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STANDARD MILEAGE RATE INCREASED BY IRS

As of July 1, 2008 the standard mileage rate for business use of a privately owned vehicle was increased to 58.5 cents per mile.

Business use of a privately owned vehicle includes, but is not limited to, driving to:

- ▶ Post Office or UPS store
- ▶ Office Supply Store
- ▶ Bank to make deposits
- ▶ Airport or Train Station for a business trip
- ▶ Any business function, such as Chamber of Commerce meeting, etc.

Instead of trying to remember to track the mileage every time you use your vehicle, you might try doing as I do. Just track the mileage once for each place you go and record it on a chart in your office. Then all you have to do during the month is record the date and where you went. At the end of the month, refer to your mileage chart to fill in the mileage for each place you went during the month, add up the total mileage and multiply it by the mileage rate.

You will not get rich by doing this, but it is tax-free money and will help fill up your gas tank a time or 2 every month.

COMPENSATING FOR RISING FREIGHT COSTS

You all know that your freight costs are increasing, it seems almost daily. As a small business owner you can not just absorb those costs - - they must be passed on to the consumer. Even large companies are passing these costs on to the consumer. As a consumer, I am not happy about it but that is just a fact of life and something we all have to live with in these troubled times.

It would be too difficult and time-consuming to try to calculate the freight cost on each item so I am suggesting you choose an easy method to use. Either increase your Initial Markup by a half to one

percentage points or add \$0.50 or \$1.00 to the retail of each item after calculating the retail using your Initial Markup % goal.

It really does not matter which method you choose. However, you must address this situation or watch your profits disappear a little at a time.

SURPRISE! YOU HIRED A THIEF – PART 3

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 Following is an article by Jon Searles that I felt was excellently written and I am publishing with the author's permission. I hope you enjoy it. Even more, I hope it opens some eyes as to the theft that is most likely going on in your store right now.

#### **Stealing From Your Employer Is Acceptable When . . .**

I have accumulated quite a few stories involving employees that were inappropriately discharged for actions their employers consider theft. After reading each example, each of you will agree that none of these employees hurt anyone and caused no real harm to their employer. Their actions could have been ignored or they simply could have received a mild reprimand and forgiveness. There are too many companies with workers who give their best and they do not receive proper reward or compensation; therefore, slight indiscretions make up for a company's lack of acknowledgement of a job well done. Ninety-nine percent of their work is exemplary and they are released for a simple error in judgment, or misunderstanding of company policy. Why not allow the employee to scratch out a few more pennies of perks from their job and [the employer can just] write it off as a well invested business expense. The following stories could not possibly provoke any of you to discharge these individuals from employment knowing that they may have families to care for and bills to pay.

Bill was a new manager of a local grocery store. He had to make sure he looked professional so he just knew his employer would not mind if he borrowed some cleaning soap, rags, a water hose, and a little time on the clock by the back door during his shift to wash and wax his car.

Carol knew that the company she worked with made over 280 million dollars a year. She knew she was the only one that handled the cash at the company branch she worked in and no one else really knew the totals. She knew her corporate managers and local manager would not notice the \$30,000 she slowly siphoned off in 10 weeks.

Teresa just got a great new roll top desk at home with a new computer. She needed to outfit the new rig and decided that her employer would not miss the stapler, pencils, pens, paper, computer disks, and other items.

Johnny really enjoyed calling his new friends on the 1- 900 numbers that he found in his magazines. He knew that his company's phone bill consisted of many, many pages of itemized numbers and no one would notice the excess charges even if they were \$300-\$500 a month.

Linda enjoyed serving food to her patrons. She had worked for four years with the restaurant and did not think it would be a problem to take a few rib-eye steaks for a dinner party. After all, some customers threw away more steak than she was taking.

Andrew was hungry. He had money and he had food at home but he always woke up to late to fix his lunch or forgot to get something. However, he knew that the ladies who worked in the manufacturing facility where he worked would have plenty of lunches [for him] to choose from in the break room refrigerator. If he needed to get a lunch a day or two a week, he was sure that the slightly overweight women would appreciate him eating it for them.

