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RETAILING

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Rebuild for the Season

THE CHRISTMAS RUSH has gone and the post-Christmas sales madness has ended. Your staff have returned from holidays. Now it's time for reflection.

Retailers generally live day-to-day, which is reflected in poor service levels, staff morale, in-stock levels, and more importantly in sales results. There is a lot to learn for the Christmas/post-Christmas period:

- The massive increase in stock levels which needs to be processed and merchandised at a rapid pace, to ensure that no opportunity is missed
- Increase in staffing levels, which requires strong management and direction of employees so that there are no queues at registers, and customers are served efficiently
- High volumes in foot traffic, which forces you to be better at ensuring that there is maximum floor coverage, and
- High volumes of cash moving inwards in to the business through the till and outwards through large increases in stock purchases and employee wages.

So what you really learn from this period is how good your business is in times of stress, and during the Christmas/post-Christmas period, there is a lot of stress to deal with. You find out in these times of stress the strength of your team, systems, product offering, and more importantly yourself. So here's a direct question: how well did you perform at Christmas?

Rebuilding for next Season

Sporting teams that go through a tough trot, and know that they have no chances of winning the competition, readily admit that this is not their year, and it is time to

focus on the next season. This is a great analogy to use in reviewing the performance of your business. In retail, Christmas is the finals period, and all year you should be building your business to be able to 'take out the crown'.

Here are some vital planning/review points that you should discuss with your management team (or consider yourself), so that you are bigger and stronger for 2007:

How's my team? – At the end of each season, sporting teams routinely review their playing rosters and decide who needs to go, what key positions need to be strengthened, and how big the squad needs to be. It's exactly the same for retail. The mad rush brings out the best and worst in people. Reward the stars, and remove the poor performers – or give them some time on the bench.

Are the foundations strong enough? – In periods where there is a rapid increase in staffing, customers, and stock, you need to ensure that your systems are built to handle any situation that arises. So what were the weaknesses in your systems? Sometimes we only blame our team's performance for the result, but maybe the infrastructure was not in place to set them up to win.

How are we tracking? – You are now past the halfway mark for the financial year. So how are you going? Are you going to hit the numbers? If not, what strategies are you going to put in place to ensure that you hit the numbers? Your numbers are not only sales and profit, but also your stock-on-hand at cost value which need to be reviewed. If you have too much inventory, that is cash that is tied up, it may hurt future performance by

preventing you from investing that cash in new stock; wages for better floor coverage, or marketing your business to drive sales.

Have we got any money? – Just because your sales figures increased three to four times more than normal, it does not mean that your profit did as well. Sometimes in this mad rush, we spend too much on wages, stock and marketing. So how much did you spend? Could you have got a better result by spending fewer dollars?

Which lines were the winners and losers? – Christmas buying (as well as buying throughout the year) can be hit and miss at times. But, like a professional darts player, the more you practise and review your technique, the more you hit the bull's eye. So which lines worked? Could they be sold all year round? Also, have your customers tastes changed?

At the end of the review process, document all the points from the review, and build an action plan from this. It is no good reviewing and then doing nothing about it. Your business should be growing each year, and growth comes from understanding what you do best and using it to your advantage, also understanding what you need to work on, and eliminating your exposure to more losses down the track. Retail is always about winning the grand final. ●

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