

April 1999

ADVANTAGE

BUSINESS COMPUTER SYSTEMS

(903) 636-5200 Fax (903) 636-4674

Pasco Ranch and Home

George Dress, the founder of Pasco Ranch & Home, is the son of Greek immigrants. The Greek people were told the United States was so rich, you could walk out into the streets and pick up gold. So they sewed extra pockets in their coats to carry all the gold back home. George's father had no intentions of returning to Greece, but George's mother sewed pockets in her coat, just in case they returned to Greece after all.



While living in Albert Lea, Minnesota, George started investigating different areas for building a farm supply store. In Pasco, Washington, he found all the elements he was looking for; a growing economy and agriculturally based area with an airport. In 1974, George built Pasco Ranch & Home Supply. He ran it remotely from Albert Lea for approximately 14 years. The store started with 15,000 square feet and an average of 37 customers a day. In 1988, the store was sold to a restaurant chain. When the owner wanted to sell, he contacted George. George and his two sons, Bill and Jeff, purchased the store back in 1990. At that time, Bill moved out from Albert Lea to run the store. They added on an additional 15,000 square feet to the store. The store is now 30,000 square feet with an average of 375 to 400 customers a day and 50 employees. Around 1992, George, his wife Mary and Jeff, moved to Pasco from Albert Lea. They are currently working on building a second Ranch & Home store in Oregon with approximately 56,000 square feet.

The whole family is very active in the community. They help sponsor many groups and events, such as the 4-H and FFA groups, Jr. Livestock Show,

(cont.)

Newsletter

P O Box 421
Big Sandy, Tx 75755-0421

Inside News.....

*Letter from our
President....*

*Sales and Marketing
Update...*

*Frequently Asked
Questions...*

Timely Connections...

Employee Fraud....

Advantage Academy...

the local Fair, National Rodeos, and much more. They also work with the local arena by sponsoring events, and selling the tickets out of the store.

They still do business on a good reputation and handshake deals. Pasco Ranch & Home will be celebrating their 25th anniversary this April. In the past, this means special attractions, such as pony rides, children's games, cattle roping lessons, ostriches, local fire-stations, police K-9 units, clowns, plus special sale prices and giveaways for their customers. A "Customer Appreciation Week" later in the year will be a repeat of the festivities.



Their radio jingle says, "WOW! Holy Cow! What a place. Pasco Ranch & Home, if I'd only known. They carry everything under the sun, something for everyone. Come in and see what you've been missing, at Pasco Ranch & Home." They stock automotive, electrical, hardware, and plumbing supplies. They also carry a full line of truck toolboxes and lawn and garden needs. They offer a wide variety of western apparel, everything from fine dress clothes to work-wear, whatever you need from head to toe. Pasco also has over 5,000 pairs of western and work boots on hand. They have a Tru-Value rental department. They supply a large line of animal health and tack needs and carry livestock handling equipment, including a full selection of fencing. Pasco carries a large selection of wood/pellet stoves and is the largest supplier of enclosed and utility trailers in eastern Washington.

Expansion of the facilities and business growth made a computer system a necessity. The Advantage System is the answer to their need for efficiency and excellent customer service. In the three years Pasco Ranch and Home Supply has been using the software, they have found the Advantage employees extremely helpful and always cheerful. George says, "We have had a few blackouts during store hours (the reasons are a whole other story), and Advantage walked our nervous office staff through the dark ordeal to save our daily work. It is always nice to know if we have a problem or concern with our software or system, Advantage is always there to help us through it."

From the Desk of the Vice President of Sales and Marketing: Gregory Cuke

I have spent a lot of time on the road, attending trade shows. This year for the first time I visited Canada where we participated in our first Canadian trade show in Saskatoon, Saskatchewan. We received a warm reception from the organizers, and, in fact, brought home an award for the best booth. The weather on the other hand was a little cooler than I have ever experienced. On the morning that I was leaving Saskatoon, it was 11 degrees F, and the lady at the hotel said that the mild weather was about to end as they were expecting a cold front! Despite the weather conditions, the show was a successful one for us. We sold one system just before the show, then two more at the show, and picked up other leads as well.

I would like to thank all of you who visited our booths just to say "Hi", or to introduce yourselves. I met a lot of our older customers, and it is always gratifying to hear that you are doing well and enjoying the system. I would also like to thank you for the good leads and references that you have provided us. Yesterday I talked to a man who said that he just had to see our system because one of his friends had recently converted, and was always talking about how great it is. Thanks.