Dave knew he did not make enough money with his current employer. They offered great insurance and benefits but his hourly pay was below par. He was not constantly supervised so it was easy to use

his work truck and tools to do a little side work for cash. He was able to accomplish all his work, so a little side work should not be a problem.

Randy loved rodeo and it led him to be an amateur bull rider. He enjoyed the smell of the rodeo arena and the yell of the crowds as they released him and his bull from the pen. One Sunday he took a hard fall and may have torn a muscle in his back. Luckily, he was able to get out of bed the next morning and make it to work. After one hour of work as a warehouse worker he told his supervisor he twisted his back lifting a box. Subsequently, he was out of work for 8 weeks. His company's worker's comp insurance was the only reason he was able to pay his bills and heal for the next rodeo.

This is only a sampling of the stories with which I have first hand experience. My hope is that each of you when reading this realized that each individual fired was positively, without reservation, given exactly what he or she deserved. You hopefully realized quickly that the first paragraph was simply trying to see if you screamed "Darn right!" or "Are you crazy!". My hope is that your work ethic/behavior value system does not consider the people in the stories martyrs of the rich employers who take advantage of their employees. My expectations for employees have wavered over the years, but I have approached each new person and new employee with a naïve sense of trust for each new individual. Giving each person the benefit of the doubt seems a fairer approach than distrusting people immediately. Obviously, a person can build and strengthen trust over time, but each needs an initial bit to show their true heart. If you have ever interviewed anyone and asked "Are you honest?" you will find that everyone says "Yes, of course!" Unfortunately, not all who answer are being candid. I think it would be a nice change if people would let me know that "No, please do not misplace your trust in me for I will disappoint you and steal from you and the company because you have more that I do and I want it for me and my family."

Hourly, salary, blue collar, white collar, rookie, or professional are all represented in the stories above. One individual was even a weekend pastor at a small church. At what point do people decide that taking things that do not belong to them is acceptable? Many will attempt in vain to justify inappropriate conduct with the Robin Hood thought process of taking from the "haves" by the "have nots" as being the way life is. Spend a little too much time surfing the net during work? Cheat on your taxes? Keep excess change that is not yours? Steal an identity? How would you answer the question "Are you honest?"

**QUOTE OF THE MONTH**

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"Mornings, before daylight, I slipped into corn fields and borrowed a watermelon, or a mushmelon, or a pun'kin, or some new corn, or things of that kind. Pap always said it warn't no harm to borrow things, if you was meaning to pay them back, *sometime*; but the widow said it warn't anything but a soft name for stealing, and no decent body would do it."

MARK TWAIN, The Adventures of Huckleberry Finn

JUNE SALES SURVEY

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THANK YOU to everyone who participated in our survey. Your participation makes the results meaningful.

To remind everyone, this survey concerns June sales.

| <u>Comparison of JUNE Sales</u>      |             |             |             |             |
|--------------------------------------|-------------|-------------|-------------|-------------|
|                                      | MEN         | WOMEN       | SHOES       | GIFTS       |
| More than 15.0% below last year      | 14%         | 7%          | 8%          | 20%         |
| More than 15% below last year        | 10%         | 13%         | 14%         |             |
| 10.1% - 15.0% below last year        | 3%          |             |             | 20%         |
| 5.1% - 10.0% below last year         | 20%         | 20%         | 31%         | 40%         |
| 0.1% - 5.0% below last year          | 13%         | 7%          | 8%          |             |
| EVEN                                 | 13%         | 33%         | 8%          | 20%         |
| 0.1% - 5.0% above last year          | 17%         | 20%         | 31%         |             |
| 5.1% - 10.0% above last year         | 3%          |             |             |             |
| 10.1% - 15.0% above last year        | 7%          |             |             |             |
| <b>More than 15% above last year</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> |

## TELE-SWAP GROUPS

Join a Tele-SWAP Group to talk to other retailers like yourself! The questions and topics we have discussed in recent sessions are numerous. A few recent examples are:

- ▶ "How are you stimulating business now?"
- ▶ "What benefits do you offer full-time employees?"
- ▶ "Discussed HSA insurance plan one member started a year ago and savings generated."
- ▶ "What do you see as the direction for merchandising your store in the next few years?"
- ▶ "How do you find a good in-house tailor and at what pay scale?"
- ▶ "What has been your most successful line thus far this year? Most disappointing?"

