

## C-Stores Taking Stock of Themselves

### Automation, Normalization and Documentation are the Keys to C-Store Success

By Tim Gaumont, *Industry Practice Manager*

Trends in the Convenience Store (C-store) industry are pressuring many organizations to conduct thorough reviews of internal procedures in the hopes of discovering new ways to streamline operations or cut costs. How can established C-store chains deal with rapid growth and expansion? Are there innovative ways to optimize same-store revenue to fight shrinking margins? What level of procedural controls are necessary to anticipate and adapt in an industry where constant change is the norm?

#### 3 Major Trends

2004 was dominated by three major trends in the C-store space: rapid growth and expansion through mergers, acquisitions or entry into new markets; shrinking margins, especially on food and tobacco products; and increasingly volatile markets caused by a slowly recovering economy.

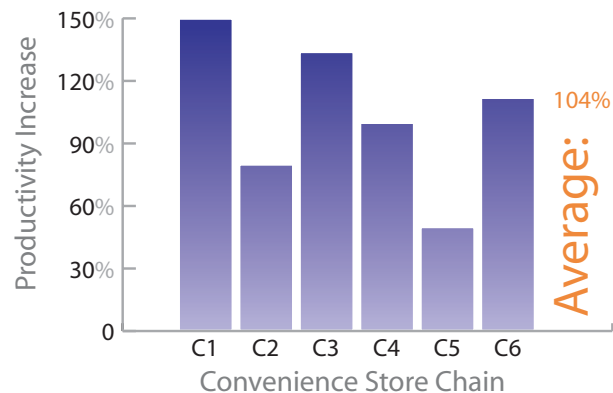
More and more, businesses are relying on improvements in same-store revenue to meet budgetary expectations. Many stores are introducing fresh, innovative food offerings, including marketing campaigns tailored to specific geographic or demographic audiences. Others are adding or expanding on gasoline offerings to accomplish this goal.

#### Taking Stock

Smart organizations are taking steps in the back office as well – analyzing business operations in order to determine where opportunities for savings might exist. Any solid growth plan in the C-store space must include analysis of internal financial lifecycles to maximize the benefits that are associated with the **automation, normalization** and **documentation** of financial processes.

#### Automation

Automating routine financial processes such as reconciliation, financial data delivery and reporting provides dramatic benefits to those in the C-store industry. Operational efficiency and worker productivity are increased, human error is eliminated from the data lifecycle, and savings are seen through a reduction in write-offs, fees and other costs (both external and internal).



In an internal study of six C-store chains, with between 200 and 4,000 stores each, that automated the reconciliation process, improvements in productivity were seen by all for an average 104% increase.

Opportunities abound for C-stores in particular to find innovative ways to create savings through automation. Many are choosing to automate credit card reconciliation in-house rather than via a clearing house. This has the dual benefit of eliminating expensive fees charged by the clearing houses and providing corporate analysts with the data necessary to further optimize operations. Others are looking to their reconciliation systems to automate nontraditional transactions such as lottery tickets and fuel delivery.

#### Normalization

Complex auditing requirements like the Sarbanes-Oxley Act of 2002 are also influencing financial lifecycles for large, publicly-traded convenience stores such as 7-Eleven,

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Circle K and Pilot Travel Centers. These organizations are standardizing business procedures in order to ensure compliance with the new guidelines. The trend of standardization will also trickle down to smaller C-store chains, as the benefits of operational normalization provide an important foundation for expansion.

When evaluating automation solutions, C-stores should pay special attention to the lifecycle of their data once it enters a particular system. Compliant solutions will provide a “closed system architecture” that both consolidates and insulates data from external manipulation or corruption. The key here is to find a solution that provides the right mixture of data protection and flexibility to accommodate daily processes and organizational growth. Superior architectures will feature rules-based system designs, complete audit trails on system data, and permit the implementation of unique business rules based on location, volume, user or other criteria – without a reduction in overall visibility or control.

Some organizations are creating efficiencies in other areas of operations by automating the daily collection, aggregation and validation of financial data before it is even loaded into their systems. The most successful implementations of this model will provide businesses with account data from a wide variety and number of banks by offering several different format and pricing options without compromising data quality or timeliness.

### **Documentation**

Effective reporting, analysis and documentation strategies will make or break the ultimate success of any automation solution. Once key processes have been automated and data lifecycles normalized, it is important to analyze the information being gathered to gain insight into business trends and reduce exposure to fraud or risk.

The right documentation, reporting and analysis tools will benefit C-stores in very real terms in a very short period of time. Analysis of banking trends often leads to consolidation of accounts and reduction in fees, while looking at internal business trends can lead to reductions in fraud or improvements in corporate policy that can result in the elimination of unnecessary write-offs.

Effective systems will provide actionable business intelligence and efficient methods for distributing this data to key field personnel. Solutions that also monitor and report on operator access and permissions will support necessary audit documentation.

### **Summary**

*“The measure of success is not whether you have a tough problem to deal with, but whether it’s the same problem you had last year.”*

C-stores must take stock of themselves if they are to effectively deal with the challenges posed by a complex and quickly changing industry. Implementing efficient processes that result in actionable business intelligence will provide another source of revenue and lay the foundations necessary for growth. When evaluating back-office solutions, C-stores should look for key features and benefits in these areas to ensure maximum return on investment:

#### **Automation:**

- Increase operational efficiency and productivity
- Reduce unnecessary write-offs and other expenses
- Eliminate human error from processes

#### **Normalization:**

- Consolidate and insulate data from corruption (“closed-system architecture”)
- Flexible, rules-based system design
- Full audit trail to support compliance documentation

#### **Documentation:**

- Capture and analyze business metrics
- Improve communication with field offices
- Demonstrate compliance

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