From the President's Desk:

By the time this letter reaches you, we will have another session of the Advantage Academy behind us. Advantage never charges for seating at our classes, so it makes this one of the cheapest things available to you to improve your business. We have over 70 students registered for this session, and anticipate several more prior to class time. We are proud, once again, to see registrations for students from Best Electric in Tulsa, OK. The Welbourns, who were featured in last month's newsletter, are poster children for continuing education. They attend training practically every time. Consequently, Leroy and his team utilize the system well. They will tell you that the greater your ability to run the system, the greater and faster return on your investment occurs. Trust me, I don't know anyone who purchased a system just so they could be like the guy down the street. It was to make more money. For those of you who are not sending representatives to training, you are passing up the quickest way to add to your bottom line. An additional perk from attending is the exchange of ideas with other users, and sharing the creative ways that they are using the system in their stores. (WE DON'T CHARGE ANYTHING FOR THIS EITHER).

Changing subjects now:

"Y2K"

These three little letters have caused more concern for more people than any other three that I have seen in my lifetime with the exception of "war." I have heard everything from "we won't have electricity" to "our money will all be locked up in the bank, and we won't be able to get to it" to "don't be on an airplane." I'm not sure I will want my luck and be on a plane when the clock rolls over. I don't know who started this wildfire, but I, for one, am tired of hearing about it, and I'm even in the computer business. The things to know concerning your Advantage system are:

- 1) If your computer is not a Pentium class machine (newer than a 486) you will need to upgrade.
- 2) If your operating system is a version earlier than 5.05, it is not 100% guaranteed to be Y2K compliant. There is expected to be a patch available for some earlier versions, and some will need to be upgraded.
- 3) If you are still on the "Basic" version, we will not be supporting any unknown problems related to Y2K. We do not charge anything for a copy of the "Database" version. It is time to upgrade.

If you have any questions about upgrading to the "Database" version, please contact either me at extension 229, or Dian Baird at extension 242. We will be happy to help you evaluate your system, and determine the best procedure to get you where you need to be. This is not a situation to get panicked over, but it is time to get done whatever is required to get yourself compliant.



By the way, I've stored up 2 tons of wheat in my closets. Can anyone tell me how to make flour out of it?

Scott Stanford

Frequently Asked Questions:

Q: How do I update my beginning balances in the General Ledger after I have made all of my year-end adjusting entries?

A: Go to the General Ledger > Administrative Menu > Update beginning balances from alternate area. By entering the path to your year-end area, the system can calculate new beginning balances for the current year. There is a “How to reference files” document on how to complete this procedure.

Q: Are the General Ledger period closing dates important?

A: These dates, which are found on the second screen of the General Ledger > Administrative Menu > G/L header configuration, are used by the system to determine your fiscal period date ranges. When closing the General Ledger periods, you should be entering the last day of the period as the closing day rather than the actual date you closed the period.

Q: After closing the fiscal year, do I need to do anything to the General Ledger period closing dates?

A: Yes, you need to make sure that these closing dates reflect the current year. Go to General Ledger > Administrative Menu > G/L header configuration, screen 2 to update these dates.

Q: I received an Accounts Receivable payment with no account name, only an invoice number. Is there an easy way to find the correct customer account when I post the payment?

A: In Accounts Receivable > Posting procedures > A/R payment posting, on the customer selection list, press [F7] for invoice query. Enter the invoice number and press [Enter]. Enter the amount of the payment received and press [F10] to continue to the customer’s detail screen.

Q: How can I enter a refund I received from my insurance company, so I have documentation for the deposit?

A: In Accounts Receivable > Posting procedures > A/R payment posting, on the customer selection list, press [F6] for miscellaneous income entry. The debit side of the entry will default to account you have configured for cash or check. You must then enter a general ledger account number for the credit side of the entry. The credit can be distributed to multiple accounts. Press [F10] to proceed.

Q: How do I create past due letters?

A: The Accounts Receivable > Report menu > Create past due files creates the files necessary to create past due letters. After you create the files, you need to move them to the word processing directory by going to Other Options > System command prompt and typing in the command “pastdue.” Return to the menu and go to Word processing to merge print the letters. There is a document in the “How to Reference files” that contains complete instructions.

