

# 10 Ways to Beat the Competition

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## 1. Monitor your financial health monthly.

Ours is a wonderful industry. The more relaxed business climate is great. However, sometimes our informal approach to the operating procedures can become too casual. *Monthly* profit and loss statements are a must for every retailer who wants to be a winner in the '90s. Reviewing these statements *monthly* identifies trends in sales, profits, and expenses. If you notice your expenses creeping up then take the steps necessary to correct the situation, immediately.

## 2. Think lean and mean.

Analyze every department in your store. Is each department profitable? Are there any sections that are marginally profitable after considering the cost of the department's labor, energy and fixed overhead costs, as a percentage of the entire store?

It is better to remove a department or service all together, than attempting to "scale back". If it cannot be done well, then it should not be done at all. For example, if your food service department, is not profitable, don't cut it back-cut it out altogether.

## 3. Use the Slow Times Effectively.

Soft economies are good for us. They force us to concentrate on the basics. Think used. This may not be a wise time to buy new. With many businesses and individuals experiencing financial burdens, look for great prices on like-new cars, computers or other major equipment items. For example, three years ago I purchased an immaculate one-year old vehicle for \$17,500 that originally cost over \$40,000 when purchased new. I recently noticed in the paper that the same make and model vehicles are selling for \$14,500. So far, it has cost me \$1,000 per year to drive a beautiful "\$40,000" car.

## 4. Stop Advertising—only when you are ready to go out of business.

During a soft economy we should never cutback on our advertising budget. In fact, many smart retailers increase their advertising expenditures during a recession, because there is more competition for fewer consumer dollars.

## 5. Reduce operating expenses.

No matter how profitable you are, every business can lower expenses.

**Hot Tip:** Organize a brainstorming session with your staff. For each expense line on your profit and loss statement, present the question, "How can this expense be reduced or eliminated". Let everyone

participate. You may be surprised at how many cost-cutting suggestions will come from your team.

## 6. Abundance sells.

Keep your store neat, clean and abundant. A store should look and feel full at all times-not just when the big order comes in. Customers will never buy space, so don't offer any. No gaps between products on the shelves, and no more than a 2-inch gap between shelves. When a customer walks into your store they should see two things: product and decor. Removing the space between products and between shelves will give your store a more abundant look-with less actual inventory.

Stores who follow my 90-180-360 day inventory control formula have found that they can increase their sales while decreasing their inventory. Higher sales with less inventory means more money in your pocket. Order only what you can sell in an ordering cycle. Leave your back room stock with the distributor until it is needed for sales. The less merchandise in the back room, the more labor is saved in re-checking and moving the product.

## 7. Smile.

Psychologists tell us that there are only four basic emotions: sad, glad, mad and scared. Most customers will only buy when they are glad. If a retailer can make every person happy when they walk into the store, more sales will be made. Many business owners and employees however, are often their own worst enemy. Instead of striving to make the customer glad, conversations often center on what's wrong. They complain about the recession, taxes, prices, government, weather, and the economy.

In retail business, when someone asks, "How's business?" there should be only two answers: *good* or *great*. If the store is breaking even, then business is "good". If the store is profitable, then business is "great". So, to every customer, friend, sales rep, or visitor who comes into your store, business is always good or great. There is nothing to complain about when conversations focus on making the customer happy. And a happy customer will always buy more.

## 8. Provide extraordinary customer service.

The aim should not be to please your customers, but to *delight* them. Make shopping in your store such a memorable experience that they can't wait to come back for more.

**Hot Tip for larger stores:** How about a greeter? Maybe a part-time retired person who could greet each customer when they come in the

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door, hand them one of your newsletters or sale flyers, place a shopping cart in their hand, and introduce them into your store. The message customers receive: We're glad you're here, buy a cart full of good stuff, and come back often.

## 9. Enjoy the process.

How many of us think that “If our sales could just get to ‘\_\_\_\_\_’ level, everything would be perfect”; or “If I could get our staff to ‘\_\_\_\_\_’ we would have it made.” In business, the process is the goal. When there comes a time that an owner, manager, or employee does not enjoy the process of the business they are in, they should change their job. The most successful retailers are those who love their job with a passion.

## 10. Attend the trade shows.

Enjoy the sights and participate in the seminars. Prosperous retailers have powerful skills in common—without them, one can never raise above, mediocrity. Register to attend one of my upcoming seminars to learn another 50 hot tips on how to increase your sales and profits.

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