

Dollar general case

Technology



Dollar General: Case Study#1 Timothy Mayer Professor Perreira 02/01/2010

Executive Summary: Dollar General Corporation is a leader in the discount retail industry, but clearly could use new information systems to further establish its presence and dominate the industry. The ability of Dollar General to set up new stores quickly, at a low cost, and efficiently has enabled them to maximize their revenue, while keeping costs minimal. Dollar General is very dependent on the ability of the management they place in charge of each store opening, known as the setter, to coordinate the process and make sure the opening runs as smoothly as possible.

The setter must be able to train the store manager to run the Dollar General store to the exact specifications presented by the upper management of the company. Dollar General does depend on some information systems to help open and establish its stores. They have contracts with companies, like IBM and Spacenet, which set up most of the technological requirements for their stores. These relationships allow for Dollar General to monitor and accelerate the creation of new stores in a way that is familiar and comfortable for them.

However, once the stores are up and running information systems are not utilized to their fullest extent. This has led to numerous inventory and employee issues that are costing the stores and company money. With the economy in the USA at one of the lowest points it has been in history, Dollar General is in a perfect position to increase sales and establish a greater industry presence. They must adapt and embrace thought technology that can help establish this growth in order to continue to be successful. Case Study

Dollar General's use of information systems is a far from perfect system. They have the technology in place for the most part, but do not fully utilize its potential. They clearly do not fully embrace technology. They use a satellite system over a higher speed options and do not use networks to enhance their operations. Their reasoning for this is to keep the overhead costs down, but this increasing the overall deficiencies of their business. The main process that suffers from the lack of information systems is their inventory process. When inventory arrives at a store, it is not scanned nor is the amount of goods verified or noted. This had lead to the shrink rate, the amount of loses in sales a store writes off, to increase and develop a distrust between corporate management and the employees at the stores. Dollar General uses inventory information systems at their distribution centers already. By adapting this technology on the store level, Dollar General will be able to solve one of the biggest problems they face.

Dollar General clearly has found a niche in their industry that has worked for them for years. In order to keep their status and grow further they need to increase the budget they provide to each store for technology systems. The economy of the United States is at a perfect place for discount stores to flourish. The limitations and issues created by the lack of advanced systems will eventually catch up to them and cause more losses of revenue. The initial costs might be greater, but over the long term Dollar General will position itself in a better place.