

Tracking Your Fasteners

by:

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Computer System or Nervous System?

Much More Than Bookkeeping

There was a time when the typical fastener distributor's computer system was relegated to doing the company accounting. A very advanced system might also have helped to maintain inventory control. Those days are gone forever. It was a simpler time with much less risk. But no one can be truly competitive using that model of computing any more.

Modern Systems

Modern systems affect every aspect of the company. They not only do all the inventory management and accounting, but they track other types of activities as well. The systems manage Certifications, Drawings, Specifications, Quality Assurance and many other nonaccounting requirements of the company.

The sales people and other field representatives have access to the computer system from wherever they are. They can check stock, enter orders, determine pricing and see what the latest notes are on all of their customers.

The systems reach out to the Internet and to other companies' computer systems using integrated web processing, supply chain management and EDI. The systems are involved in virtually every aspect of running the business.

Security

All of this connectivity comes with a number of additional considerations. One of the most important is security. The more connected we become, the more important it is to have air-tight security on the sensitive internal information. This is much more difficult than it sounds.

There have been a number of high-profile breaches recently that point out the vulnerabilities of even very large companies like **Sony** and **Target**. In order to protect our clients, we chose the Linux Operating

System instead of Windows because we have much more control over the environment, and we have written a proprietary Firewall System that is specifically tailored to our clients' requirements. We have a long track record of keeping our clients servers secure.

Credit Card Processing

If you are processing credit cards in your business, you are accepting a huge responsibility to avoid data breaches with your customers' credit card information. You can no longer write their credit card number on a post-it note or put it in the computer system's notes field. You must have a PCI-Compliant way to handle these transactions and it should be fully integrated into your ERP system.

We have developed such a system and our clients report that it is much more convenient, and they sleep better at night because of it.

Embezzlement

Certain common sense precautions need to be in place that are not necessarily computer related, but are aided by the access that management has to information. We had a prospective client who thought that our system would be just the thing to get for better control of its operations. When I demonstrated it to the client's CFO, he did not want any part of it so we didn't get the order. A year later, the President re-approached me and said that he wanted to buy our system. I asked about the CFO and the President said that he was in jail for stealing US\$600,000 from the company. The CFO wouldn't buy our system because he saw that if he did, his embezzlement would be exposed.

Theft of Products

We have another client that discovered a systematic pattern of theft by one of its employees within the first month that the employee started stealing. Good audit trails of the transactions entered, the date and time that the person did it and what the amounts were, enabled our client to have him arrested and prosecuted for what he did. Without a comprehensive system that had this level of detail and auditability, the theft could have gone on for much longer.

Burglary

We have two clients who received calls in the middle of the night that there had been a break-in at their offices and all the computer equipment was gone. Fortunately, they had backups and we were able to get them new

hardware within one day, and they were both up and running.

Fire, Flood or Disaster

Today all of our clients are on Cloud backups. Cloud backups offer several advantages over the older style tape or disk backups. The Cloud backup can be made as often during the day as needed. It is backed up to a remote location, so it offers security against geographical disasters, fires, floods, earthquakes, etc. It can be restored easily, and since it is all digital information, there is never a hardware compatibility problem.

Customer Being Stolen From

One of our clients had a customer who had a problem. The customer was a large manufacturer and the firm didn't keep track of consumables by SKU, just by the dollar value.

In one year, the company's cost of consumables went from US\$10,000 to US\$100,000, and there was no obvious reason. Since the customer had no idea where to start to locate the problem, it shared its story with our client. Our client ran detailed sales analysis reports on the previous two years for the client and found a single needle in the haystack in minutes.

The company was purchasing the same number of drill bits that it always did, but now the drill bits were carbide drill bits. The customer's employee who was buying the drill bits, was selling nine out of ten of them on the side. Because the carbide drills lasted much longer, he didn't need to change the appearance of anything in order to steal them. Having a computer system that enabled our client to know more about the drill bits than the customer did himself really impressed the customer. More than that, it helped him put a stop to the problem.

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Dennis, R. Cowhey, COB – Started **Computer Insights** in 1981. He served for many years on the **Illinois CPA Society Computer Information Systems Committee**. He is a frequent author of articles for industry trade magazines. Before starting **Computer Insights**, he served as Central District Manager for a division of **Litton Industries** (now part of **Rockwell**), that offered inventory control systems to retailers. Prior to that, he was a Credit and Financial Analyst for National Credit Office division of **Dun & Bradstreet, Inc.** Cowhey received his education at **Chicago City College** and **DePaul University**.

Computer Insights provides The BUSINESS EDGE 2.0 software for efficient tracking of fasteners.
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