Q: Is there an easy way to see the original invoice when I am posting a payment to the customer?

A: In Accounts Receivable > Posting procedures > A/R payment posting, highlight the invoice on the customer’s detail screen and press {F9} twice.

Timely Connections with Herb Matatall

Wouldn't it be great, if you were to come back to your business after a short vacation, and found out that one of your employees handled a crisis as well (if not better), than what you could have done. It would make me feel good, how about you?

Yet, in reality what really happens is more in line with the following. You went on vacation, and you didn't train anyone to handle even the most trivial of support issues. Then to make things worse, you didn't give your employees access to any of the areas that are needed to solve the problems.

Examples of some of these situations are:

How to configure/reconfigure a terminal
How to take down the system.
How to start your print spoolers
How to put a tape in your tape drive
How to program/reprogram your modem
How to load paper in your printer
How to re-configure/configure your printer
How to do your monthly rootbackup (Bootroot)
Reset a failed end-of-day
Reset a failed end-of-month
Root password

An issue that could have been resolved quickly, if the employee had the proper tools and training is now a major issue. Is this your store?

These minor issues sometimes become major obstacles for the stores that we support over the telephone. To prevent potential problems each store should have more than one person trained in the above basic procedures. These precautions will save your company time and money in the end.

Comment Lines

How easy is this to do? It is one of the easiest things that you can do in system utilities. I will give you an example of what I am talking about. This is what your "sysut" (on your Database) looks like. You have a terminal that is down and you want me to get it unlocked. What location is it in and who is using it?

The problem.....

ttya01
ttyA01
ttyA02
ttyA03
ttyA04
ttyA05

The solution.....

ttyA01 Advantage Modem Port
ttyA02 Marks Terminal - Front Office
ttyA03 Marge's Terminal - Rear Office
ttyA04 Boss's Terminal - His Office
ttyA05 Cass's Terminal - Front Office

The accurate comments are good identifiers for your support people. It helps to reduce unwanted errors by updating these lines, and we do appreciate it.

~~What's~~ Who's Effecting Your Bottom Line?

Big box competition, increased inventory costs, climbing overhead expenses, etc. are commonly known and discussed contributors to decreasing bottom lines. The challenge of discovering a means in which to control what appears to be uncontrollable is stimulating conversation. Stories of successes encourage us to keep hoping that “there is a way” to not only make money, but to actually get to keep some of it also.

A much less popular topic of “bottom line” conversation occurs when we discuss employee theft. Although we all know about it, addressing it is quite a different issue. Theft happens! Statistics prove that 20% of your employees will steal from you, regardless of what you do to prevent it. Another 20% will never steal from you and the remaining 60% will generally not steal, but given opportunity and the need, they too will steal. Whether we are talking about stolen time...”milking the clock”-type issues, inventory or money, they all affect your bottom line.

The statistics are startling. Each year businesses lose approximately \$40 billion to employee theft, according to the US Chamber of Commerce. Smaller businesses are much more vulnerable to theft or fraud than their larger counterparts, according to The Association of Certified Fraud Examiners in Austin, Texas. Businesses employing less than 100 employees are victims of fraud more often than larger corporations. Although smaller companies are less able to absorb the loss, the numbers show that they are taking almost as much of a hit in the case studies. A survey by the ACFE reported 2500 cases of employee fraud totalled \$15.0 billion. Smaller businesses had a median loss of \$120,000.00, while their larger counterparts sustained median losses of \$126,000.00.

Businesses employing less than 100 employees are victims of fraud more often than larger corporations.

With the rise of credit and other debt, the financial burden of many employees is increasing more quickly than their take home pay. Looking at the statistics, even the 60% group now have the motivation to step over the traditional lines of company loyalty. Rationale runs rampant when an employee needs more and the employer is not offering them what they feel they “deserve.” The atmosphere is ripe for direct hits to your profit dollars.

If embezzlers or thieves had a visible characteristic we could identify, we would have no worries. They could be quickly identified and addressed. Worst yet, statistics again tell us that in most cases of fraud the long-term, trusted employee is the most likely to betray that trust. Recognizing that even the “nicest” employees may lay aside better judgement when confronted with need and opportunity, prudence demands that policies and procedures be established to preclude the possibility of theft or fraud. Preventing losses starts here. We know you are wearing too many hats now to do the job you know you should, but if the money is gone, you will have plenty of time to reconsider all of the things you could or should have done.

