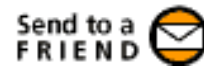




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## Saving money is music to JB Hi-Fi's ears



### Introduction

Founded in 1974 with a single store in the Melbourne suburb of East Keilor, JB Hi-Fi has since grown to 26 stores with sites located in most Australian states. JB Hi-Fi is now one of Australia's largest and fastest growing home entertainment product retailers, operating from stand alone destination sites and shopping centre locations.



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Between 2000 and 2003, the company opened 16 new stores.

It plans to open at least five new stores in the 2004 financial year. Part of the company's success can be attributed to its discount philosophy, which is illustrated in the stores, which have a warehouse look and a bargain atmosphere.

### The Challenge

Like any retail outlet, JB Hi-Fi does regular stock takes to determine how much stock has been sold, what needs to be replaced, which items are best-sellers and so on. These stock takes are done on the same day at the same time at each of JB Hi-Fi's stores. In the past JB Hi-Fi used a manual, paper-based system to perform stock takes. JB Hi-Fi would have to close all the stores for up to a day at a time, even with every staff member helping. This resulted in an up-front cost of \$50,000 and further costs in the loss of trading time.



The manual system was prone to errors, with staff sometimes writing down the wrong product codes or losing count of the number of products. This resulted in stock take results that were not accurate, costing JB Hi-Fi money in terms of decisions made based on inaccurate results.

"Doing stock takes manually was a nightmare," said Geoff Craig, National IT Manager for JB Hi-Fi. "Trying to keep track of more than 150,000 individual product codes using pens and paper was extremely difficult. After spending days collecting the information at the stores, we then had to spend a week at head office collating it, before we had a clear picture of our true stock levels. It was a very inefficient and ineffective way of working."

JB Hi-Fi knew that a solution was required to not only reduce the time involved in completing stock takes, but also to ensure that the information obtained was completely accurate.

"We needed to find a technology solution that would save time and labour and, as a result, money," said Craig. "It was essential that we be able to complete the stock takes more quickly so the stores experienced less downtime. It was also very important that we be able to get those results back to head office immediately so that they could make business decisions in real time."

After reviewing a number of handheld scanning devices on the market, JB Hi-Fi still hadn't found an appropriate solution.

"We reviewed a device that was attached to a cable, but the cable's maximum length was 15 metres, which was nowhere near enough to cover the large floor spaces we have in our stores," said Craig. "Then we reviewed a number of Radio Frequency scanners, but none of them were suited to our needs because this type of solution would require twice the amount of staff compared to a scanner using batch mode. For example, a staff member would be scanning items on display while another staff member would remain at the terminating PC to monitor the scanned items for error. We needed a cordless solution that could be flexible, work anywhere in the store and we needed the handheld devices to be really tough to cope with shop floor conditions.

JB Hi-Fi worked with existing business partner WARP Systems to find the perfect solution. As Symbol Technologies' exclusive Australian Master Distributor, Warp was ideally placed to find the best mix of software and hardware to solve JB Hi-Fi's stock take problems.

## The Solution



Warp Systems (through a value-added reseller) and Symbol Technologies came up with a solution based on Symbol's [P460 memory bar code scanners](#). These rugged, flexible devices are used at the point of sale (POS) and on the shop floor. This device is designed with a comfortable pistol grip to minimise fatigue even when used for extended periods, they handle extreme ranges of temperatures and climates and can withstand drops to concrete floors. They also offer the flexibility of choosing between inventory data collection using the wireless batch mode, or point of sale data collection using the cabled real time mode.

Using the Symbol devices, JB Hi-Fi staff effortlessly scan product bar codes during stock takes. The product information is retained for batch processing at a central kiosk within each store. This information is then collated at the store before being automatically sent to head office, drastically reducing the amount of time it takes to get this information through. Because the information is scanned rather than manually counted and written down, the system has eliminated errors in stock take information.

The devices are also used as POS scanners within the stores. This saves JB Hi-Fi money on implementing an entirely different POS system, and removes the need for complex integration between POS data and the data obtained during stock take.

## Benefits: assistance from professionals along the way

Two months after deciding a technology solution was warranted, the Symbol implementation was complete.

"The people at Warp Systems and at Symbol were fantastic, and they really helped drive this project through to completion," said Craig. "We had to integrate some third party software to round out the solution. Warp had one of their in-house software developers tweak one of their existing stock take programs, and this was then uploaded to the P460, but even that was achieved smoothly and easily.

"We had specific goals in mind when we decided to implement this solution, and they centred around saving time and money. We've managed to exceed each of our goals – a great result!" he said.

Before implementing the Symbol solution, it took an excessive and costly amount of time for JB Hi-Fi to complete a stock take. This meant that the stores around Australia were closed for this period, costing the company hundreds of thousands of dollars in lost sales.



Using the Symbol solution, JB Hi-Fi can now complete the stock take in less than six hours.

"Reducing the labour costs and downtime associated with stock takes was really important to us," said Craig. "By ensuring the stores are closed for around a quarter of the time they were closed previously, we are minimising the risk to the business of missing out on potential sales."

## **Stock take sings with Symbol**

This decreased downtime, as well as the corresponding decrease in labour costs, means JB Hi-Fi is now able to save hundreds of thousands of dollars on each stock take. That translates to a saving that can be measured in the millions of dollars per year.

"Stock takes are a very expensive yet necessary part of the retail environment," said Craig. "To be able to make such significant savings in this area gives us an advantage over our competitors, and allows us to continue selling products at discounted prices."

Despite more than doubling the number of stores around Australia since implementing the Symbol solution, JB Hi-Fi has managed to contain the costs related to stock take. The number of stores across the country has increased from 12 to 26, yet the aggregate cost of stock take for the company has only increased by 10 per cent rather than doubling as it might have without the technology.

## **Vital business data for strategic planning**

An additional bonus of the Symbol solution is that it enables JB Hi-Fi to produce detailed, accurate information about current stock levels, sell through rates, gross profit achieved, and sales staff performance. A secure network between the stores and head office facilitates the exchange of information. Store managers and staff receive daily reports combined with live data, to give them real time information and alerts that help them do their jobs more effectively.

## **Tough, reliable, user-friendly devices**

The solution has minimised headaches for the IT department, too. "We have upwards of 240 of the Symbol devices deployed in total, with eight to 10 in each store," said Craig. "The devices are so rugged and reliable that less than five per cent of them had to be sent back to Symbol for repair – and even these instances were caused by incorrect usage. These devices can be subjected to rough treatment in the stores, so it's a great comfort to know we can rely on them not to break every time they're dropped."

The Symbol devices are very easy to use. JB Hi-Fi's staff required minimal training to get up and running with the solution. The IT department created a procedure for the use of the devices and staff have had no problems adjusting to the new solution. Third party software integration is also very straightforward, meaning JB Hi-Fi was able to start seeing the benefits of the solution very quickly.

JB Hi-Fi now has a handheld solution that has dramatically improved the way the company executes its regular stock takes. Labour costs have dropped, store downtime has decreased and efficiency and profitability have increased. Improved accuracy and better reporting enable JB Hi-Fi to more easily manage the flow of stock – creating an essential competitive advantage.

