-store technology as possible. It traveled the country to spread the word about PCATS' benefits.

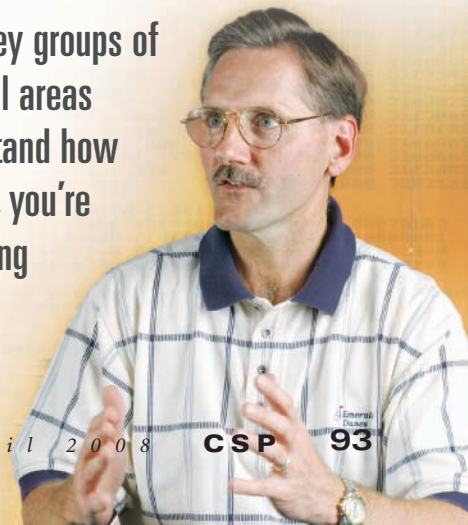
"What we failed to do was tell people how to go about implementing it," Hervey says. "There's a lack of good guidance out there or a lack of willingness to spend some money to hire somebody who can really help. ... We're trying to put more emphasis in what we do on helping people through that process of, 'How do I go about making this happen?'"

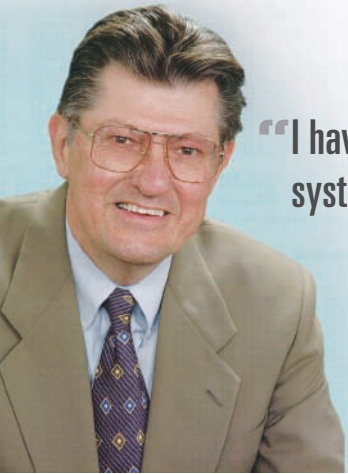
John Zikias, chief operating officer of The Impact 21 Group, a c-store retail-automation consultancy based in Lexington, Ky., says much of what his company does is undoing. Companies get excited about installing technologies because they know they need to, but the haste is destined to make waste.

"Once many retailers get going, all of a sudden they find themselves saying, 'I've done pricebook, I've done scanning, but maybe I didn't set up my pricebook correctly, so now I'm not getting the information out of my system I wanted,'" says Zikias. "In some cases senior members of the Impact 21 Group

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**JOHN ZIKIAS** *Impact 21 Group*





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**DICK MEYER** *Meyer & Associates*

will go back and work with retailers to redo what they’ve set up incorrectly.”

In a happy reversal of the exclusion of IT folks from the overall business strategy, Zikias says he sees more and more category management and marketing people at events such as NACStech.

“In the past, technology people would attend and participate in technology shows, and they would find out about industry standards and how to set up pricebooks; however, the business people weren’t attending these events,” Zikias says. “So you had a gap. You would ask the IT group, ‘Set up a pricebook so we can scan merchandise at the point of sale and understand what we are selling,’ but then you never really explained to them how you want the pricebook set up so [you] can get information out of it.

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groups of the business. If different functional areas aren’t working together to understand how best to set and use technology, you’re going to have gaps and you’re going to have to redo things.”

Industry veteran Dick Meyer of Meyer & Associates, New Berlin, Wis., has been a president of a host software company and a driving force behind one of the first real-time POS scanning systems, as well as a designer of early automated pricebooks. When he was the executive vice president and chief financial officer of 150-store chain PDQ and Pick Kwik Food Stores, he championed using nontechnical staff to evaluate alternative automation solutions.

“Our priority was finding a system with maximum ‘friendliness’ to store personnel,” says Meyer.

He also suggests that if a company

chooses to have an outside entity study alternatives to its systems that the contractor have c-store industry experience. Also, don’t let the decision-making team conclude that, because of the quirks of the c-store business, a tailored solution cannot work. “I have seen too many costly and prolonged system rollouts—some still not completed—because someone’s incomplete due diligence and/or pride of authorship got in the way of reviewing what has worked for many pretty smart retailers and petroleum marketers,” Meyer says.

Meyer recalls a trip he took in 1978 in his CFO position at PDQ to illustrate the opposite. Charged by PDQ founder and owner Sam Jacobsen to learn from some industry stalwarts before getting too flashy, Meyer and PDQ’s IT man, Jim Freeders, visited three retailers in three days: Kwik Shop in Kansas, QuikTrip in Tulsa and National Convenience Stores in Houston. From NCS, Meyer discovered the idea of placing the general ledger on microfiche, replacing pounds of computer paper.

“We never printed a general ledger again,” Meyer says. “That little trip taught me, ‘Don’t reinvent the wheel? Talk to people. This is a great, friendly industry.” ■