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A Guide to Retail Success

John C. Williams
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**A Guide to
Retail
Success**

Foreword

The National Retail Federation is pleased to be associated with the introduction of *A Guide to Retail Success*, written by John C. Williams and John A. Torella. With more than 35 years of retail management experience, the two authors have a hands-on grasp of what it takes to succeed in the world of retail. This up-to-date workbook serves as an adjunct to the seminars presented by the J.C. Williams Group, or stands alone as a step by step guide to store analysis.

A Guide to Retail Success is a terrific refresher for those who have been in the industry for a while and need to reexamine their business, their customers, and their practices. It is a valuable tool for many in the retail industry, including chain store managers, independent store owners, large store executives, and professionals in related areas looking for a special insight into retailing. It is also an excellent guide for those entering the industry for the first time, or for students looking for practical education in retailing.

In the dynamic retail industry, changes occur by the minute, and those who are not in tune with their company's and competitor's strengths and weaknesses get left behind. Occasionally it is necessary to take a step back and look at your business with a fresh perspective, to verify who you are and where you are going. Many executives over the years have fine-tuned their companies to find new, untapped markets, by analyzing the opportunities for improvement that lie within.

We trust that you will find *A Guide to Retail Success* to be among your most practical and useful tools, and hope to see you at one of the educational seminars put on by the National Retail Federation and the J.C. Williams Group.

Sandy Kennedy,
Senior Vice President of Member Services
National Retail Federation

From the Authors

Acknowledgments

A Guide to Retail Success is now the fourth revision by John Torella and John Williams, who have been coauthors of the book for over twelve years. With each edition new ideas and processes have been added in an earnest attempt to bring to retail management the latest and best practical thinking on retail strategy and tactics. Throughout this time the authors have been generously supported and sponsored by Cambridge Shopping Centres Limited (J. Lorne Braithwaite, President & CEO, Ron L. Meiers, Senior Vice President & COO).



The Canadian edition was published under the title “Building A Winning Retail Strategy” by the Retail Learning Initiative. RLI is a collaborative partnership among the Centre for the Study of Commercial Activity and the Centre for Advanced Technology Education at Ryerson Polytechnic University, the Retail Council of Canada, the Canadian Retail Hardware Association, the Canadian Booksellers

Association and the Ontario Ministry of Economic Development, Trade and Tourism. This book is part of the RLI’s *Retail Smarts* project.

The authors are grateful to Retail Learning Initiative and Cambridge Shopping Centres for this support and for the encouragement from the National Retail Federation to proceed with this edition.

How To Use This Book

Please keep in mind that parts of the Winning Retail Strategy Process will require you to do new or different things. In some instances competitive practices will be described that may not suit your type or size of store. Please don’t reject or disregard these new facts or ideas, but rather seize the opportunity to either learn and adapt new ideas or to study what new competitors are doing and plan how you will react to their challenge.

When and how you complete this Workbook is entirely up to you. Knowing the demanding pace of most retailers, we suggest that you take a week to review the Introduction, and a month to complete each of the steps. This will allow for thoughtful fact-finding, team input, analysis, discussion, agreement, documentation, and implementation of your store’s Business and Marketing Plan.

Make your time commitment now: form your team; write in dates on your calendar. If appropriate, bring in one or two outside experts to help prepare facts and/or bring objectivity. (Complete your Planning Schedule on page viii & ix.)

A Guide to Retail Success



Introduction

Purpose

In today's complex and ever-changing marketplace, retailing is both an art and a science. To succeed and thrive, retailers must develop and maintain a clear-cut management focus. We believe that **A Guide to Retail Success** will help you do this and ensure your success!

The **Guide to Retail Success** Workbook shows you and your management how to formulate a strategic business and marketing plan backed by viable, practical and easy-to-implement steps that lay the foundation for long-term profitable growth.


The principles behind **A Guide to Retail Success** are fundamental, straightforward, time-tested and simple:

- ☐ base all decisions on fact and your target market's perspective
- ☐ choose the one basic strategic direction in which you will be distinctly superior
- ☐ create a culture that nurtures and realizes the potential and talent of your entire team
- ☐ harness technology to help you become highly productive
- ☐ strive to exceed your customers' expectations by adding the WOW factor!

Target Audience

A Guide to Retail Success is aimed at:

- decision-makers, owners and managers of independent stores or retail chains.
- individuals entering retailing for the first time who need a guide as to whether their contemplated venture has a chance for success
- students wanting a practical guide to retailing
- businesses that deal with retailers; e.g., real estate developers, media, manufacturers, financial institutions, advertising agencies, etc.

 hanging times and customers require constantly changing retailers.

Need

Retailing is such a nitty-gritty business; it's often difficult to 'see the forest for the trees.' Stores are operating under a unique set of pressures which threaten survival and growth. The old ways are challenged and the traditional stores are losing share of market. **A Guide to Retail Success** will help retail management step back and take a fresh look at the business.