Comments from just a few of retailers taking part in these teleconferences are:

"Retailing is tough for the little guy . . . bouncing ideas off the wall wondering what might work and who . . . or how to adjust a promotion to get it to bring people in. Our SWAP Group allows each of the participants to be open and willing to share ideas with each other. It has energized me." Scott Zahner, Zahner's, Vernon, CT

"I really like the teleconference opportunities to share and ask questions of other retailers. I always come away with at least one idea I want to implement immediately." Nan Napier, Tres Mariposas, El Paso, TX

"I was starting to think I was "alone in the world". I am busy and did not want to participate in something that was not going to help my business. I am thrilled with my participation in the SWAP. I discovered that I am definitely not alone and the other similar businesses have the same challenges and now we are helping find solutions to those challenges together. I strongly recommend trying the SWAP - it is definitely worth my time!" Katie Andrios, GWK Enterprises, Geneseo, IL

If you would like to discuss the types of issues listed above, and others, with retailers who are similar to you, but far enough away they are not competitors, give us a call at 1-877-206-1299 or on our web site at [http://www.the-retail-advisor.com/peer\\_groups\\_tele-swap.html](http://www.the-retail-advisor.com/peer_groups_tele-swap.html). Then you can complete an online application. Once I get your application I will contact you about joining a group to take part in a monthly one- hour teleconference call. The biggest commitment will be the one-hour a month for the call. The cost is minor at just \$180 for a 6 month commitment (just \$30 a month).

There are so many retailers around the country who are isolated because they are a small independent retailer. This service gives you an opportunity to talk with others in a similar situation without having to worry about giving away any information to your competition. Get the help and advice you need to be more successful without having to leave your store.

Click on the link above and join a group today!

## **KEEP YOUR EMPLOYEES HONEST & INCREASE YOUR BOTTOM LINE!**

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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 as our country plunges into this recession, 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 [http://www.the-retail-advisor.com/internal\\_controls.html](http://www.the-retail-advisor.com/internal_controls.html).

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 last year). Take steps now to make sure your merchandise and cash are as safe as you can make them.

## **RETAIL JOB DESCRIPTIONS**

Well thought out and developed job descriptions should be the documents you use as a basis for interviewing and hiring new employees. They are also excellent for making sure your employees are doing their job as it should be done. The development of good job descriptions can take a considerable amount of management's time so, to help with this project TRMA has developed very detailed job descriptions for almost all positions in a retail store. These are 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. The set includes the following descriptions:

- |                                                 |                                                       |
|-------------------------------------------------|-------------------------------------------------------|
| 1. Profile Of The Perfect Retail Employee       | 15. Merchandise Manager                               |
| 2. Basic Position Description For All Employees | 16. Office Manager - Bookkeeper                       |
| 3. Accountant                                   | 17. Store Operations Manager                          |
| 4. Accounts Payable Clerk                       | 18. President                                         |
| 5. Advertising And Display Manager              | 19. Shipping & Receiving                              |
| 6. Assistant Store Manager                      | 20. Sales Manager                                     |
| 7. Buyer                                        | 21. Sales Associate                                   |
| 8. Cashier                                      | 22. Store Manager                                     |
| 9. Controller                                   | 23. Store Manager (for stores with a General Manager) |
| 10. Credit Sales Manager                        | 24. Tailor-Head                                       |
| 11. Credit Controller & Collector               | 25. Tailor I                                          |
| 12. Department Manager                          | 26. Tailor II Or Seamstress                           |
| 13. Display Manager                             |                                                       |
| 14. General Manager                             |                                                       |

# THE RETAIL MANAGEMENT ADVISORS

Most job descriptions are 2-4 pages long. Your investment is just \$25 for the complete set, including shipping. To order, mail your check to the address below and we will mail the job descriptions to you:

Job Descriptions  
The Retail Management Advisors  
510 Red Oak Street  
Allen, TX 75002

## WHAT WE DO . . .

- 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)