

FRANCHISING WORLD

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- 16** Spreading the Gospel of Franchising
- 18** Spotlight: National Diversity Council
- 24** Increasing Opportunities for Women
- 28** Diversity Institute Calendar

8 Opportunity at a



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FRANCHISING
Building local businesses,
one opportunity at a time.

Developing a Custom POS System for Your Franchise

A custom system allows you to improve speed of sales, cash control and inventory issues and keep general managers focused on the business. Plus, it's an investment that should pay for itself over time.

BY CRAIG DUNAWAY



Choosing a point of sale system is an important decision for retail franchises. If you've looked into off-the-shelf options, you know they often require you to adapt your operational flow to conform to their software. Creating a custom POS system allows you to tailor the software to your business and develop tools personalized for your franchise system.

Some software providers today are willing to customize their products, which may work for certain franchise systems. If you can find a solution that meets 80 percent of your needs and can adapt the rest of the way, using that existing software could be a cost saver. Many franchises, though, need a completely customized system to create a solution that truly helps manage and grow the business.

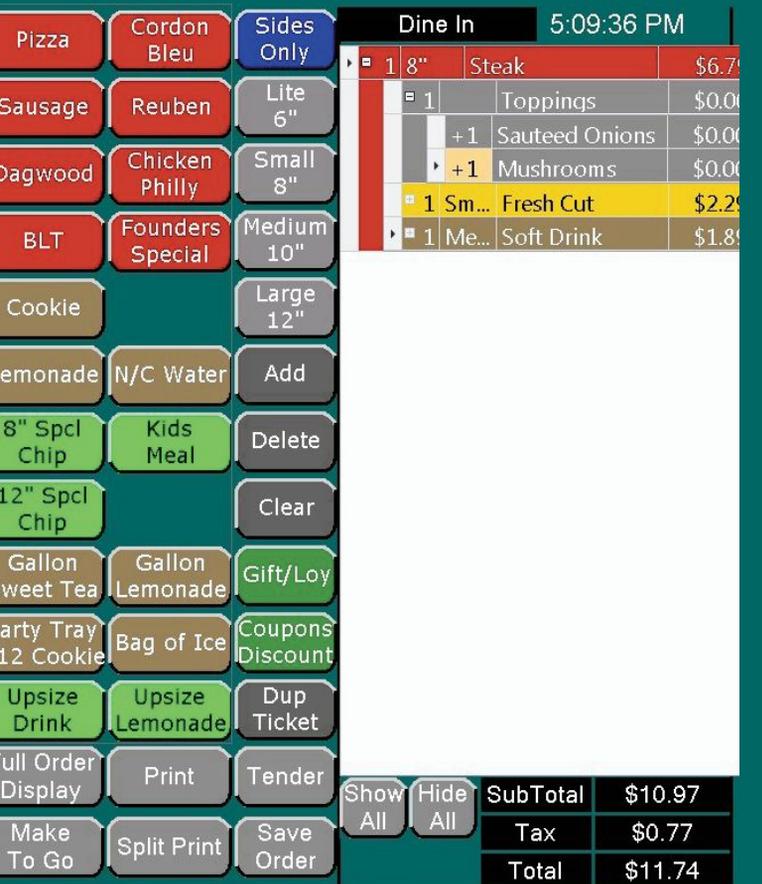
There is no universal time when a franchise system is ready to transition to a custom POS system. Some concepts may find that after as few as a dozen locations they need the personalized features, while others may get to hundreds of locations before they find the need to customize their system. For example, Penn Station East Coast Subs built its custom system in 2004 with only 131 locations. As a rule, when the system you are using does not give you the necessary tools or data to make informed business decisions, or if the system

cannot be adapted to fit your needs as your business grows, it's time to look into building a custom solution.

HOW TO FIND A GOOD VENDOR

Most hiring decisions for franchise companies start with deciding between hiring an employee in-house to provide the service and outsourcing the project to a third party vendor. If you don't already have someone in-house with experience managing a software project, outsourcing the project is usually a safer, faster and perhaps more economical solution. To help decrease the price tag, you can find a smaller, newer company that is willing to work hard to prove themselves. Of course, this can increase the exposure and risk, so be sure to do your due diligence. You want to get the best product you can for the best price to keep costs down for franchisees.

When looking for a software vendor, seek a company with experience in the space. For example, POS systems hold a lot of valuable data, so you need a software vendor that understands data security, Payment Card Industry compliance and can ensure that your data (or your customer's data) will be protected. You also want a vendor that will be honest with you. Even when developing a completely custom POS system,



off-the-shelf products that franchisees in your system simply won't utilize. While nice to have, these bells and whistles often provide an overwhelming amount of unnecessary data and leave the operator with little time to do what they do best, which is operations. You're paying a premium for something you simply won't be using.

Overall, make sure your custom POS system is designed in a way that allows you to build on it. As your system grows, you may need to add new features. If you develop your system with that in mind at the beginning, you'll be able to make quicker, less expensive updates to the software.

BENEFITS OF CUSTOM SOFTWARE

One major benefit of a custom POS system is that the software aligns with your operational flow. Instead of changing the way you input an order to fit an off-the-shelf product, you can create a system that takes orders the way you assemble them. This cohesion between the sale process and product creation helps the business run more efficiently and can even improve speed of sales and employee training time.

Security is a huge consideration for any POS system. With a custom-built system, you can make sure you understand its security inside and out. You don't have to rely on an outside vendor to know how secure your data will be because you can tell your development team the level of security you need. This also provides a building block for future products you decide to develop and integrate with the POS system.

A custom POS system allows franchise systems to have a lot of flexibility as they grow. You can start small with a basic system and add new features as needed or simply update features to adapt as your business changes. To make this process easier, you can get a support contract with your software vendor. You pay a monthly retainer to the vendor, and it develops new features or updates as requested as fast as it can. The vendor can also provide continuous maintenance on the software to prevent any major bugs from appearing later.

Contract negotiation is about risk management, and selecting a third party software partner is no different. You need to ensure it will be around to help support you in three to five years and have a contingency plan if it isn't. Documentation of the source code and how the software functions is critical. You can hire a third party who documents and reviews the software annually to ensure it is functioning as intended. Doing so prepares your business should you have to find someone else to make systemic changes if your previous vendor partner falls out of favor.

When you buy a POS system off the shelf, you may only use 50 percent to 70 percent of the software or you may have to change how you put your product together to fit your system. A custom system allows you to create software that helps you improve speed of sales, cash control and inventory issues. It can also keep general managers focused on the right aspects of the business. A custom POS system is an investment that should pay for itself over time. ■

there may be some features that are impossible to complete within your budget. Choosing a vendor is like choosing an employee; you want a team that fits with your company culture and sees your vision.

WHAT TO INCLUDE IN THE POS SYSTEM

A good custom POS system is so tailored to the business that it works as a guide to running the franchise. Start with a system that helps you create your products. It should be intuitive to ring up your products with a custom system and then build a suite of features around it. Retail businesses should have systems that track inventory, limit theft and provide custom reporting, all with excellent data security. Once you get your basic features set, you can even add modules to track food costs or integrate your training process and scheduling.

Reporting features are critical in a franchise's POS system. A custom system can create reports for the exact parts of your business you want to track, which can help your general managers set and track their goals. Instead of measuring success by whatever reports are available in an existing system, you can integrate the reports you want to use to track success.

Conversely, there are almost always features included in



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