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## RETAILING TONY GATTARI

# Selling the Harvey Norman way

**SOME YEARS AGO** I was asked by a business author to explain how we managed to grow the Harvey Norman computer division – which I was in charge of – from \$12 million to \$565 million in nine years. There are important lessons to be learnt from the Harvey Norman experience, and many of these principles can be profitably utilised in much smaller retail businesses with dramatic positive impact on sales and profits.

One of the important questions to ask is: What are some of the practical things that we did at Harvey Norman to increase the amount of leads and foot traffic into *your* stores?

The simple answer is that Gerry Harvey was a marketing genius. One of the greatest pieces of advice that he gave me was, 'if times are tough, market your way out of it'. Often when businesses go through tough times, they wind back their spending on marketing or even stop it altogether. Harvey Norman changed the landscape in Australia by maintaining double digit growth when all of his competitors were either shutting up shop or barely growing with inflation rates.

In one particular campaign that we ran to promote '24 months interest free', Harvey Norman touched every available medium – television (including pay-TV), radio, major press, local newspapers, catalogues, letter box drops and in-store point-of-sale opportunities.

If you read the paper in the morning, you would have found a Harvey Norman advertisement. If you hopped in your car and turned on the radio – another Harvey Norman advertisement. In your mail was a Harvey Norman catalogue. If you turned on the television to watch the evening news – yep, there was Harvey Norman. How could you not know that there was 24 months interest free at Harvey Norman?

It is true that creating leads is one thing, but the real challenge is how do you turn them into dollars? How do you convert leads into sales? It is important to have multiple lead generating strategies, but what happens when all these people start coming through your doors? At Harvey Norman we had a really simple game plan for converting sales.

The commission structure for our sales people was paramount. We paid our sales people a percentage of the gross margin for the product they sold. This meant that the commission earned was much higher than their retainer. (Some of our floor staff were earning \$80,000 a year. As you can imagine, our staff were highly motivated.)

Staff training is equally important: you have set up your team to win. We did this by providing our team with some of the best sales training available. We also found that in most of our successful stores, the proprietor would organise additional sales training.

Likewise with product training – which meant that you were passionate about your product, you must know what you are talking about. This is not so that you can show-off in front of the customer about all the technical features you know about the product, but so you can isolate the benefits that suit the customer's needs.

At Harvey Norman, we recognised results. Sales needs to be competitive, not so that everyone wants to kill each other, but through a healthy competition. We did this by recognising results at weekly sales meetings with the sales staff and posting results on the communication board. We would also send a weekly report ranking the best sales people in the group. If a salesperson was number one in a store, their next personal challenge was to become number one in the country.

Another question is while working in such a big business, how did you test and

measure lead strategies to determine what gave you the most amount of value?

Most of the systems that we had in place at Harvey Norman are used by most of the larger retailers in some shape or form. Each week we would print the sales and stock reports and analyse the results in a weekly sales meeting. We would review each of the stores' performance, how each of the categories performed, as well as each of the main stock lines that were used in our promotions. At the end of the meeting we would devise an action plan for everyone to follow for the rest of the week and, for any poor performing areas, we would work on strategies to improve them.

The most successful strategy for reviewing results and improving them was through the use of category steering committees. These meetings would involve our best proprietors who would report back on what the stores required to be successful. These meetings (held monthly or quarterly) involved the buyer for each category presenting their results, and suppliers who were brought in to discuss ranging and marketing activities and develop promotional activities for the category. Most of the changes and ranges that you see in Harvey Norman are driven through these steering committees. ●

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