The basic premise of this Workbook is that retailers must become more skilled in developing and implementing a true specialty focus. Only by targeting all human, financial and marketing/operating resources in a single direction, and at the same time creating excitement and individuality with the WOW factor, will an enterprise outperform its competition and thrive.

Retailing must satisfy a dual need: run the store day to day; and maintain a clear-cut focus on long-term goals and strategies. This winning combination of superior short-term delivery of shoppers' needs and wants and strategic long-term focus is essential to your retail company's success and profitability.

Putting The Winning Retail Strategy Process Into Retailing – A Nine-Step Process:

The **A Guide to Retail Success** process consists of nine easy-to-follow steps, outlined below, that will facilitate your store's short and long-term profitable growth.

These steps flow logically—from fact-finding to goal-setting to action plans to review and adjustments. Enter into the process at any step, as long as you've completed the previous steps. To maintain your advantage, review all nine steps every year.

Step 1 – Start With The Facts

Base your decisions on all the facts you can find out about the 4 Cs—your Company, your Culture, your Customer, and your Competition.

Step 2 – Create Your Vision

Develop your Store's Vision Statement—a meaningful and lasting statement about the nature of your business; and your guiding principles—the basic values which guide your relationships with everyone with whom you're in contact.

Step 3 – Set Challenging, Realistic and Measurable Objectives

Know what the best and most innovative retailers are doing, and set challenging but realistic objectives to meet your competition.

Step 4 – Choose a Unique Strategy

Choose a strategy that will place your company in the position of ‘a leader’. Three distinct strategies for success are outlined; focus on the one which gives you the most positive opportunity of achieving success:

- a) Product leadership, or creating merchandising superiority
- b) Operational excellence, or building a low-cost, efficient, low-price-driven shopping experience
- c) Customer intimacy, or serving target customers beyond their expectations.

Now take your store ‘to the max’ and add the WOW factor: the unique aspect of your business that makes your store stand out from the crowd and wins you customers for life.

Then just do it! With a clear focus on your objectives and strategy, focus all your resources on delivering a superior experience to your target customer, backed by strong supportive policies and practical decisions about merchandising, service, store productivity and communication.

Step 5 – Lead With Merchandising Programs

Decide on your merchandising focus; i.e., on broad assortments, lifestyle merchandising or price leadership. Then outline how the various aspects of merchandising will support your strategic direction.

Step 6 – Create Great Customer Service

Calculate the value of a customer for life, then decide on the range of services your store will offer and the degree of service; i.e., full, semi or self service. Support these decisions by making policies for your team to implement.

Step 7 – Choose Your Store Location and Build Productivity

Rethink location requirements in terms of your strategy, market potential, and occupancy costs; then follow basic guidelines to increase store productivity.

The Ostrich Syndrome

"Any company that doesn't make a regular and systematic effort to ask its customers: 'How are we doing?' and 'How can we get better?' is burying its head in the sand and creating economic suicide."

Tom Peters
A Passion for Excellence

Step 8 – Communicate Your Strategy

Use your advertising, store look, signs, windows, everything! to communicate your strategy.

Step 9 – Keep Raising The Bar

Measure your progress relative to the industry leaders, competitors, and of course, the needs and wishes of your customers. Dedicate yourself to continuous improvement!

The Three Foundations for Business Success

Following the nine steps to the best of your ability can make your job of managing the store a lot easier. But in addition to the nine steps, as you make your day to day decisions, keep these three foundations for business success in mind.

The three foundations for your success are:

1. A culture that fosters success
2. The use of technology to help eliminate waste and make work more enjoyable
3. Research to constantly keep you in touch with your target market.

Your business cannot achieve its full potential without using and committing to developing all three foundations.

I. Your Company/Store Culture

Whether you're starting a retail store or seriously re-examining your current retail strategy, the principal factor which will probably determine the strategy you choose is your own personality and corporate culture!

- a) Product Leadership is the best strategy for individuals who are idea-driven, take risks, follow instincts and are comfortable with loose structures;
- b) Operating Excellence/Price Leadership is the best strategy for individuals who like speed, efficiency, systems, and high operating skills;
- c) Customer Intimacy is the best strategy for individuals with skills in responsiveness, analytical skills and serving others.

Your store culture or values will certainly influence your sales and profit growth. Without a doubt, the working environment created by the owner/manager team is a principal factor in leading some stores to excellence and others to failure.

2. Technology

Don't let the word 'technology' scare you: it's a critical element for survival and success in retailing today. Whatever the size of your company, computers and software can help take the drudgery out of work, reduce costs, prevent stock-outs, keep you in touch with your customers, and greatly increase your sales and profits. Updating your technology isn't easy, but it's well worth the major commitment it requires. The good news: computers and software are now very affordable.

