

LET'S TALK BUSINESS

Ideas for Expanding Retail and Services in Your Community

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Y2K and Retail Business

by
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With the year 2000 nearly upon us many sectors of the business community are considering the effects of the Y2K computer glitch, or Millennium Bug, on their business. When discussing Y2K it is difficult to separate fact from fiction. Opinions on the impact of Y2K vary widely, with experts often directly contradicting one another. Part of the reason for these contradictions is that there is no one solution to the Y2K problem that can be applied industry wide. Business owners need to examine their susceptibility to Y2K and to formulate solutions if problems are found.

The Y2K problem stems from a programming method used to save computer memory. Historically computer systems have maintained years in a two-digit information field. For instance, the year 1998 would be stored '98' in a computer with the Y2K bug. In the past this system worked well for both saving memory and providing accurate date related computer processing. However, with the advent of the year 2000 some systems may begin to process dates incorrectly, or not process them at all, causing system failures. Retailers will want to examine their computer systems, suppliers, insurance, and legal liability regarding Y2K and its effects on their businesses. By addressing these concerns retailers can reasonably protect themselves from the effects of Y2K.

Computer systems are the obvious area of concern relating to Y2K. However, it is important to note that computers are not the only devices that will be effected. Any piece of equipment with a date function in it is susceptible to Y2K. This is because equipment with date functions, like VCRs, thermostats, and even fuel injectors, contain either programmable logic chips or embedded logic chips. These PLC's or ELC's will experience many of the same problems computer hard-

ware and software will unless steps are taken to address them.

In the retail sector a whole host of computerized retail transactions could be effected by Y2K. Everything from customer orders, invoicing, and maintenance records to credit card processing, customer databases, and building systems could be impacted. While not as susceptible to Y2K as manufacturing, retail stores will still need to be aware of this problem and they will need to take steps to mitigate its impact.

Even with secure computer systems retailers are not necessarily Y2K compliant. Many will need to examine their suppliers to see if they will be operating on January 1, 2000. Retailers need to ask themselves how the loss of a supplier, even for a few days, will effect their operation. They need to assess how critical a given supplier is to their continued operation. Many companies are taking steps to ensure that their suppliers have dealt with Y2K and that they will continue to offer them uninterrupted service. Despite these assurances it is vital that you also have a list of alternative suppliers ready in case they do experience a slow down or shut down as a result of Y2K. This list will help assure your continued operation and better insulate you from the effects of Y2K.



Photo from SBA web site: www.sba.gov.

It may also be wise for businesses to contact their insurance carriers to determine if coverage exists in the event a Y2K problem develops. Some insurance companies are notifying policy holders that this problem can be reasonably foreseen and they should prepare for it. Therefore losses caused by Y2K problems may not be covered by insurance.

Finally, it is important to consider your legal liability. Many manufacturing firms are being held accountable for products they produce that are Y2K susceptible. They are being asked to ensure that their products will continue to function on, or after, January 1st, 2000, and may be held liable should their products fail. This is not of great concern for the retail sector, but it is still important to know what your legal obligation is concerning the products you sell. Will you be responsible for these products? Do you have to warn customers that these products may have a Y2K problem? It's hard to say. The best way to protect yourself is to contact those firms that manufacture your products and find out what their Y2K policies are, and then pass this information on to your customers.

Addressing the problems outlined above can prove to be a major undertaking for most businesses. Many firms feel they lack both the time and expertise necessary to conduct a full scale Y2K inspection. However, the Small Business Administration (SBA) suggests that before you consider hiring a consultant to help you conduct a Y2K assessment examine your business closely. Ask yourself how susceptible your company is to Y2K. Determine your risk through a step by step process that includes an inventory of potentially effected items, a supplier assessment, an examination of your obligations to your customers, and the formulation of contingency plans should Y2K impact your business.

If such an examination concludes that a consultant would be helpful the SBA recommends that you look locally. Big consulting firms, they say, are not cost effective for most small businesses. Many are often already involved with larger firms and do not have the time to devote to small business. They point out that local consultants are more in tune with the progress of utilities and government agencies in the area than a large national firm would be. They also tend to be more focused on the day to day transactions associated with small business and many have expertise comparable to large firms.

There is a wide variety of help for retail business on the internet. Many organizations have web sites that address Y2K issues. Listed below are several that offer a great deal of information for retail businesses trying to make better decisions regarding Y2K.

The Small Business Administration's Year 2000 Web Site: www.sba.gov/y2k. This site offers general information on the Y2K problem along with links to other related sites.

The National Retail Federation: www.nrf.com
This site has general survey information on the Y2K compliance status of over 82,000 suppliers. It also provides reports on specific retail sector strategies for dealing with Y2K.

The Year 2000 Web Page: www.year2000.com
A good source for literature relating to Y2K. It has a good search function that will allow you to find articles on specific subjects relating to your business.

The Information Technology Association of American (ITAA): www.itaa.org/year2000.htm. A non-profit association of software vendors the ITAA is a great place to start searching for software solutions to your Y2K problems. It has a lot of information on approaching the Y2K dilemma, finding solutions to it, and suggesting tools and services on the market related to Y2K. ITAA can also be contacted by phone at (703) 522-5055.

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