

Halfway to the Holidays

Checklist

By far, the most significant investment you will make in your store's success is the time you spend making a strategic plan. Although it may be difficult to set aside time now, having a plan for all areas of your business will help you be better prepared to meet your customer expectations, face the economic challenges of today, and remain viable and profitable. This can reduce your stress level as each season progresses. As you prepare, remember that the best plan is a flexible one, allowing for last-minute changes to capitalize on new opportunities and areas of concern or react to late-breaking trends.

To help with your planning, we polled a number of retail experts to develop the following list of suggestions. Not all suggestions will apply to your particular business and some of them you may have already implemented. I know this can be a lot of information to absorb, so please take it in a little bit at a time. And don't forget to document your results to review next year.

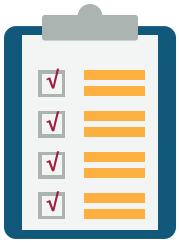
We recognize that your new year is well underway but this checklist should help spark some new ideas to make this your most successful holiday season yet! **LET'S BEGIN ▼**

We Believe in Your Magic.

Let's make this a memorable holiday season, together. Chat with us about how we can help.

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623-580-8181
info@onestepretail.com



RETAIL CHECKLIST

GENERAL THOUGHTS

Take a few minutes to note your successes and challenges so far in 2019. Write your thoughts down. This will serve as a planning tool for moving forward while you still have plenty of calendar year left.

- ☐ What is working and what has not worked?
- ☐ What can you do differently?
- ☐ Ask your staff members for ideas and comments. All ideas are worth discussing and documenting.
- ☐ Assess and refocus your store's positioning in the marketplace. Understand your customers' needs and expectations.
- ☐ Does your retail business include innovation as well as risk taking?
- ☐ Who does your staff view as competition?

CONSUMER BUYING PATTERNS AND CHANGES

- ☐ Customers continue to be "value" oriented, but it isn't always about price.
- ☐ E-Commerce is growing dramatically, how will you stand out with unique merchandise assortments and quicker shipping to customers?
- ☐ Customer service is about the entire consumer experience while shopping, across all channels.
- ☐ Websites, Mobile, and Social Media are changing the game entirely, are you even in the game?
- ☐ Customers can easily research price, quality and convenience before buying, how easily can they find you online?

- ☐ The customer is smarter and more informed today thanks to technology.
- ☐ Are you seeing and responding to the ethnic, cultural, and demographic profile of your customers?
- ☐ How is your store traffic? How are you responding? – How will you offset it?
- ☐ “Sustainable” and “environmentally friendly” are no longer just words but expectations.

MERCHANDISE PURCHASING / ASSORTMENT

- ☐ Review profit/merchandise reports for the past year and recent quarter by store/class. Analyze sell-thru, margins, turnover, vendor performance, GMROI
- ☐ Review your notes for current positive and negative trending by class, vendor, style, color, size, and price points from the prior year
- ☐ Review last year and recent quarter vendor profit analysis by class/vendor. Were the deliveries timely to maximize sales and not hinder cash flow?
- ☐ Plan on seeing new vendors for new merchandise or trending opportunities. Also check out more "like" stores that you might find new ideas worth implementing.
- ☐ How closely was the merchandise plan followed for 2018? Have most classes been rewarded profitably by following the buying plan and adjusting when called for with timely and recommended markdowns?
- ☐ What about future buys? Are there any "adjustments" that need to be made now due to current trending and cash flow?
- ☐ Many retailers are learning they do not have to front load the entire season. They are buying a smaller percentage of the season up front and finding they can get merchandise later as needed, even if it's not the exact same thing they would have bought earlier. Besides the cash flow advantage, they are seeing how much smarter they are about what to buy when they have dollars to commit as the season progresses and trends become apparent.
- ☐ Hold the line on cancel dates. If merchandise shipped late, reserve the right to return it or ask for a substantial discount to keep it.
- ☐ **Open-To-Buy:** Never buy all of your seasonal needs too early. Always keep reserve dollars in your Open-To-Buy. This allows you to chase winners as well as capitalize on new opportunities. If actual sales results are below original expectations, your "in-stock" position will not require panic markdowns.
- ☐ To facilitate the returning of late merchandise, the retailer's Purchase Orders should specify that the PO# is to be clearly marked on the outside of each box (or it will be refused). In this way, the retailer may knowledgeably refuse late PO's and keep current ones from the same vendor.

