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**Seven tips for improving business efficiency in tough times  
(using an Epos system)**

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## Contents

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Seven tips for improving business efficiency in tough times	2
1. Stock Control	3
2. Suppliers	3
3. Staff	4
4. Product Sales	4
5. Shrinkage	4
6. Customers	4
7. Overcoming 'Head in the sand' syndrome	4
Quality of information	5

### Seven tips for improving business efficiency in tough times

*The recent economic turmoil has left many expecting a downturn next year which is likely to mean tougher times on the high street.*

*So what positive steps can be taken to make the best of the situation?*

*Well, a downturn can be seen as an opportunity to improve business efficiency. Then, when the market is more buoyant the business will be in fitter, leaner and better equipped to grow again.*

*This article looks at how retail technology has the potential to help in times like these.*

Richard Branson's philosophy that business improvement rarely comes from one big idea but rather lots of smaller innovations is certainly true for improving business efficiency.

It is those small changes that occur on a day to day basis that will add up to make the difference.

However the difficulty a lot of retailers face is how to identify the areas that need improvement. This is where a computer system that delivers good information comes in very handy. Information in the form of reports will shine a spotlight onto the weaker areas of the business. Then it's a case of making the decision to improve them.

Retailers who can get into the habit of making day to day decisions to; a) run the reports to do the investigation and b) make the necessary changes are rewarded with big improvements in efficiency. In fact many studies into business failure show that

managers who do not make enough good decisions significantly contribute to the demise of the company.

So making good business decisions is important and can make the difference between success and failure. So how good are your business decisions? Well, any business decision is made on the information available at the time, and the better the information, the better the decision is likely to be.

What types of information are there? Qualitative information comes from your own personal experiences, for example the picture you build of market trends include stories from suppliers and feedback from customers. Without doubt this is essential information. Your values and beliefs adjust how you recall and use this information. On the other hand, quantitative information is about hard facts, i.e. those records you keep about events in your shop. Both types of information are vital to decision making, yet independent shops are often run with very little hard factual information.

Good information can have a positive impact on many different areas of the business. Here are a seven suggestions where I have seen retailers use facts and figures from their till system to make positive improvements in business efficiency.

## 1. Stock Control

A good stock control program will gather information on what is selling in the shop (and on your website if you have one) and analyse sales patterns then suggest reorders for you. This makes reordering much faster but still keeps you in control. Because reordering is so much faster it can be done more frequently with smaller quantities.

Why does this help? Well firstly it reduces the amount of capital tied up in this stock which frees up money to use on other things like marketing, or investing in other fresh new lines. Secondly it reduces the chances of buying lots of products that do not sell and being stuck with them. It will increase the turnover of your inventory, more of a light touch.

Sam Walton, the late founder of Wal-Mart, the largest retailer in the world has said; "Any retailer that is not clearly focused on inventory turnover will not survive." Faster stock turnaround means holding less stock. This releases working capital in your business and reduces your exposure to risk of changing trends.

## 2. Suppliers

Do you know which suppliers are performing well and which are not? With so many products and suppliers in the typical shop it can be hard to tell them apart. Information that tells you which are your most and least profitable suppliers helps you quickly make decisions on how to deal with a certain supplier. If you are sometimes led by suppliers' recommendations, knowing exactly how well these recommendations perform allows you to assess the quality of the advice, ready to make allowances next

time! If it didn't go well, you can even present them with the evidence giving you leverage to negotiate on another deal. Buyers in large companies rely heavily on sales reports for successful supplier negotiation.

### **3. Staff**

Good information can help with staff motivation. For example, average customer spend is a useful measure for those accessory purchases. Average customer spend should have an upward trend and some owners will constantly look for ways to improve this figure. Up-selling is one of the main ways. The more your staff can up-sell the more profitable your shop. Measuring average customer spend regularly for each staff member, shows you how good they are at up-selling and whether any training is required.

### **4. Product Sales**

Staying on top of trends is a very important part of owning any shop. No matter how good your instincts are for spotting trends, it is all too easy to overlook smaller areas that are delivering good profitable growth. By combining factual data with your natural instincts you will be in a position to make sharper decisions to improve the effectiveness of your buying and merchandising. For example, changing the location of certain highly profitable accessories can

make a big difference, or on the other hand reducing the stock of a declining trend will reduce your exposure.

### **5. Shrinkage**

Most shops suffer from shrinkage for reasons other than theft. It can be from broken or misplaced items or items that are given free to customers. Recording all point of sale activity in the shop will help you keep track of where these incidents are occurring and whether they centre around certain people or locations in the shop.

### **6. Customers**

The best customers you have are those who have already shopped with you. If you keep in touch with them, it is more likely that they come back more often. The starting point of marketing to your customers is to create a customer database. This can be particularly beneficial for independent retailers who are good at developing strong customer relationships. Record customers email addresses in the shop, it may help to give staff a small incentive for doing so and you could be amazed at how quickly you build a large database of names. Then email every month or two with a friendly note about new products or promotions in the shop, keep the relationship going, as their little ones grow there are so many reasons to come back in for additional purchases.

### **7. Overcoming 'Head in the sand' syndrome**

Particularly when times are tough, it is all too easy to not face the facts. We get the feeling that certain areas may not be

performing properly but as we don't really know we will leave it as is. Hard facts make it more difficult to put heads in the sand. They show very clearly the direction your once favourite line is taking. They show you in black and white even slower moving but strong trends such as changes in certain product lines, changes in footfall or average customer spend. This is great news because you can do something positive about changing it.

For example changing the price, location, lighting or display of a product range can have a dramatic effect on success. It can be hard to remember how much difference a change made 2 months ago has made to the product. But with clear information on product sales compared with overall shop sales you will get an exact reference of the difference the changes have made. Again, knowing this accurate information allows you to make better decisions, faster.

### **Quality of information**

Too much information is as bad as no information at all. Then it is only useful if you understand it and actually base decisions on it. Consider what you need to know and how would you like it presented. Then go about getting it together. Good information leads to good decisions, and good decisions contribute to a successful and profitable business.

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