

# THE RETAIL MANAGEMENT ADVISORS

by Linda Carter  
© The Retail Management Advisors, Inc.  
email: [LC@the-retail-advisor.com](mailto:LC@the-retail-advisor.com)

~~~~~  
**November 15, 2009**  
~~~~~

**in this issue . . .**

**HOW TO INCREASE SALES**

**BE PREPARED FOR THE HOLIDAY SEASON**

**4-5-4 CALENDAR**

**QUOTE OF THE MONTH**

**INTERNAL CONTROLS**

**WHAT WE DO . . .**

**HOW TO INCREASE SALES**  
~~~~~

We have room only for these two sample ideas from our survey of those retailers who had good sales increases during the past 3 months. If you had replied to our monthly sales surveys in the past 3 months, you already have the complete list. If you did not reply, we hope this gives you a good idea you can use, and also be an incentive to convince you that it is worth your time to reply to the occasional surveys we send.

"Hired a new crew and got rid of the sourpusses who had a tough time relating to what we were buying and couldn't manage a warm greeting to people coming in the door. The chemistry in the store has never been better. Also, I have to give some credit to the bonus program that you crafted for us a few years back. Initially, when we had a staff composed of nay-sayers and under-achievers. They never believed that the sales plans could be reached and then breached. Hence, there were very few bonus payouts and very little effort to do better. Now, with a more positive, more upbeat staff they usually beat our plans and sometimes by big numbers. Typically, we're paying out \$1000-\$2500 a month based on a 50% share of the gross margin on sales in excess of plan (your concept). It seems to be working. There is no substitute for having a good crew."

"We bought into some Austin Reed suits and sport coats for \$60.00 and \$30.00 respectively. Great margins and special closeouts have really helped the bottom line."

**BE PREPARED FOR THE HOLIDAY SEASON**  
~~~~~

Thanksgiving is just around the corner so now is the time to be prepared. Do you have your advertising and promotion ideas in place? Do you have sufficient staff coverage? Are your internal controls in place?

I recently read some information on the web that I found interesting and am passing on to you. "According to a survey of working Americans completed by Work Place Media, 1 in 3 Americans will do at least 40% of their holiday shopping on the way to or from work, online at work, or during a work break. That makes drive time radio and also e-mail important delivery mechanisms for influencing consumers with your holiday promotions."

How Much Will People Spend For Gift Giving?

According to this same survey, one-third will spend between \$251 and \$500 for the holidays and one-third will spend between \$501 and \$1,000. The other one third is split between those who will spend less than \$250 and more than \$1,000.

Where Will People Spend Their Money For Gift Giving?

The study also gave the top categories where working Americans plan to spend money for holiday gifts. They are:

Anticipated Holiday Gift Purchase Categories among Working Americans	
Apparel and Apparel Accessories	73%
Books, CDs, DVDs, videos or video games	72%
Personal care or beauty items	37%
Jewelry	31%
Home décor	25%
Sporting goods	24%
Home-related furnishings	15%
Flowers/Plants	8%

Categories Where People Will Buy Gift Cards

According to the study, 56% of working Americans will purchase between 1 and 5 gift cards this season, and 33% will purchase more than six. Retailers with strong gift card programs realize the return on their heavy promotion - historically, more than half of gift card recipients have spent more than the value of the card at the time of its redemption.

Anticipated Holiday Gift Card Purchase Categories among Working Americans	
Apparel and Apparel Accessories	40%
Books, CDs, DVDs, videos or video games	40%
Sporting goods	9%
Personal care or beauty items	8%
Jewelry	4%
Home décor	4%
Home-related furnishings	3%
Flowers/Plants	1%

The recession is causing consumers to do much more 'shopping around,' which you can use to your advantage with discounts and targeted promotions. Coupon usage is up 57%.

Staffing

While the majority of independent retailers may not hire additional staff for the holiday season, if you do, be careful and take the time to check out the potential hire. You do not want your profits to "walk out the door" due to hiring a thief. There are honesty tests you can use, which we covered in an earlier newsletter in 2008. If you no longer have that one, you can go online and check out our articles as it is included there. To find it on our web site, click on Articles, then scroll down until you see the group for Internal Controls. The article is "Dishonesty in the Retail Store Environment Part 4 (Sept 2008) Integrity Tests"

Internal Controls

This is the time of year when you and your staff are very busy. If you do not have good controls in place, this is a perfect time for dishonest employees (or basically honest but cash-strapped employees) to take advantage of you. Don't let that happen! Make sure you have in place

procedures that must be followed by your staff. Some things to watch out for especially are: cash refunds, customer mail outs, voids and unauthorized discounts at POS. If you are not sure that your internal controls and procedures are good, you can order our Internal Control Manual to use to walk you through the process of checking.

**Make this a good Holiday Season by being prepared.**

**4-5-4 CALENDAR**

~~~~~  
If you do not use the 4-5-4 Retail Accounting Calendar, I want to encourage you to change to this calendar as it makes sales planning easier. The 4-5-4 Retail Accounting Calendar divides the year into quarters with the first and last month of each quarter consisting of 4 weeks each and the middle month of each quarter consisting of 5 weeks. Each accounting calendar month will begin on a Sunday and end on a Saturday. Each accounting calendar month will have the same number of selling days as the same month last year. For example, March has 5 perfect weeks every year, 5 Saturdays, 5 Mondays, etc. With the regular calendar, comparisons to last year are complicated by the fact that a month may have 4 Saturdays this year while it had 5 last year. For most retailers Saturday is their largest volume day of the week. It makes it more difficult to plan sales when you are looking at unequal months.

Permission is not needed from the IRS to switch to the 4-5-4 calendar, however, permission is needed to switch from it. Therefore, if you want to try it, but decide you do not like it, just make sure you switch back before the end of your fiscal year.

We now have the 2010 4-5-4 calendar ready. For your copy, just send us an email with the number you need and your mailing address.

**QUOTE OF THE MONTH**

~~~~~  
"Many of us spend half our time wishing for things we could have if we didn't spend half our time wishing."

Alexander Woollcott, American critic and commentator for The New Yorker magazine

**INTERNAL CONTROLS**

~~~~~  
*The Wall Street Journal* reported that up to 75% of all employees have stolen at least once. Dishonest employees steal approximately 6.6 times the amount stolen by shoplifters. Police say the most common reason employees steal is opportunity.

When was the last time you did a thorough procedures study of your store? Was it a meticulous exam of each position or a meandering walk through the store? The Retail Management Advisors, Inc. has developed a comprehensive manual to help you examine your store and find areas of concern. Our Internal Control Manual covers all aspects of a retail store's operations in an easy yes/no answer system with a NO answer indicating possible problems.

To get a copy for your store, for just \$95 shipped Priority Mail, visit our website at [http://the-retail-advisor.com/internal\\_controls.html](http://the-retail-advisor.com/internal_controls.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)