



12 FOR 23

The
Wealthy
Retailer®

12 Ways to ***Future-Proof***
your Retail Business
in **2023**

Brought to you by



What is meant by **Retail WEALTH?**

It's the acronym that clearly defines our **objectives**,
our **output**, and our **performance**...

W **INNING** We keep score. We keep score to **KNOW** when we are on track, or off. We set out to create **WINS** for our external and internal customers, our partners and ourselves.

E **NERGIZED** We are energetic in pursuit of our Vision - on the floor, on our team and in our own lives.

A **DMIRED** We believe in the power of admiration from our **team**, our **peers**, our **partners**, and our **customers**.

L **EAN** We employ the belief in needing to be **LEAN** in everything we do - lean in inventory, and lean in expense. Being lean enables us to be nimble and adapt quickly to our changing landscape.

T **ENACIOUS** We treat setbacks like anomalies - when we get knocked down, we get back up and continue in the pursuit of our vision.

H **APPINESS** is the essential ingredient of all successes. We must first be **happy** before we will be **successful**. Find the happy moments everyday and build from there!

1 Vision Building

One of the biggest *misses* I see in working with retailers today is a lack of vision. They are **too** focused on immediate consequence rather than the big picture - **where they are headed**. Think about vision like this: it's placing a dot or a pin on the map, and then planning, strategizing, and executing to get there in a specific amount of time.



Vision building and planning in retail is just as simple; **don't over complicate it.**

Place your dot on the map and look forward 5-10 years. Then, begin to work backwards to 3 years, 1 year and the next 90 days.

2 Retail Education

Education, or *Professional Development*, **must** be part of your ongoing strategy. The world of retail, technology and, most importantly, consumer habits are changing so quickly that we must allow outside knowledge to **enlighten** us and **expand our retail prowess**. There is no simple answer to how much you should budget for professional development – this, like every expense in your business, should be measured, benchmarked, and deliver greater than 100% return on your investment.



We've spent so much time consuming information and gaining or broadening our knowledge, especially in the last year and a half! Every retailer I know has looked for **self-help** or **self-improvement** opportunities; opportunities to get healthier. And we're paying for that education, either with cash or time (our most *valuable* resource).

“Education without application is just entertainment!”
– Tim Sanders



Ask Yourself:
**Are you monetizing your education
or is it simply *entertainment*?**

3 Your Biggest Asset



One of the most challenging aspects in retail is hiring the *right people*. 2021 took this age-old challenge to a whole new level...

The retailers that have, and will continue to have, success with their teams *know* and *understand* the importance of the **RIGHT** People in the **RIGHT** seat – the right people doing the right things to move us forward in achieving our vision. This often starts by hiring above us, NOT below us...

5 Key Takeaways to Build & Maintain a **WINNING** Team

- 1) Hire based on your foundational (or core) values – these values must guide their intentions, actions, and performance.
- 2) Be a good parent – have a small handful of rules and repeat yourself often; Listen as much as you speak!
- 3) Be a great coach – systems define outcomes. Coach systems that support your philosophical approach to success.
- 4) Inspire, Encourage, and 'Incentify' your team to deliver on your vision.
- 5) Inspect what you expect. Be **S.M.A.R.T** with your expectations (specific, measurable, achievable, relevant, timebound).

4 Marketing vs. Influencing

2020 & 2021 saw a *significant* shift in the way retailers are marketing to their audiences – this adaptation from **MARKETER** to **INFLUENCER** is another critical component to growing your audience and your market share. We've seen stores move from social selling, primarily on Facebook, early in the pandemic to now full-blown influencing buying decisions in-store and online through multiple channels, including Facebook, Instagram, Tik-Tok, SnapChat and Pinterest.



I get this question often: **"Is an influencer not a marketer?"** The simple answer is **YES**, but think about it like this...

At a fundamental level, influencer marketing is *social media marketing* that uses endorsements and product mentions from individuals who have a dedicated social following and are viewed as experts within their niche.

Doesn't this describe you today? Do you have a dedicated following? Are you building your audience? Are you using the channels that she uses? The later question is the most important. **You have to know your audience!** She is not 9 to 90. 6 out of 10 customers that walk through your door fit into the same three sided box – same *geographics*, same *demographics* and same *psychographics*. Your success in marketing and influencing your audience is solely dependent on how well you **KNOW** her.

5 Customer Experience is EVERYTHING

Our customers' expectations have changed over the last 21 months and will continue to change as we move forward and learn to live and operate in this post-pandemic world. The only real constant is, and will always be:

Experience Outweighs Expense

Let me clarify - Her experience in stores (physically *and* digitally) is far more important to her than the **price** she is paying!



5 Tips for a BETTER Customer Experience

- 1) Create a comfortable, shoppable space, both in-store and online - this means properly sorted and displayed products that allow complimentary items to be showcased.
- 2) See your store(s) through **her** eyes!
- 3) Create and maintain a meaningful loyalty program that gives before you get!
- 4) Know who your repeat customers are and celebrate them!
- 5) **Thank You, Thank You, Thank You** -These still remain the most under-used or insincere words in retail today. Fix that!

