



# March Retail Tips

## Top Tips - Part Twelve

### March Top Tips

#### How to thrive in a contracting economy

While I don't want to make light of the current economic situation, I do believe that there's always something you can do ! Observing a few simple points will see significant rewards:

1. **Manage costs** – Look at the simple things that you maybe haven't questioned for a long time. Do you really need 4 bins for your rubbish? Two telephone lines? As many staff ? Look again at all the contracts and subscriptions you currently have – Are they all necessary, what can you reduce or combine to save money?

**Cut your stock down.** Operate a little leaner. Can you trim 10 percent to 15 percent of your stock costs by carrying less of each item? If so, then do it. Not only does it mean you'll have more working capital for this slower time period, but it means you'll have important cash reserves should the storm last longer than expected or the banks continue their current shall we say "cold attitude" to SME's

**Shave staff hours.** Labour is one of the biggest costs for any retail business. Standard accepted wisdom in the industry is that you want to get your payroll costs to be less than 15 percent of sales and ideally around 12 percent. If you can shave hours and still deliver excellent customer service, then make the cut. It's more cash you can use for working capital or to save for later.

2. **Reduce wastage:** This sounds really obvious, but if you consider the thinking involved in investing to move a business forward you'll get the dilemma. Understanding your customer in great detail will help you make better decisions, as you'll base them on Return on Investment (ROI)

3. **Clarify your brand message:** Make sure that this is clear and concise, and shout about it at every opportunity. Make sure its on your business cards, your signage, your bags, your blog and your website – Tell everyone about your business and what's so great about it at every opportunity. Don't radically overhaul it - Just reinforce what's great about it.

4. **Avoid Knee jerk reactions:** A reaction is a bad thing, like eating bad shellfish ! Reacting is intuitive, instinctive and usually dangerous ! Responding is a much better alternative. You respond to external stimuli with thoughtful action. Response is always better than reaction. Don't slash everything in a blind panic. Analyse all your options, and keep everything in perspective.

5. **Take the Initiative** – Both reaction and response pale in comparison to the third alternative – Initiative – taking the initiative and making something good out of any situation is always preferable to being a victim of a situation. Look at the situation as a game, how can you play the game better? What do you need to learn. How can you increase your public profile? How far can you stretch your advertising budget? How creative can you be with your budget?

6. **Marketing: Trim your marketing expenses.** Some argue that when times are tough, you need to market your business more. But, if consumers are in a hunker-down mode, no amount of marketing is going to get them to react. Market as you need to, for your sale and seasonal occasions. Pull an ad here or there to trim the costs. Test it. If you can do it and your business doesn't change, the marketing isn't working anyway. Remember to test and measure all marketing!

For a wealth of **FREE** advice and information please pop over to our sister site at **www.retailrehab.co.uk** We started it with you in mind and its attracting a lot of media attention ! Its our way of supporting Independent retailers !

Chins up .....