To help increase your technological competence, review the section on Technology in Appendix B.

3. Market Research

The values, attitudes and shopping habits of today's shoppers are changing dramatically, and will continue to change! What shoppers want, how you and your competitors are meeting their standards, and what's working/not working in the marketplace must be monitored constantly.

Retail companies that don't do market research have to guess what shoppers want, and therefore invite failure. For simple, low-cost ideas, questionnaires, guidelines and tips to help you develop an effective program of learning from consumers, see the section on Market Research in Appendix C.

"Just Do It!"

Retailing today is complex, high energy, customer-based, fun, multi-faceted, demanding, creative, fast-track, competitive, people-based, technological, hard work, logistical, immediate, long-term.

The rewards can be impressive; e.g., the Wal-Mart family is now one of the richest in America. Other retailers have grown from a single store to over \$1 billion in sales in their lifetime; e.g., Les Wexner/The Limited Group, Bernard Marcus/Home Depot, Sol Price/Price Club, Charles Lazarus/Toys 'R Us.








Too ambitious for you? Why not just build one great specialty store with sales of \$1,000,000 and take out +\$100,000 + expenses annually, while at the same time building yourself a net worth of over \$1,000,000. Just do it!

“Those who understand there is always business to be done, who understand their customers, in ways that are more profound than ever before, and who use their people to fulfill their customers' needs are the stores that are going to survive and thrive.”

Arthur Martinez,
Chairman & CEO, Sears

“How Will I Do In Retailing?” Take This Simple Test

Retailers who can answer ‘yes’ to these questions are bound to do well!

	YES	NO
 Retailers should make all marketing decisions based on what their customers want	<input type="checkbox"/>	<input type="checkbox"/>
 Retailers should hire the best staff for the job and pay/reward what is needed to attract and keep them.	<input type="checkbox"/>	<input type="checkbox"/>
 Retailers should treat their staff the way they want their customers treated.	<input type="checkbox"/>	<input type="checkbox"/>
 Retailers should continually invest in technology (1% of sales) and human resources development (10% of payroll).	<input type="checkbox"/>	<input type="checkbox"/>
 Retailers should have a research—listening program that frequently and regularly advises management on what shoppers expect and how the store is performing.	<input type="checkbox"/>	<input type="checkbox"/>
 Retailers should be continually updating their store concept format and upgrading one element in it every year.	<input type="checkbox"/>	<input type="checkbox"/>
 Retailers should calculate the asset value of their loyal customers every year and build customers for life.	<input type="checkbox"/>	<input type="checkbox"/>

Start the ‘A Guide to Retail Success’ Process Now!

Key factors in planning your personal winning retail strategy process include:

- ☐ your personal involvement in leading, completing, and continuing this process;
- ☐ the greatest possible involvement of your management team and staff;
- ☐ completing each step in a level of detail similar to that outlined in this Workbook.

Please keep in mind that parts of the Winning Retail Strategy Process will require you to do new or different things. In some instances competitive practices will be described that may not suit your type of size of store. Please don't reject or disregard these new facts or ideas, but rather seize the opportunity to either learn and adapt new ideas or to study what new competitors are doing and plan how you will react to their challenge.

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Planning Schedule

Step	Start	Finish	Objective
Introduction and get organized			
1			
2			
3			
4			
5			
6			
7			
8			
9			

Planning Team

Position	Name	Area of Specialization
Leader		
Co-Leader		
Store Team		
Store Team		
Store Team		
Store Team		
Store Team		
Outside Assistance		
Technology		
Retail Consultant		
Accountant		
Advertising Agency		
Designer		
<p>Our regular _____ meeting will be _____</p> <p>(monthly/weekly) (day) (time)</p>		

Each Step in the Winning Retail Strategy process has the following guides to help you read, understand and complete your store Business Marketing Plan. Look for these symbols throughout the book. These sections, plus an index, outline what's in each Step.

Introduction



Key Points

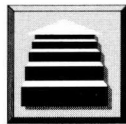
Describes the key points you will encounter.



Learning Objectives

What you can expect to learn and accomplish by completing the fact-finding analysis and by making decisions about your store.

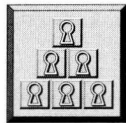
The Main Content



The Step

Outlines the work for you to do, with forms to complete on fact finding, issues and decisions. Make this your workbook by using the margins to write notes and ideas.

Follow-Up



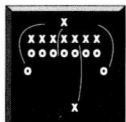
In Summary

A simple wrap-up of the key elements of your new Business and Marketing Plan. These notes build from step to step.



Best Practices

Tips on how to improve your store operations and/or implement the ideas in each step.



Coach's Corner

A guide on how to get your team involved in completing each step.