

Secondo Store – Case Study

Detailed System Description

Preliminary System Description

Secondo Store has been operating since 2009, and is run by Dan Summers. Dan has provided the following preliminary information about the system he would like you to build, and is looking forward to meeting your team at the first interview you have organised.

Secondo Store is my retail clothing recycle store located at Clayton Road, Clayton. We specialise in seconds, sample and pre-owned Designer, Vintage and Mainstream clothing, shoes and accessories for ladies.

Over time, we have developed a broad and loyal customer base, with most of our customers being females aged 25-60, who return to our store regularly. We have also developed a strong presence in the local area and undertake a range of advertising and marketing initiatives (such as print advertising, direct SMS communication, Instagram and visual merchandising of our windows) to further build and engage our customer base. We have also established good manual, internal business processes, but feel that the timing is right to automate some of our processes as many of the things we do are very time consuming.

We take stock from individual clients who want to sell their second hand clothing, shoes, etc. and business clients who want to sell out of season stock. We take their stock on consignment for 8 weeks, taking a commission on any sales made. Our stock is all currently managed manually. For the new system, I want to focus on automating all the processes associated with the stock. This includes automating processes such as trying to source stock from clients, marking stock down if it does not sell, returning stock to my clients if it does not get sold in the 8 week period, and paying clients if their stock does sell. I would like the new system to help me manage all these processes, so I know exactly where I am with stock at any given time.



Detailed System Description

Currently, when a client walks into the store with their stock, the first thing I do is to **check if they are a new client**. If they are new, I get them to **complete a client form** - either business or individual (see Client Forms in the Sample files folder), allocate a client number to them, and put their details in a spreadsheet (see Client Spreadsheet in the Sample files folder), so that I can easily find client details when I need them. I **give them a Secondo client card with their client number** on it. They must have a registered PayPal account to facilitate payment for their sold stock, before I will accept any stock from them. I **get their Paypal ID from them**.

In the new system, I would like them to do this **registration process online** so that they can see the status of their stock at any given time. This will save me time, as I won't have to deal with endless queries on the phone. Once they **register and their account is active**, I would like them to be **able to login** to view their **personal details and change their details** at any time if they need to, **change their password** if they want to, and **view their stock history**. For each stock item they have given the store they should be able to **see a complete description of their stock item** and the **history of that particular stock item** (e.g. markdowns, sold, returned, etc.) and anything else you think is useful for them. They should not be able to delete their account. If they want to **delete their account**, they **should put in a request to me**.

The first thing I do when **processing new stock**, is review the stock to **check its suitability** for sale in my store. If I think it can sell, I take it on **consignment**, **give the item a stock number** (this number **includes the date** it was put in the store), and **complete the consignment form** (see Consignment form in the Sample files folder). I also take a photo of the item, and **staple it to the form**. Sometimes I take a few photos to get all the details (such as a close up of the tag or logo). I then **put the consignment form in the 'Consignment folder'** in stock number order, and put the stock on the shelf/rack. The client pays a 10% (of the asking price) stocking fee per item. This must be paid in full before the item will be stocked. If the client has brought in a number of items, I just **give them one receipt for payment of all the stocking fees** for all the stock they have brought in at that time. I would like all stock information stored in the system, and for accounting purposes I need to know the payment details as well.

I would also like to help my clients **decide on a sale price and markdown schedule** for their stock. I want to be able to **search the system** to **find similar items and check their selling price and markdown history**, to help give my clients better advice.

I would also like to **email all my clients requesting stock** when I am running low in the store. Again I would like this done automatically based on the number of stock items currently in the store. It would be good if we could set up some **sort of email template**, and then maybe the system could do some sort of **mail merge** with the client data and **send out personalised emails requesting stock**. I would like to **keep track of the email notifications** sent to clients. I would also like to **look at the number of stock items** I have of a particular brand, as I often get queries from customers about whether I have particular brands in stock. They sometimes also enquire about a particular stock type e.g. pant, blouse, etc.

If an item does not sell, I generally mark it down to try to sell it. All stock markdowns are done manually. On Monday each week, I go through the 'Consignment folder', and mark down stock based on the client's markdown schedule for the item. The schedule is agreed upon when they hand over the stock. The standard is that the item is reduced by 10% each week, and I write it on the consignment form, but some clients request not to have their stock marked down. So basically, I start with the current date and the sale price, and then write down the expected markdown dates and the markdown sale price, if they are willing to markdown the item. This should all be automated. If I move the location of the item (e.g. to the Bargain Bin section), I change the shelf location on the consignment form as well. When an item is marked down I write the date on the consignment form, so that I know that it has been marked down, and because sometimes it is done on a different date to the one specified in the schedule. This process is extremely tedious and very time consuming. It would be great to have printed a report of all the markdown items, which includes an item description, location of the items in the store, and new price stickers. That would make the whole mark down process much, much easier.

My sales process is currently automated, and I print out the Daily Sales Report (see Daily Sales Report in the Sample files folder) at the end of the day and add the sale price and date of sale, to the consignment forms for all sold consignment items, and move the forms to the 'Sold folder'. Once this system is implemented the sales system will integrate with this new system, and update the new system with sales information - sales ID, sale price and sale date as soon as it happens.

At the start of each week on Monday morning when the store is closed, I do all the administration. I use PayPal to pay the clients for any of their items that were sold during the previous week, and move the consignment forms to the 'Paid folder'. The amount paid to the client is the sale price minus my commission for the sale. This commission is 20% of the final sale price for individuals and is a negotiated percentage for business clients, which is decided when they first become clients. Customers are told that they cannot return stock, so we do not have to manage returns/refunds.

On Monday each week, I also remove all stock items that have not sold for 8 weeks. I move the relevant consignment forms to the 'Unsold folder' and email the client to organise pick-up of their stock, and let them know that if they do not pick up their stock in approximately 4 weeks, I will donate the stock to the Salvos. I put the final 'pick up date' on the form. When the stock is picked up, I enter the 'collected date' and move the form to the 'Collected folder'. Again, I would like some of this to happen automatically. Maybe the markdown report can also include the items that have to be returned to clients.