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**IT PAYS TO TAKE PART IN OUR SURVEYS!**

In July we sent out a survey asking our retail store email list members to share their advertising and promotion ideas. At the beginning of August we sent out the results to all the retailers who responded. After doing that we received the following reply:

“This was GREAT! Thanks for sharing everyone’s response. This is helping us plan our fall promotions.  
Thanks,  
Katie (Andrios)  
Note: She has women’s wear store in the Midwest.

If you had replied to the survey and received all the ideas I sincerely hope you took the time to go through them and pick out at least one to help your store. If you did not reply, I hope this encourages you to reply next time. It is only by helping each other can independent retailers hope to compete with the BIGS out there who have the funds available to pay for expensive marketing and other help.

**ARE YOU THRIVING . . . OR JUST BARELY SURVIVING?**

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To be a thriving retailer requires discipline:

1. The discipline to search for, hire and properly train your sales staff.
2. The discipline to continuously search for and use new methods for communicating with your customer.
3. The discipline to develop and follow a budget.
4. The discipline to have an Open-To-Buy and use it to help you control your buying and your inventory levels.

**Sales Staff**

Your sales staff are critical to the success of your store. These are the ones your customers see and have a relationship with. They are the face of your store. Too many times retailers hire just anyone

who comes in the door instead of making sure the person they hire is 'right' for the position and for the store's character. Once you have hired someone, you must take the time to train them properly since they are your representative on the selling floor. What they say and do and how they act reflects directly on the store, and you.

You depend on your sales staff to generate the store's sales. They need to be motivated to keep increasing sales. I have seen that the stores using some type of incentive plan will usually have the best sales results. People like to be rewarded for a job well done and using an incentive plan that rewards your sales staff monetarily is an excellent way to do that.

#### Communicating with your customers

It is important to have an on-going relationship with your customers. This can be done by direct mail, email, phone or even Facebook (if your customers use that). It is important to know the best way to reach your customers. Ask them! You may find the answer surprising.

#### Budgeting

The budget is your roadmap for reaching your store's goals. (You do have goals for your store, don't you?) There are many ways to achieve a specific goal. As the owner it is your responsibility to choose the path for your store and then to see that everyone in the company is on the same path.

At it's simplest, the budget uses the same format as your Income Statement. You plan your sales, the cost of goods sold and all your expenses. If the bottom line is showing a loss, you go back and revise as needed until your budget is showing your desired profit. Once you have that number, it is your job to make sure that everything happens according to the budget. If you have planned a 5% sales increase, how are you going to make that happen? (Good sales staff, appropriate merchandise and advertising all come into play.) If you have planned an increase in Gross Margin, how will that happen? (Making sure you have money available when special buys become available is critical – which is where an Open-To-Buy comes into play.)

#### Open-To-Buy

The cost of owning inventory is a retail store's largest expense. As such, it deserves a lot of attention. Too much inventory will result in stale merchandise, high markdowns, poor cash flow and low profit. Too little inventory will result in lost customers (when they can't find what they want at your store). Somewhere between "too much" and "too little" is the right amount of inventory needed to generate sales. That is the purpose of the Open-To-Buy. By using and following an Open-To-Buy to control your buying you will find that you are able to make your sales goal on lower inventory levels while still keeping an adequate selection on hand. As one of my clients told me recently, "My inventory is 20% lower than last year, and I do not miss it".

Some people say they do not want to be kept from buying due to an Open-To-Buy. That is the wrong way to look at it. The Open-To-Buy helps to keep you focused at market. When you do not have any controls on your buying it is too easy to buy this, then see something else you think is great and buy it, then see something else that is great and buy it, and so on. This is the way stores become over-inventoried with too much merchandise stuffed into their stores. On the other hand, if you go to market with a certain dollar limit for Shoes, for example, you will be much more particular about how you spend those dollars. You will look at all the options first, then weigh the pros and cons of each before making your decision. The result will be a better selection of merchandise in your store instead of a store full of merchandise that your customers may or may not like.

#### Summary

Do you have the discipline needed to make your store a thriving success? If you don't, you need to find a way to get it, or find someone outside your company who can help you stay on track. That is one of the roles I fill for my clients. However you do it, just make sure it gets done without delay. Your store's survival depends on it.

## QUOTE OF THE MONTH

"When everything seems to be going against you, remember that the airplane takes off against the wind, not with it."

Henry Ford

## 2010 4-5-4 CALENDARS

We now have copies of the 2010 4-5-4 Retail Accounting Calendar available. The calendars are printed on card stock and have 2010 on one side and 2009, 2010 and 2011 side by side on the back. To request a copy, or several, for your store just email us with your request being sure to include your name, store name and mailing address.

There is no charge for mailing in the United States. If you are in another country, we will be happy to email you the calendar in .pdf format.

## INTERNAL CONTROLS

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

Inventory shrinkage, a combination of employee theft, shoplifting, vendor fraud and administrative error costs retailers in the US billions annually. Inventory shrinkage remains the single largest category of larceny in the United States, more than motor vehicle theft, bank robbery and household burglary combined!

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. 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 us at [http://the-retail-advisor.com/internal\\_controls.html](http://the-retail-advisor.com/internal_controls.html).

Take steps now to make sure your merchandise and cash are as safe as you can make them. Do not delay. Place your order today.

## OPEN-TO-BUY SERVICE

Control you inventory and increase profit the TRMA's Open-to-Buy Service starting at just \$300 a month.

It is critical for the retail store that inventory be controlled so there is not too much or too little. We have been providing this service to retailers for many years, and at a price even the smallest retailers can afford.

For more information, call us toll free at 1-877-206-1299, visit us on the web at [www.the-retail-advisor.com](http://www.the-retail-advisor.com), or send an email to [LC@the-retail-advisor.com](mailto:LC@the-retail-advisor.com).

## TELE-SWAP GROUPS

Join in a Tele-SWAP Group to spend an hour a month talking to other retailers like yourself!

The Tele-SWAP group gives you an opportunity to talk to others in a similar situation to get a fresh perspective without having to worry about giving away any information to your competition since all member stores must be at least 100 miles away from each other. To find out more, give me a call or visit us on the web at [www.the-retail-advisor.com](http://www.the-retail-advisor.com) and click on the "peer groups" icon. 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 or less than the price of a daily cup of coffee).

**Right now, I have 1 (or possibly 2) opening(s) in an existing menswear retailers group that has their teleconference call the second Tuesday of each month at 9:30 central time.**

## 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 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, visit us on the web at <http://www.the-retail-advisor.com/job.html>.

## 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)