- ☐ No help from sales reps when trying to cancel orders? Try talking to the vendor's Accounts Receivable person. Chances are that this individual is not commission based (like the salesperson) and is more interested in the store's ability to pay for what is shipped than how much gets shipped.
- ☐ Besides posting receiving date on price tickets, (which help in evaluating sell through and determining markdowns), some merchants find entering cost codes valuable. Merchandise with larger initial markups can sustain greater promotional activity and still remain in the "profit-zone".
- ☐ **Purchase Orders:** Design and use your own purchase order forms. The advantage to using your own forms is that most retailers have some sort of inventory control system. If the purchase orders are all written on the same form, information is more likely to be complete and, because it is located in the same format, the data entry time is reduced as well as manual data entry errors. The PO's should be written by the buyer, not the vendor reps. The reps only include the information that the vendors need, not what the retailer may need to enter into their system (such as unit retail prices, etc.). Another big advantage is that you can put your own terms and conditions in the "fine print". Purchase Orders should protect the buyer as well as the seller.
- ☐ Buyers need to be prepared before each buying trip, i.e. vendor performance, clear merchandising strategies, etc.
- ☐ Have you planned enough pre-season reserve for:
 - 1. Special orders
 - 2. Reorders
 - 3. Off-price reserve

***Decide in advance before buying; the correct % of the total to leave open for each of these recurring retail circumstances
- ☐ **Sell Through:** When reviewing current inventory to determine reorders, evaluate the following: Beginning quantity on hand, how many sold, what is the time frame of selling, did you sell all at regular price or at markdown prices? Review: gross margins and "sell through" percent. "Sell through" percent can be calculated in units and/or dollars. The formula is: the number of dollars sold (or units) divided by the beginning inventory dollars (or units). The type of items you sell will determine a proper and acceptable "sell-through". Faster turning items should produce 70% "sell-through". Sometimes 50% to 60% is good as well. Below 35% is not very good and reorders would be questionable. How much shelf life does an item have?
- ☐ Always look for new items to add or test in your assortment. If you are not sure if an item will work in your store or not, bring in a small selection to test. Do this early in the season so you will have time to react to its success or failure. Give it the space and create the excitement it needs to be successful. You should be able to get a reading on it within 2-3 weeks, if not sooner. If it works and has good customer acceptance (check sell through), you will have to reorder and you will be confident of success. If it doesn't sell well, you have learned something valuable and you are not out much in terms of profit loss.

Improving Sales: If you produce a catalog, print it on your web site, make sure to showcase these advertised pieces in your store. Don't make customers look for the advertised items. You want to get the most out of these items since you are paying for advertised space. Use visuals to make the store more exciting during promotions. Use ribbons, balloons, signs, etc. to get the customer into your store and get them excited to buy. Get your sales associates excited and enthused as well. This will flow through to your customers. This is a great time to have a small contest among sales associates. Offer a prize or something special to the associate that makes the highest sales that day or who sells the most advertised items. Where appropriate negotiate with vendor for no cost items employees can wear.

Pricing: When pricing new items, it is important to look at each item and determine the right price. Have an initial markup goal in mind before you start but review each piece to determine if you can get a few extra percentage points out of it. Make your eyes the eyes of the customer. Also, your sales associates are great sources of information since they are in your store everyday working with your customers.

Slow Sellers: If something appears to be a slow seller, review the following before deciding on markdowns: Review how it is displayed, its location in the store, its price point, amount of time in the store, its intended season or time for sale and how it has been promoted.

