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OUR 35TH ANNIVERSARY

May 2010 was the 35th Anniversary of The Retail Management Advisors!! We have spent these past 35 years helping independent retailers. We want to thank those of you who have contributed to our success by allowing us to help you. Our focus has always been, and will continue to be helping independent retailers around the country to not just survive but to thrive and be more profitable. In honor of this occasion, we are offering a special on our Open-To-Buy service, which you will see at the end of this newsletter.

SELLING STAFF ISSUES

Following are the questions and suggestions I received from our survey about what you would like to see in our monthly newsletter concerning employees. As you can see, getting, keeping and motivating employees is an issue many are interested in improving.

"The most difficult part of my job is hiring people who want to work and keeping them motivated in the retail sales setting. Young people tend to think the world revolves around them, and don't seem to care about keeping their job."

"associate compensation and motivation"

"employee motivation and retention issues"

"Motivating employees. Incentives to employees. Incentives for employees on specific items or promos. How to get employees to make calls."

Since the topic is broad, I will address hiring this month and motivation and incentives next month.

HIRING THE "RIGHT" EMPLOYEES

We all wish we had "perfect" employees that would stay with us "forever"; however, except in rare instances, that is not the case. Employees leave for many reasons; they move, they find a better job, or, if they are not performing as well as we need them to, we ask them to leave. No matter what the reason, when an employee leaves we are left with the task of finding, hiring and training a replacement. When this happens, it is important to take the time to select the correct person for the

position. Too many times, retailers are in such a hurry to "fill the position" that they panic and hire anyone - whether the person is right for the job or not.

The need to hire a new employee always seems to come at the least opportune time, like just before you leave town for a week or at the beginning of the holiday season. We feel that it is almost always better to operate short one person for a while than it is to hire the wrong person, spend a lot of time and effort to try to train them, and then have them leave.

COSTS

There are costs associated with the hiring of a new employee. Some of these costs are:

Owner/executive time to interview, etc.
 Personnel search and direct hiring costs
 Loss of productivity during new employee's training period
 Additional supervisory time

If the right person is hired the above costs can be considered an investment in the company's future. If the wrong person is hired the above costs can be considered an expense - - and you can anticipate going through this process again in the near future. Either the new employee will not be satisfied in the position or you will not be satisfied and will terminate the employee.

EMPLOYEE PROFILE

How do you find the right type of person to work in your store? First you must define exactly what it is you are looking for in an employee. What type of person are you looking for to work in your store and be a representative of your business? Every individual business has it's own personality. Unless the person hired fits in with the company personality their chances for success will be limited. Also, although many retailers tend to think of customer contact being limited to salespeople, all retail employees have customer contact to some degree. The person who answers the phone, carries out a heavy package for the customer, handles customer's charge accounts, etc. is an important link between the store and the customer.

JOB DESCRIPTIONS

Written job descriptions are needed for every position in the store. When you have a position to fill, the job description for that position will be your guide for determining if the applicant has the skills and aptitude to fill the position. A good job description will give a general description of the job, list the education, experience and personal qualifications and describe in detail all the specific responsibilities of the position. If you do not already have written job descriptions now is a good time to start. Do not wait until you need to fill an open position as you will then be too hurried to do a thorough job preparing the job description. If you want a little help with this project, we have compiled a comprehensive group of retail job descriptions that we sell on a CD. (link to Job Descriptions at bottom)

SCREENING

When hiring a new salesperson, give the applicant a specific scenario (or several) and ask how they would handle the situation. Be prepared to ask specific questions, and remember that you want them to do most of the talking. A few sample questions are:

- . Why would you like to work for our organization?
- . What would be your initial customer greeting?
- . Why do you feel you would be a good sales person?
- . How would you create excellent customer service?
- . Why have you chosen sales as the career of choice?
- . How would you handle an irate customer?
- . How may we help to improve your selling skills?
- . Do you work well as part of a team?
- . What have you liked and/or disliked about your previous sales position?

How To Get The Most Out Of A Sales Interview:

- . Allow adequate time for the interview
- . Hire attitudes and teach skills
- . Get information before you give it
- . Don't over promise job benefits, hours or pay
- . Don't try to force a fit
- . Always hire on a 30 to 60 day trial period
- . Picture them in your store. If you don't "see" them working at your store, they are most likely not right for your particular business.

Once you have the field narrowed down to one to 3 people, it is time to invest some money in background checks and psychological testing.

BACKGROUND CHECKS

Today it is more important than ever to do a background check on any potential new hire. You do not want to be in a position where the employee does something that you, as the employer, would be found liable for in case of a lawsuit. What is included in a background check can vary. Background checks can access a full range of data including:

- * credit records
- * academic records
- * social security number
- * personal references
- * driving records
- * criminal records
- * workers' compensation

Under the Fair Credit Reporting Act (FCRA), your business is required to have employees sign a disclosure form granting authorization to perform a background check. The FCRA is not just restricted to credit reports but includes all "consumer reports." Laws will vary from state to state in how and what information can be used during the pre-employment screening process.

Under American With Disabilities Act (ADA), employers are restricted in using medical or disability data in the hiring process. Simply put, you cannot ask during the interview or background check about a person's disabilities. The ADA covers businesses with 15 or more employees.

Doing a good background check can be very time-consuming. One solution for small businesses undertaking pre-employment screening is to employ the services of a background checking company. Hiring an outsider can help in finding accurate, complete information on job candidates. Your outsourcing partner should be able to steer you through the legal requirements as well as federal and State regulations of background screening. Another added bonus is under Fair Credit Reporting Act, your small business can have limited legal immunity by using a third-party background pre-employment screening company.

