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RETAILING

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Right people in the right places

ONE OF THE MAIN areas where retailers feel that they fall down is in generating leads. One of our clients was down in sales for two years in a row, and thought that their problem was either a decline in the market, or that they were not pro-active enough in generating traffic through the doors.

We asked some questions. We looked at their sales results. It was clear that the problem was not getting people through the door – it was getting the sales team to convert these prospects into sales.

The first strategy that we implemented was a weekly KPI (key performance indicator) report that measured the number of people who entered the stores (leads), how many were converted into sales (conversion rate), and average dollar sale.

The report also measured sales and gross profit against the corresponding period. From this KPI report, we were able to get total visibility on how the stores were performing in converting customers into sales, and increasing the amount that they sold to each customer.

The next step was to move from measuring store performance to individual employee performance. The business was about to introduce a new commission structure that we had worked closely with them to create. Now generally what happens with commission structures is that retailers treat them like some 'Secret Service document' that cannot be shown to anyone other than management and the payroll officer. If you were coaching a cricket team, would you hide how much runs or wickets each individual player achieved? Of course not, so why do it in your own business.

So the next strategy that we implemented was that every Monday morning, the entire team could visually see how their individual sales

performance was against not only other sales employees in their store but also across the company. This inspired healthy competition especially with star performers who are always looking for more motivation to sell more and keep ahead of the pack.

Now when you introduce performance measurement tools and incentive programs, you need to ensure that you introduce some 'coaching and accountability'. We worked hard on training the sales team on developing rapport with customers, up selling and cross-selling, improving product knowledge, and closing sales.

Then the sales team members who did not stack up either left on their own accord because they were not comfortable with the new performance culture or they were moved along due to continued poor results. New blood was brought in and inducted into the business.

The final step was to give the managers the correct tools to succeed, and by that I mean, giving them a rostering program that would measure productivity on a daily and weekly basis. In measuring productivity the most effective performance indicator is measuring 'Sales per Labour Hour', which is the total sales divided by the total hours rostered.

If you notice that your sales per labour hour is increasing regularly it means that you have the right people, in the right hours, doing the right things (which is selling). It is frustrating at times to see that on a slow Tuesday there will be a stack of employees standing around doing nothing, and then go in on a Saturday to find that there is a lack of staff struggling to serve the masses. This is a prime

example of poor rostering and this is also impacting on our client's results as well.

Once the rostering program was introduced, the managers could take out staff from slower trading periods and roster them on peak sales periods, which increased the conversion rate and also sales. The result from these strategies was that the client increased their sales without increasing the amount spent on wages, as well as spending tens of thousands of dollars less on wasteful advertising that bore no fruit.

So in your business just follow the following steps;

1. Measure KPIs such as sales, gross profit, number of leads, conversion rate, and average dollar sale
2. Measure individual sales performance and openly communicate it with the entire group
3. Invest in training your team on how to sell and also on product knowledge
4. Let go of the poor performers and recruit the stars
5. Roster the right people on the right times and get them doing the right things

Retail is not that difficult. The problem is that retailers forget that we are in the business of selling. Focus on selling and the registers will sing! ●

■ The author, Tony Gattari, is the Managing Director of the Achievers Group. He built Harvey Norman's computer business from \$12 million to \$565 million in nine years.

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