If markdowns are needed, percentage off vs a price point, which works best for you? Customers don't like to have to calculate a price in their head.

Best Sellers: Never be out of your top selling items. Keep a list of your top best selling items and review them on a weekly basis. List is determined by both dollar amount and by units. You need to review both to determine if it is a "best seller".

Fresh flow of merchandise is a must!

VENDOR RELATIONS

If possible, negotiate additional discounts with vendors by agreeing to pay invoices in 10 days or less.

Look for consignment opportunities - a particularly good approach for new vendors where you are hesitant to tie up your OTB budget.

Lower or eliminate "minimums" on purchases. Tell a vendor you will place an order, but can only go up to what you can reasonably sell within a specific timeframe. Explain that if quantities too high, will jeopardize sell-thru and leave no money to re-order best sellers.

Edit total number of vendors used. Too many vendors dilute how much you can buy. This causes loss of visual focus, emphasis and customer confusion.

Rank the vendor performance within each merchandise classification by sell thru, inventory turns, margin and markdowns. Drop the poorest performing vendors; they are costing you money. Increase your commitment to the best performing vendors; they are paying your bills and earning you profits.

Ask every vendor whose merchandise you like, if they do any of the following:

1. Consignment
2. Advertising co-op dollars
3. Trunk shows
4. Dating
5. Off-price
6. Free Samples
7. Free Merchandise
8. Trade-outs (exchange non-sellers for new in-line merchandise)
9. Markdown allowances. It's the squeaky wheel that gets the oil; you must ask the questions. A good idea is to have a form to give to a vendor just before you write orders.

***Collect and keep this information in your computer vendor profiles.

Canceling Orders: It is always wise to keep in mind that canceling open orders is something that happens every day. Large companies cancel orders as a matter of course. Vendors are perfectly aware of this. They will never admit this but the fact remains that in the retail business, cancellations are a fact of life. You should also keep in mind that often vendors cancel you and never even bother to inform you. Never forget those incomplete shipments, those items that mysteriously disappeared or those substitutions that appeared without your prior approval. The bottom line is that you must keep your receipts in line with your forecasted "open-to-receive" or you will have a cash flow problem. In order to achieve this, cancellation of orders is sometimes necessary.

FINANCIAL PLANNING

Review your expenses for the past 12 months. Payroll and rent, being the major expenses, should be the reviewed first. Is the % of payroll to sales reasonably in line for the year? Has rent relief been explored if needed and granted where justified? Is it time to re-address?

Have you updated your cash flow forecasts for the balance of 2019?

Merchandising and Pricing Your Markdowns: Using a straight Percentage Markdown is the lazy way. Don't just use prices that are the straight mathematic result. Example... If an item is retailed at \$110 and a markdown is affixed at 25% off, then this item will be sold for \$82.50. This item can just as easily bring you \$84 or \$85. Of course, it may be wiser to reduce it further to \$79 to sell it quicker. Another suggestion is when marking down coordinates or similar such groups; evaluate the tops, bottoms, jackets and vests separately. These sell at different rates at full price. So too, they will need different degrees of markdowns to clear. The soft pieces will sell with fewer markdowns than the hard pieces. Use your creative merchant's intellect in deciding on the best sale price points.

What are your revenue expectations for 2019? Do you have a plan?

Have you created flexible operating expense budgets that can be adjusted based on revenue goals?

Negotiate dating 30-60-90 days. If you turn inventory 4 times a year, you can sell everything (in theory) before you pay for it with proper dating.

Evaluate sales per square foot, are you allocating the right amount of space to your best merchandise revenue and profit producers?

OPERATIONS

Clean out stockrooms and storage units. It's time to get organized.

All RTV's, damages, customers holds should be cleaned out.

Review store policies and procedures and implement necessary changes in 2019.

Does the cost contribute to sales or expense control?

CUSTOMER SERVICE

Do your managers and sales staff have a positive demeanor that communicates well with your customers? Positive interaction with customers and staff is very important especially with today's customers' needs and expectations, not to mention the competition.

