

t e m p l a

A strategy for effective stores management



CONTROLLING STORES EFFECTIVELY ADDS £££,£££ TO THE BOTTOM LINE

One of the common challenges many contract cleaning companies face is controlling the consumable materials included in the site price to the customer. This typically ranges from a budget of between 2% - 5% and therefore should the company incur an adverse variance to the budget of just ONE percentage, this could result in thousands of pounds coming straight off the bottom line.

“Large materials variances can be located through our monthly P&L reporting, but I need to monitor materials budget commitment at site level before the orders are placed” – Finance Director, London

“The industry needs the tools to plug the gaps in managing inappropriate materials handling on site. Small budget variances across multiple sites can add up to cumulative, undetected losses.” – Operations Director, Somerset

Incorrect materials ordered or delivered, poor traceability of materials usage, the burden of keeping duplicate manual records prone to data errors, the inability to manage budget commitment control at the point of order placement; all these situations impact the company’s ability to correctly determine, manage and analyse consumable materials budgets and their variances effectively.

This document will highlight the principles contract cleaners can employ to increase their bottom line by introducing effective integrated stores order control.

1) PRO-ACTIVE PROCUREMENT – STOP OVERSPENDING BEFORE IT STARTS

Overspending is best reduced before any commitment is raised to your suppliers. By employing a pro-active process which takes into account **Current Actual Spend, Budgeted Spend and Variance**, you eliminate the overspend before it happens. There is little use in finding out that you have spent too much in August by reviewing your management reports in September.

Pro-active procurement systems should not be paper or spreadsheet based or rely on much manual intervention by staff. This only opens the process up to errors and wastes time & money. If overspending needs to take place it is important that your system informs Management and invokes review and approval.

WARNING

Excel is a great tool but be careful that your business does not become dependent on too many spreadsheets and more importantly, on only a few people knowing how they work! - Managing Director, Hampshire



2) KEEP INFORMATION IN ONE DATABASE

How many of these items am I allowed to order for this contract, per month? Are these items included as standard or are they rechargeable? What is the mark-up to the customer for these items? How much of the budget is left for this contract? Has anyone else ordered for this site this month?

If staff have to jump between Excel, Word or any other system to find answers to the above few questions, lots of time is being wasted and errors will occur. To control stores effectively, this information needs to be available from one system without any need for manual calculation and capture.



3) APPLY WORKFLOW TO EACH ORDER

It is good practice to employ a workflow process which ensures orders are reviewed and approved before being committed on the supplier. Indeed, many companies adopt ISO quality standards for their business and a key principle of most standards is to instil continual improvement, with the ultimate objective to raise customer service levels and their own bottom line profit. Directors and management should have the ability to review in real-time Actual vs Budget Spend, across all cost headings on stores orders. Access to rolling annual and period spend analysis per site across the company's reporting structure (e.g. region, area, contract manager, etc.) will allow effective decisions to be made before the order is sent out to suppliers. Integrated workflow processing which invokes automated authorisation will reduce adverse variances on materials expenditure.

4) GRN, INVOICING & APPROVAL

To complete the process a system should be in place which allows users to update when items have been delivered. Accurate receipting allows accurate invoice matching to take place when supplier invoices arrive. If the product or quantity does not match the original stores order, or the invoice price does not tally, a system should be in place requiring the invoice to be sent for approval, so that actual approved costs are then reflected on the site P&L.

The receipt and invoice matching process then enables the company to track outstanding orders and commitments, as well as having an accurate source for month end 'goods received not invoiced' accruals.

5) AUTOMATIC RECHARGING

Having to look at spreadsheets to find out what needs to be recharged to customers is inefficient. A system which automatically recharges stores by combining it with your normal invoice runs is ideal. This reduces the chances of forgetting to charge your customer or charging for the wrong items.

6) QUICK ACCESS TO REPORTS

How many mops have we bought in the last 6 months? How are they split by region, manager, customer, site and contract? How does that compare to last year and the year before?

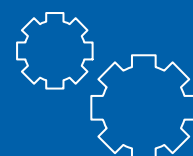
Materials product analysis by supplier, by period/year
Supplier KPIs for short-shipments, product replacement, on-time delivery
Consumable materials variance analysis and rechargeable materials margin analysis
Full drilldown to invoices, receipts and orders

All of the above analysed across the company's reporting structure in real-time; this is what Directors and management need from a system to offer pro-active analysis and enable effective business decisions to be made.



Templa Computer Systems understand the challenges many contract cleaning companies face. We provide a unique service to the industry by combining our knowledge, skill and technology to improve bottom line performance.

Our next publication will be available at the end of October 2009 and focus on a strategy to ensure you pay your employees the **Right amount, on-time!**



more about templa

TEMPLA-CMS



Templa-CMS is one complete solution designed for contract cleaners, in conjunction with contract cleaners. The system delivers improvements in **efficiency, productivity & profitability**. It is designed with a **'One-Touch'** approach, for all departments, ensuring everyone always has the information they need on one screen. Most companies use multiple systems to run their operation which causes much time & money wasting. Written in the latest technology it will be a lasting solution for any contract cleaner, small or large.

TEMPLA-ACCOUNTING



Templa specialise in the supply of market leading back-office accounting systems. We can supply an accounting package as a stand alone application or integrate it to all your business applications. This makes Templa different, we ensure that all our solutions are 'one complete' package for your business. After evaluating the market two systems were selected; **Access Dimensions & IRIS Corus**. They provide the technological advances we need to provide leading solutions.

TEMPLA-BESPOKE



Templa specialise in providing a full range of services for bespoke application developments, from tailored packages to complete integrated system builds. This includes project evaluation, system design, programming, acceptance testing, implementation, project management, training and ongoing support. All development is undertaken within our ISO9001 and TickIT quality management environment. Applications can also be written in a variety of different languages.

TEMPLA-AIMS PLANNING



Templa-AIMS Planning is a unique tool designed to cater for the full range of campaigns common in the commercial radio industry, including standard airtime, sponsorship and promotion. AIMS-Planning is a modern .NET based solution which is fully J-ET compliant. It maximises the efficient build of campaign plans while allowing flexibility for alterations. The system includes a full workflow module to minimise the paper chase which includes all elements needed for the international commercial radio market.

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