PSYCHOLOGICAL TESTING

We also recommend psychological testing be done once you have narrowed the field of candidates to one to three. The advantage of this is that expert psychological testing is non-biased and can point out strengths and/or weaknesses that the interviewer can easily miss in the interview situation where the candidate may have a poor presentation due to being nervous or look like an excellent prospect due to putting their best foot forward.

A test for employee honesty and attitudes toward alcohol and drug use should also be included if permitted in your state.

INITIAL TRAINING

Provide the new employee with proper training for the job. This includes a well-defined job description that states in writing the expectations and responsibilities of the position so they will know what is expected of them and a copy of your company's Policy Manual. There should be no doubt or

uncertainty. Management must look at this training period as an investment in the company's future. The more time spent training new employees in the beginning, the better able they will be to do the job with a minimum amount of supervision later.

The company should have a procedure manual covering all of the company's standard work routines. It must be as detailed as possible so it can be used as a training manual for new employees as well as a resource manual for all employees.

IN CONCLUSION...

The intangible investment you make in your personnel has greater potential for future profit than the tangible investment you have in inventory or store fixtures. Your new salesperson can be the best or worst investment in your retail store. So take your time, learn to improve your interviewing skills and invest in only the best.

Next month we will discuss the important issues of motivating your employees and providing incentive compensation as a means of increasing productivity.

QUOTE OF THE MONTH

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"Your business is only as good as your WORST employee."

-Debbie Allen

**SPECIAL OPEN-TO-BUY SERVICE OFFER**

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If you are not now using an Open-To-Buy to help you with your buying you are missing an opportunity for more profits and better cash flow.

Get a 100% money back guarantee on the monthly service fee if you sign up for our Open-To-Buy Service by 6-30-2010 and use it for 6 months!*

With our monthly service starting at only \$230 a month for up to 15 classifications, after a one-time set-up fee, there is no reason to wait.

We have the experience (35 years)! We have the right price for independent retailers (no need to pay high fees)!

Call or email today giving us the total number of classifications in your store(s) and we will provide a quotation.

We can make this special offer because of our confidence in our Open-To-Buy Service and it's ability to help you reduce inventory, improve your cash flow and increase your Gross Profit (and Profit). Contact us today! This offer expires June 30, 2010.

* Sign up for our Open-To-Buy Service by June 30, with the Open-To-Buy starting either July or August, and if after 6 months you are not satisfied that you are benefiting from it, you can cancel and we will refund 100% of all monthly service fees paid.

INTERNAL CONTROL MANUAL

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**Studies have shown that almost half of all your store's shrinkage is due to employee dishonesty!**

If you can reduce shrinkage by 1% that is an additional 1% of profit for you. As the owner it is your job to provide the procedures, checks and balances to keep your employees honest. Also, consider that in this tough economic climate, normally honest people may become desperate. Financial need is

one of the main reasons given for attempting theft from an employer. Make sure you are doing all you can to help avoid temptation before it strikes.

As a former controller for a 5-store chain of family apparel stores and with my experience working with retailers around the country as a retail management consultant I have developed a manual to help you with this. It is our "Internal Control Manual" that covers all aspects of a retail store's operations. It is set up in an easy question and answer format where a Yes answer means things are OK and a NO answer means you may have a problem that needs further checking.

To get a copy for your store, for just \$95 shipped Priority Mail, visit our website at [www.the-retail-advisor.com](http://www.the-retail-advisor.com) and click on the "Internal Controls" icon.

Do not wait until you discover that a trusted employee has stolen \$70,000 from you (like a retailer I know had happen to him). Take steps now to make sure your merchandise and cash are as safe as you can make them. Do not delay! Take 5 minutes now to order your copy.

## JOIN ONE OF OUR NEW E-SWAP GROUPS

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Don't be left out! Send us an email to learn how to connect with other similar retailers around the country to share, learn and become a better and more profitable retailer.

E-SWAP is a new, unique peer group for independent retailers! With E-SWAP you get the benefit of being part of a supportive group of peers without the usual time and money investment required by traditional peer groups.

For just \$12.95 a month you can be a member of one of our new E-SWAP Groups. SWAP means Share With A Peer and that is what you will be doing: sharing with and learning from your peers.

For more information, send us an email to [eswap@the-retail-advisor.com](mailto:eswap@the-retail-advisor.com) with your name in the subject line and we will email back to you detailed information OR click here to go directly to the web page giving all the information by clicking on this link.

Do it today because you owe it to yourself to have a group of trusted, sharing advisors helping you with your business.

## RETAIL JOB DESCRIPTIONS

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Well thought out and developed job descriptions should be the documents you use as a basis for interviewing and hiring new employees and also for making sure your employees are doing their job as it should be done. To help you with this time-consuming project, TRMA has developed very detailed job descriptions for almost all positions in a retail store in WORD so you can easily copy them to your computer and personalize them to your unique situation. The job descriptions are available on CD for only \$25, including shipping. For a detailed list of jobs, click here.

## WHAT WE DO . . .

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- o [Monthly Open-To-Buy Service](#)
- o Open-To-Buy Implementation on Your System (if available)
- o Merchandise Performance Evaluation
- o [Shrinkage Control](#)
- o Development of Incentive Plans
- o [Development of Job Descriptions](#)
- o Seminars On Retail Subjects
- o Financial Analysis
- o Financial Budgeting and Cash Flow Projections
- o Computer/POS System Evaluation, Selection, Usage
- o Policy and Procedure Development
- o [Lead Tele-SWAP Groups](#) (Share With A Peer)