Are you or a member of your staff conducting meetings at least twice a month? Enthusiasm and energy begins at the top and works its way down. Your valuable customer can easily spot negative energy or an unhappy associate. Bring on the new season and share with your associates the "thrilling" spring buy that's coming. Renew that enthusiasm upon arrival and explain the selling features.

Your customers shop your competition. They understand the differences between your store and your competition. Therefore, you must as well. Sometimes owners and buyers are hesitant to visit their competition - they are shy or embarrassed. These feelings must be overcome. Merchants must carefully analyze their competitors' strengths and weaknesses. What message are they sending to their (and to your) customers? What sets them apart? What are their strengths, their weaknesses? What merchandise is being featured? What promotions are they using to entice buyers? How do their customer service policies compare to yours? How does their atmosphere and environment...

... stack up to yours? Are they targeting the same niche as you? Where are they doing a better job than you? Walk their floor carefully and slowly. Let the store's ambiance and vision pervade your awareness. Talk to their employees! It's amazing what they will reveal - you only have to ask in a friendly way. Notice where key presentations are now and compare them to the last time you were in the store. Have they been moved to a more or less prominent area? This will give you insight into their actual sales production! Note taking is usually discouraged within the store but take notes on your phone. However, nothing is preventing you from taking mental notes! Immediately upon leaving their store, write your thoughts down. Now return to your store and compare. Be honest and try to be objective. Try to look at both operations through the eyes of your customers. Develop an action plan and then make necessary changes. This must be a continual ongoing process.

Buyers aware of merchandise performance can stimulate productivity by encouraging weekly contests among sales staff. A "spiff" or commission is awarded to the salesperson that sells targeted items. This is a very strong technique that has enjoyed much success in clothing and shoe stores. If done right, great results can be achieved in moving slow sellers before markdowns are taken. An effective "spiff" amount is of lower cost than the cost of the 1st markdown and it rewards your staff by encouraging targeted sales efforts. Category contests among sales staff may be used for the same purpose. Award a \$25 to \$100 bonus for highest sales of week in a chosen class. This can be very effective for determining hot looks or winning SKU's prior to season's peak when there is still time for reorders (ex. Outerwear or boots in July/August).

Evaluate your customer service, every customer service experience should be outstanding from selling, returns, inquiries, regardless if they are in person, web based, or over the phone.

Update your customer database and keep it current adding new customers as they visit your store.

MARKETING / PROMOTIONS

Consistent communication with customers is very important whether you use email, texting, social media, smart phone business applications, online newsletters, etc.

Stay in touch with retail news using online publications, industry newsletters, magazines, etc.

Update your website and online marketing efforts. Rule of thumb is that it should only require two clicks to get to the item being searched.

You may need to refocus your marketing efforts, but do not stop.

Upcoming special events?

If you have a website or use social media, constantly update and generate new content.

Are you attending trade shows and vendor events for new ideas? Take pictures to implement memorable ideas.

MARKETING / PROMOTIONS

Visual Merchandising is the key to how we market on the sales floor

Creates a unique shopping environment. It translates your vision to your niche market

Sets you apart from your competition, helping to create and support your individual identity

Sells your products and services as well as builds "add-on" sales; "Cross Merchandising" helps sell related products from other departments

Educates your consumers as to the use and applications of your products. These may include new and innovative uses for your merchandise

Publicizes your store and enhances your "mission and vision"

Supports popular trends or popular culture; reveals latest fashion or technology

Develops rapport with your customers and encourages them to take a closer look as well as visit more frequently

Emphasize ideas that they may not have thought of before. Your expertise can be shared and valued by the consumer.

Is a major facet to your store's total "experience" and will help create loyalty and advocacy (word-of-mouth advertising)

Frequent re-merchandising is a must!

How does your customer perceive your store front and windows? Constantly keep them fresh.

Need help planning for success?

Don't just hire a planner. Hire the retail experts. We have the tools and expertise to make this holiday season the most successful yet!

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