Things You Can Do Today To Protect Yourself

Establish a hierarchy of cross-checks in your accounting practices. Redefine any procedure that allows the person who does the work initially to also reconcile the work. Breakup any footholds where autonomy or isolation have allowed an employee to establish his own undocumented and unaudited procedures. Establish written procedures and solid audit trails for all procedures. Unexpectedly monitor compliance with the procedures. Forced time off, cross-training, or temporary job switches can reveal potential problem areas. Be particularly suspect of any employees who resent intrusions into their areas of responsibilities.

ACCOUNTS PAYABLE:

- 1) The person who creates vouchers, writes checks or makes purchase orders should not be allowed to create new vendors. New vendors should be scrutinized and their validity confirmed through reputable sources prior to any purchases or services being allowed.
- 2) Any person who writes checks, signs checks or makes deposits should not be the person who opens and reconciles bank statements. Forged signatures, out-of-sequence check numbers, unauthorized expense checks, unsupported deposit amounts, etc. should be targeted by a person who had no initial involvement.
- 3) Never sign checks without reviewing corresponding invoices. Randomly call the vendors to confirm the invoice.

ACCOUNTS RECEIVABLE:

- 1) Balancing of payments and non-payment adjustments applied to A/R accounts against monies deposited and the audit trail of non-payment adjustments should be done by someone not involved in the posting activity. The A/R Application Register provides the audit trail. Do the payments posted balance to the payments deposited? Are there solid explanations for all non-money adjustments posted to accounts?
- 2) Balancing the A/R Totals report daily should be done by someone not involved in A/R payment posting.
- 3) Monitoring of "Charge off" or bad debt accounts can be done by printing an A/R Aged Trial Balance for "C" charge off accounts only.

GENERAL LEDGER:

- 1) Reconciliation to the "cash" and "checking accounts" should be done by someone uninvolved in the depositing or spending of funds. Do the deposits match stamped deposit slips, and monies the Sales Register and A/R Application register say should have been deposited? Does the system generated A/P Check Listing show all check numbers listed on the bank statement and in the G/L batches?
- 2) Balancing of the Accounts Receivable to the General Ledger should be done by someone not involved in payment posting or depositing of those monies.
- 3) Require audited balancing of the books to be done in a timely manner. Unbalanced books hide unsupported and often improper accounting procedures.
- 4) Review all accounting procedures to confirm that audit trails are complete and not missing information.

POINT-OF-SALE:

- 1) Balancing of payments received to bank deposits should not be done by the person making the deposit or the person counting the cash. The Sales Register, Cash Drawer report or Terminal Reconciliation reports provide complete audit trails for all monies received.
- 2) Cancelled sales orders should be printed to the owner/managers printer at the time the ticket is being voided. The Sales Order Status report can provide a complete audit trail of cancelled sales orders. Who is monitoring these tickets?
- 3) Credit invoices require a "Reason code". Who is monitoring why credits are being made and by which customers, which reps? Are patterns becoming apparent? The Items Returned report provides a complete audit trail of returns.
- 4) Who audits changes from the original ticket to the invoice? Sales Order Status reports in detail provide a complete listing of items on open sales orders. Run for closed orders, the system provides a complete listing of the invoiced line items.
- 5) Are invoices and delivery tickets confusing, requiring changes, partial shipments, substitutions, etc?
- 6) Are their unusually large or frequent credits to particular customers?

PURCHASING:

- 1) The Anticipated Receipt report provides a complete listing of all open purchase orders. Who is monitoring potential unauthorized purchases, unreceived or cancelled PO's?
- 2) The Items Received report provides a complete listing of all items already received. Who is monitoring potential unauthorized returns or receiving adjustments?
- 4) Are PO's not being populated until re-receiving is being done?
- 5) Is the quality of your product lines dropping?
- 6) Are your annual spending increases greater than the inflation rate?
- 7) Are physical inventories revealing unreasonable shortages?

INVENTORY:

- 1) Inventory counting should be done by someone other than the person normally in charge of that department.
- 2) Inventory counts should be entered into the computer by someone other than the person who did the counting.
- 3) The Inventory Valuation and Gross Margin Report should be balanced to the General Ledger frequently to identify major changes in inventory value that are not reflected in the General Ledger.

