

INDUSTRIAL DATA PROCESSING APPLICATIONS REPORT

Applications: Data Collection
Type of Industry: Retail Chain
Name of User: Neisner Brothers Inc.
Rochester, N. Y.

Equipment Used: Honeywell 1250 system

Synopsis

In order to control sales merchandise inventory and to maintain necessary accounting information, Neisner has several different data collection systems that not only accomplish what they are designed to do, but afford management the control of sales and inventory from the vantage point of the EDP department in Rochester, N. Y., headquarters.

At the time of this report, Neisner Brothers Inc. was in the process of transferring the above activity from an old Univac Solid State II computer to a Honeywell 1250.

The Neisner chain of variety and junior department stores ranges across 16 Eastern States and the District of Columbia. The company had \$101 million in net sales last year and plans for a total sales volume approaching \$140 million in 1971. The city of Rochester itself, is one of the "most computerized," according to the Neisner EDP staff, as it is headquarters for Xerox, Kodak and Bausch & Lomb, among others. Neisner Brothers began to move into data processing about 10 years ago, then the company used unit record equipment. From there, activity moved to the Univac and now to the Honeywell. At present, 49 people report to Data Processing Manager Robert H. Beaton, including 8 in the system/programming group. Beaton is responsible to Robert B. Lowry, controller-treasurer.

Neisner describes its system of data collection as unit control, and describes it as "controlling the flow of sufficient style merchandise to the stores to satisfy customer's needs and returning the proper information to provide buyers with adequate statistics for replacement ordering."

It also involves supplying stores with style merchandise (ready-to-wear) and staple goods from the 400,000 sq. ft. Neisner distribution center, six miles away from the executive offices, and keeping track of 184 stores' direct-to-vendor orders for merchandise not maintained at the distribution center. In detail, the ready-to-wear sales data is collected via Kimball data tags and the staple goods are requested via punched paper tape generated on Addo-X units. The direct-to-vendor reordering is generated by Univac 90-column optical scanning cards.

The System

The system starts when ready-to-wear or style merchandise is sent from manufacturers to Neisner's New York buying office. There, after being checked for quantity and quality, it is sent to the Rochester distribution center. At the center, the merchandise is again checked and ticketed with Kimball print-punch data tags. When these garments are sold in the stores, a portion of the data tag is removed and mailed to the EDP Dept. The tags go through a Kimball tag reader which reads the nine digits of information on each tag and produces a punched paper tape which serves as input to the unit control computer application. This computer program generates three unit control reports: a flash report, which is an exception report giving activity of good items; a category report produced weekly as a composite of like items (for instance, all blouses in a similar price range) and the movement of these items; and a style report listing activities over a four-week period on each style in the computer file.

A different type of data collection system is used to replace staple items in the stores. Once every four weeks, a preprint of all items stocked at the distribution center is sent to all Neisner stores. The preprint lists all information on each item stocked as well as four tear-off strips with the proper code number for each item. Each week, the stores order the quantities needed by code number and send the strips to the nearest district office. These strips serve as input for operators who transfer the code number and quantity on Addo-X add/punch units. This operation produces a punched paper tape that is sent via AT&T Dataspeed transmitters to Neisner's headquarters. These tapes are collected, converted and processed as part of the distribution center's billing operation and produces a distribution center invoice which is used for filling the stores' orders from the center's inventory.

The Neisner systems have two objects. One is to control inventory and the other is the interpretation of control dollars to make possible the accounting function. The sales, inventory and accounts payable data supplied by EDP to the accounting department is merged with information from the original books of entry and punched into paper tape. This tape goes back to data processing. The data processing department stores this information on magnetic tape and updates the accounting system once a week. Management is supplied with an operating statement once a month. This operating statement is produced by store, by district and is a consolidated document for the overall chain.

The other important application overseen by EDP is the stores' payrolls. The initial figures are generated by the stores. All detailed information is keypunched to maintain individual employe earnings and to produce various state, local and Federal Government reports as well as the annual W-2 statements.

The Computer Committee

The group responsible for data processing decisions made at Neisner's is the computer committee. About 2-1/2 years old, the committee is comprised of each operating division's department head: the treasurer-controller, vice president of merchandising, vice president of department stores, vice president of junior department stores, distribution center manager, corporate systems manager and the data processing manager.

"It was started," explains Lowry, "to familiarize our people with EDP procedures. But they've continued learning and are able to make intelligent decisions on data processing equipment. We investigate what is wanted and why, who is going to use the information, what they are going to do with it. We move by majority rule, calculating if requests or changes fit into our plan. If they do, our suggestions for implementation are condensed and go to a committee of top management for review."

The committee is responsible for the Honeywell system which is scheduled to go completely on in the fifth period of 1970. "The disc operation will be especially useful for quickly pulling information, rather than our wading through reams of listings," says Lowry. With this new accessibility to information, Neisner plans to go into exception reporting. "What this means to us is reporting once a four-week period instead of once a week. For the same amount of processing, we could call out, for instance, high volume items, back-order items, cancellations and new items separately instead of 8,000 items a day, as the old system required."

Future Plans

The Honeywell system has generated many ideas for future efficiencies. The Honeywell PROFITS system is being considered for inventory reporting and "...we have all sorts of plans for our vendors," says Beaton. "The ideal situation with the data tags, for instance, is to have the vendors themselves tag everything before sending it to the distribution center or stores." Another idea under consideration entails an accounts payable vendor order system. "We'd ask buyers to give us lead time for each of their vendors. We'd publish cancellation dates, and give our stores credit for cancelled orders.

"As an addition to the Kimball system, we've thought about replacing the present method of data tag data collection with Kimball's SPAN system, where data is captured on magnetic tape cassettes and transmitted over phone lines to a data center. There, a Kimball receiver converts it into punched or magnetic tape."

"We are running complete buying allowances for 184 stores," adds Lowry. The buying allowance control is the "watch dog" of orders placed by stores so that inventory is controlled and does not build up in individual stores. "Our stores' data processing operations are about 95 percent automated, including all the accounting functions. Further work with the computer will be in the area of merchandising and inventory control."

"Our goals," says President Mel Neisner, "are entirely realistic, along with being flexible enough to adapt to change."