Penny Wise, Pound Foolish

How often have we heard this old axiom? Probably, thousands of times! The reason for this being such a part of our lexicon is that we often make this mistake over and over again when we are buying "that great deal." As retailers we try to impress upon our customers the folly of trying to get something for nothing, and the lesson that quality and functionality do not come cheap. How often have you wanted to grab a customer, shake them and tell them that you can't pay $12.00 for an item and expect it to perform and last like a $50.00 item?

The world of software and hardware is no different, and another old saying is also true, "You get what you pay for." I have seen many retailers make the mistake of buying low price software for their store and then wondering why it has not made a difference in their business. Or, even worse, buying the software and spending inordinate amounts of time trying to get it to work. The simple truth that quality costs money is true. No hardware or software company today can build in training, quality, reliability and functionality for a low price.

The concept of mass produced product costing less as the volume increases is both good and bad. For example, Windows Vista would cost well over a billion dollars for a single copy if you were the only person using it. But spread the cost of development over 100 million users and the price per copy drops to under $200. This low price gives us a false idea of the value and complexity of the product. The same is true for most software and hardware today. What we don't realize is that the lower cost of mass production and distribution does not make the product any less complex or "cheaper". We still need to devote the learning time that we would to the almost billion dollar product.

Point of sale is where it all takes place in a store. If I can't quickly and efficiently collect the sales dollars from my customers, they will go elsewhere. Have you ever wondered why the major retailers have those great big, heavy-duty cash registers at point of sale? You might figure that they could just get away with a low price PC and cash drawer. What the big retailers have discovered is that well made POS equipment and software pays for itself in a very short period of time. They seldom have any bottlenecks at point of sale and their hardware and software stands up to very tough use. This quality and reliability costs money. A good PC and cash drawer configuration is only about 30% more expensive than the low price models, but the peace of mind and service to the customer is always worth much more.

Isn't it funny that as retailers, we hate the customer who always tries to give us a hard time about our prices but we become that same customer when we go to buy hardware and software? Recognize that quality costs money and training takes time and money. We often do not ever compute the cost of all

the breakdowns on the cheap products and the extra time spent self teaching ourselves the wrong way to do something on our machines. If we spent a little more for hardware, software and training we would be amazed at how much productivity we would gain. Expect to pay up to five to eight times the price of software to learn how to use it properly and up to 30% higher for better quality hardware. Then you can and will get huge increases in productivity that will more than pay for this small investment.