6 Systems Define Outcomes



One of the most *broken* aspects in many retail stores is the **lack of systems** - more specifically, a **customer driven selling system**. Your store must have a well-defined and documented system for serving your guests. This allows (and inspires) an equal and specified level of service to every guest that walks in your store, no matter who serves them or how they present themselves.

It is just as important to know that not every guest is ready to buy. Some are still in the exploring phase, and our system needs to identify this and adapt accordingly. Always remember: your first objective with every person that enters your store is to create an **ambassador**, not a *customer*.

Greeting & Engaging
Understanding Needs
Presenting TOTAL Solutions
Handling Objections
Closing Sales

Your selling system should contain each of the **5 Components to Sales Success** (for **her**, not for *you*)



7 Your Sales Volume is Consequential


Too many retailers either misunderstand or simply don't know how to attack sales goals and growth! Additionally, we exert energy focusing on the wrong numbers! Sales volume is made up of **THREE** significant measurements in your store:

1) Traffic - the number of people walking through your door both physically and digitally

2) Conversion - or as i like to refer it, Engagement - this is the number of people that BUY from you

3) Average Sale - how much, on average, that each customer spends

Multiplying each of these measurements equals your sales volume every day. And to the degree you can focus energy (coaching & training) on each of these components, you will improve your sales volume.



**Traffic x Conversion
x Average Sale
= Daily Sales Volume**

Here's an example:

Traffic (10 people) x **Conversion** (30%) x **Average Sale** (\$50) = \$150 in Total Sales

Now, improve Average Sale by just **10%:**

Traffic (10 people) x **Conversion** (30%) x **Average Sale** (\$55) = \$165 in Total Sales

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Inventory – Your Biggest Asset & Greatest Liability

We need to *better* understand the true movement of inventory in and out of our store(s). Many retailers lack clear understanding of how customers truly shop. Too often retailers live in a misguided world of **brand** and **vendor** rather than by **Category** or **Classification**. Customers buy within classes in your store(s) regardless, of the vertical you are in.



Classes are made up of products that are bought and sold on a similar curve – customers buy outfits, furniture, appliances, toys, equipment, etc. You also need to think this way. And not just think this way, but make all inventory decisions from this perspective. Your brands and vendors live within these **classifications** in your store – our demand and our buys must be measured by classification, *not* by vendor or brand alone.



Freshness Drives Sales

The appetite for **FRESH**, *new* inventory is constant...

Carrying the **right** inventory, in the **right** amount, in the **right** categories is the key to maintaining **FRESH** inventories that inspire return shoppers, buying more, more often.

- **90%** of your sales comes from inventory **LESS** than 10 weeks old!
- **50%** of your sales comes from inventory delivered and sold in the same month!



Start thinking about your inventory in terms of **weeks** of supply:

How many weeks worth of inventory do you need on hand at any given time?

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Buyers – Good to GREAT

Are you a *good* buyer or a **great** one? What makes a **great buyer**? What gives buyers the confidence to **succeed**?



1) They build their budgets by **classification** and allocate spending to vendors as they rank in your store(s), constantly testing new vendors and products.

2) They **KNOW** their customer. They see themselves as personal shoppers fulfilling those customers predetermined needs and wants – not their own. They buy what she likes, not what they like...



3) They are prepared for every vendor or representative meeting. They know their **key metrics**: Sell-Through, Turn, Maintained Margin and, most importantly, Cash Margin.

4) They are great **negotiators** and focus on terms, coop dollars, markdown dollars, and vendor discounting.

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Worth-Based Pricing

Inflation is upon us – Price **UP!**

Costs are on the rise (*significantly* in some verticals) and we need to pay very close attention to the landed cost on new goods. What lands in your store tomorrow may cost you more than it did yesterday. Take this opportunity to revisit your pricing structure and strategy and begin to inch your prices up! Just one dollar on every item in your store will make for a much better vacation!



We need to maintain a strategy that places **REAL** value on your inventory and we need to think in **RETAIL** dollars – that's what we want customers to spend. Ask yourself regularly: "what will my customer pay for this?" And then price it that way.

Remember, margin dollars come from **SELLING** goods, not *pricing* them. When it comes to Scotch, the older the better and the more we pay for it. That is **NOT** the case with your inventory. If it's bad, old, or tired, then get it gone – **FAST!**

12 Cash vs. Profit

The true definition of profitability in retail doesn't come from measuring MMU, NIBIT, EBITA, or any other acronym we've learned.

It comes from **CASH**! And your cash flow comes from having the right inventory, in the right class, at the right time, AND growing profitable sales in **EVERY** classification in your store.

Cash is **King** and Cash Flow is our **Queen**. Measure every investment made in your store against the cash it creates.



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