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FORECAST FOR 2008

BUSINESS will continue to go where invited and remain where appreciated.

REPUTATIONS will continue to be made by many acts and be lost by one.

PEOPLE will go right on preferring to do business with friends.

GO-GIVERS will become the best go-getters.

THE "EXTRA MILE" will have no traffic jams.

PERFORMANCE will continue to outsell promises.

ENTHUSIASM will be as contagious as ever.

KNOW-HOW will surpass guess-how.

TRUST, not tricks, will keep customers loyal.

QUALITY will be prized as a precious possession.

Source Unknown

A NEW YEAR . . . A NEW BEGINNING

In two short weeks it will be 2008. People traditionally take some time at the beginning of the new year to reflect on the past year's accomplishments and failures and set their goals for the new year. Now is also a good time for businesses to do the same. Some of the things to reflect on include:

- What was good about last year for your business?
- Where were improvements made?
- In what areas does your store need improvement?
- How can we institute needed changes?

A more formal method for doing this involves the preparation of formal budgets. This gives you an overview of the business and allows you to more easily see where there are additional opportunities or where cost-cutting measures need to be taken.

The budget helps you to focus on those areas in most need of attention, and those areas where improvements will have the most positive impact on the bottom line.

The budgeting approach we recommend has a number of steps:

1. Gross Margin Plan on an annual basis at the classification level
2. Open-To-Buy planning on a monthly basis at the classification level
3. Payroll budgeting
4. Advertising budgeting/planning
5. Pro-forma income statements on a monthly basis
6. Monthly Cash flow projections
7. Projected monthly Balance Sheet

This may seem like a lot of steps and you may think it is too difficult. The first time is the hardest. It gets easier, and more accurate, each succeeding year.

The best time to start the budgeting process is two months prior to the end of your store's fiscal year. This gives plenty of time to thoroughly review the numbers before the start of the new year.

If you have already completed your budgets for the new year, **congratulations**. You are in the minority. If you have not as yet started, it is not too late, even if your fiscal year has already started. If you would like help, give us a call.

Decide now where you are going in 2008.

Know the direction to take before you come to the proverbial fork in the road.

Decide now where and how you will lead yourself.

Plan how and where you will lead others.

NOVEMBER SALES SURVEY

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

To remind everyone, this survey concerns November sales.

NOVEMBER 2007 SALES COMPARED TO NOVEMBER 2006

	MEN	WOMEN	CHILD	SHOES	GIFTS	WEST	SPORT
More than 15.0% below last year	10%	4%	20%	5%			
-10.1% - -15.0%	10%			5%			
-5.1% - -10.0%	10%	11%		12%		25%	
-.01% - -5.0%	10%	22%	20%		22%	25%	25%
EVEN	6%	7%	20%	24%	10%	25%	25%
+.01% - +5.0%	14%	11%		24%	23%		50%
+5.1% - +10.0%	26%	30%	20%	12%	23%	25%	
+10.1% - +15.0%	6%	4%	20%	12%	11%		
More than 15.0% above last year	8%	11%		6%	11%		
	100%	100%	100%	100%	100%	100%	100%

No dance retailers responded.

Just as a reminder, 85% of our respondents believed that holiday sales would be better or the same as last year.

QUOTE OF THE MONTH

"Reduce your plan to writing.
The moment you complete this,
you will have definitely given
concrete form to the intangible desire."

Napoleon Hill

author of Think and Grow Rich

TELE-SWAP GROUPS

As I have mentioned before in the newsletter, this year I have started a new service for retailers called SWAP (**S**hare **W**ith **A** **P**eer) Retailer Teleconference Groups. I have a menswear group that has been meeting successfully for several months now. When the group started it was a little difficult to get everyone on board every month, but now they are all always on the call if they possibly can make it. The questions and topics we have discussed are numerous. A few recent examples are:

- * "When advertising menswear, what media has been most successful at your store?"
- * "How do the other members handle return alterations when someone has gained or lost weight?"
- * "Do you have any effective employee sales contests that you have used?"
- * "Do you take in any outside alterations and if so, how do you charge for it?"
- * "In an effort to attract more local shoppers at our shopping center during the holiday season, our center and the merchants in it are talking about tying into a popular non-profit and have a percentage of sales benefit that organization during the holiday season. Have any stores done this? What percentage of sales? How long of a period should this run?"
- * "What events are you planning for the holiday season?"

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

"It is well worth my time to meet with other retailers. I found a new line that I anticipate generating thousands of extra of dollars." Phil Chizum

"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

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 and we will send you an application. Once I get your application I will contact you about joining a group.

I currently have one or more openings in the following groups:

- Men's - Regular
- Women's - Moderate to Better
- Women's - Better
- Women's - High End

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 help and advice you need to be more successful without having to leave your store. Do not delay!

KEEP YOUR EMPLOYEES HONEST & INCREASE YOUR BOTTOM LINE!

**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.

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.

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)