Removing the Sugar Coating

Going 'undercover' helped candy company head see the realities of store processes

by **CRAIG GUILLOT**

It can be hard for executives to really see what's happening in their companies. On-site visits and reports from managers may offer a glimpse, but nothing gives the true experience of working in retail more than actually doing it. When a CEO of a candy company recently went "undercover" at one of his stores for a television show, he discovered problems and inefficiencies stemming from the use of antiquated point-of-sale systems.

Founded in 2007, Rocket Fizz is the largest candy and soda franchisor in the United States, with more than 50 franchise stores and two corporate stores in 18 states. The company sells thousands of old-fashioned and new candies, along with more than 500 varieties of glass bottle sodas, a good portion of which are branded by the company itself and come in such flavors as bacon chocolate, ranch dressing and buffalo wings.

Rocket Fizz also sells celebrity-branded products such as Snooki Wild Cherry Soda and Rowdy Roddy Piper Bubble Gum Soda. The company brings in over $35 million in annual revenues and has a long-term goal of 1,000 franchised stores in the United States along with expansion overseas.

Finding it hard to keep pace with the growth of Rocket Fizz stores, President and Co-founder Robert Powells participated in the television series "Undercover Boss" earlier this year, working alongside a sales associate who introduced him to the business and showed him the reality of working on the front lines of his own company.

TEDIOUS AND LOW-TECH

Powells quickly discovered a lot of organizational and infrastructure problems in stores. First was a cumbersome register that was labor intensive and had "too many but-

tons to push" to ring up customers. He also discovered a large disconnect between the home office and franchise locations, realizing that shortcomings in stores were holding them back. One of the biggest revelations was when Powells received inventory with the franchise owner and realized it

was performed with paper lists that weren't even alphabetized.

"This way of receiving inventory and the type of invoices that arrive with it is rather archaic," he said on the show. "It's slow, time-consuming, tedious and it is taking time away from the store."

Filming the show was an illuminating experience for Powells, as he was harshly awakened to the inefficiencies at franchise locations. In a typical store opening, a franchise would receive more than 25 pallets of soda, candy and other merchandise. And with 3,000 to 4,000 individual products at each location, the simple cash

registers that the company had been using for its first five years in operation simply weren't cutting it.

"It was just cumbersome and not working," Powells says. "They were spending so much time with inventory and trying to manage [so many products]."

MOBILITY AND EFFICIENCY

Powells sampled a couple of POS systems but eventually settled on Lightspeed, a cloud-based tablet platform specifically designed for businesses the size of Rocket Fizz. Lightspeed is used by more than 22,000 companies in 30 countries that collectively process more than $9 billion worth of transactions.

Lightspeed Founder and CEO Dax Dasilva says his company offers a simple solution for complex inventories with point of sale, inventory management, reporting and e-commerce all in one package. Lightspeed Retail handles inventory by accessing mil-

lions of pre-loaded items and allowing users to sort and search them. It also features matrices of item variants and helps suggest individual prices for bulk items. The system can also be used to prepare and track purchase orders, reorder items before they sell out and help create special orders for customers.

With stores spread across the country, Rocket Fizz needed something that would help keep tabs on both company-owned stores and franchise

locations. Lightspeed allows it to maintain oversight on stores with near real-time multi-store analytics and management. It lets Rocket Fizz create a centralized inventory, easily add new locations, set specific selling prices for each item on a store-by-store basis and helps enable transfers between stores.

Another issue is that Rocket Fizz works with a number of different wholesale companies that often re-label and change product names. The sheer volume of products coupled with those regular name changes required the candy company to find a POS system that could track products

through a complex lifecycle.

"Lightspeed allows access to any store to see inventory [and sales]," Dasilva says. "Our specialty is making things simple for retailers with complex inventories."
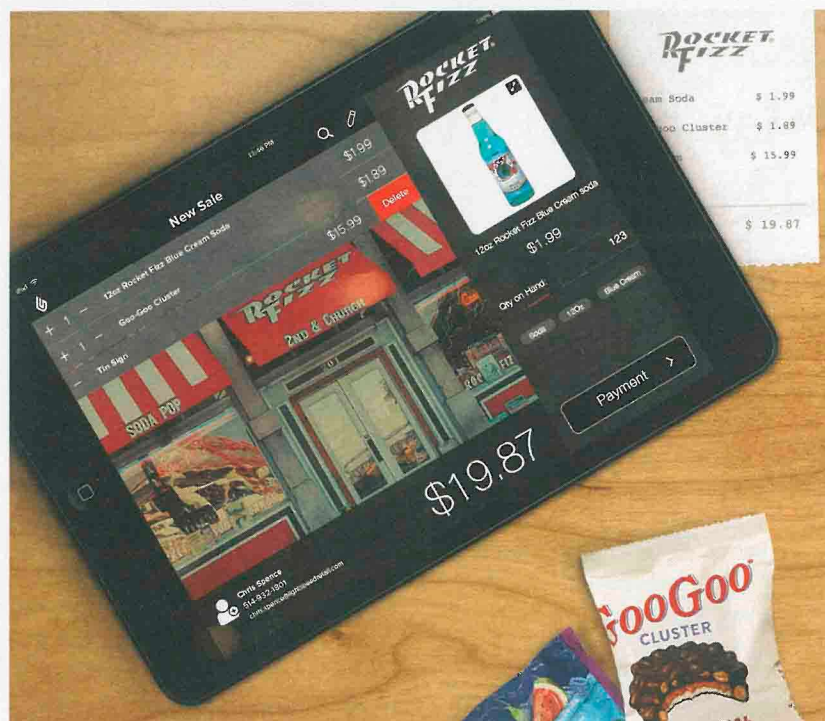
POWERFUL ANALYTICS

Lightspeed enabled Rocket Fizz to realize almost immediate improvements in efficiency. Powells says new stores are receiving inventory and setting up the locations in up to 40

percent less time. The company has transitioned from an antiquated paper receiving system to a digital one that can be simultaneously accessed by multiple users.

"We can use multiple devices and when you have two people doing it at once, it just makes things so much faster," Powells says. "It has really helped to have two POS systems running at once as well."

Dasilva says there has been an ongoing transformation in retail as businesses move to tablet-based POS systems. They are especially beneficial for smaller retailers because they're easy to deploy, cost effective, mobile

and can grow with the business. Multiple POS devices allow a custom store configuration that can change with the season and staffing. The mobility also enables associates to take the entire experience out on the floor and to the customer.

"The modern retailer really wants the freedom and flexibility to try to find what works for them and to be able to really interact with the customer," says Dasilva.

Another advantage is that Lightspeed consolidates the data in the cloud, allowing retailers to harness powerful analytics. The POS system gives users access to unit costs, profits and margins along with shopping insights and reports to analyze sales performance in store layout and product assortment. The system also offers

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employee performance measurements to strategically schedule and task the sales team with detailed reports.

"We're bringing data in the cloud and can offer a lot of analytics reporting, pull statistics out on sell-through and allow you to keep an eye on all of your franchises," says Dasilva.

Lightspeed allows Rocket Fizz to keep a close eye on its stores and sales. Powells says it can take a lot of guesswork out of the equation with the ability to see inventory and sales metrics for every one of its stores. And with cloud-based operation, Lightspeed can also remotely troubleshoot any issues that employees may be having navigating the system.

"When the "Undercover Boss" episode ran … we were able to watch our stores in almost real time [with Lightspeed]," Powells says. "We literally watched the sales rise and even saw our royalties in near real time."
STORES