

**Retailer Newsletter**

**May 1, 2023**

**Tom’s Business “TIPS”**

***“To Improve Profits”***

**RE: How *Not* To React To Business Decline**

**Hello,**

**I recently participated in a panel discussion concerning the viability of the convenience store industry. Some contributors cited the rapid increase of electric cars, others mentioned the mega companies who are building more and more super stores, while others simply thought that the reality that cars are now getting better miles per gallon will be the downfall of the business. I didn’t say anything; however, when I was given the microphone, I stated, “The future of the c-store industry owned by the small business retailer is threatened by the owner’s failure to control employee and/or vendor theft!” My comment was met with both laughter and arguments. When I finally got the microphone back, I explained that many retailers run their businesses by their checkbooks. This means that when the checkbook balance dips, sometimes dangerously low, the retailer is likely to start making poor decisions. For example:**

1. **Working more hours themselves since they do not want to pay employees to work at the store. Sometimes they do not have the money to pay a full staff of employees.**
2. **They stop advertising and promoting their business. Meaning they simply do not offer any in-store specials.**
3. **They stop spending money on items that do not impact cash flow *(or so they think);* such as taking care of pump islands, trash pickup, lawn service, snow removal, window washing service, restroom sanitizing service, etc.**
4. **They don’t invest time/money trying to recruit better CSRs or train current staff members. The new CSRs are hired for less money. OBTW, you get what you pay for (or don’t pay for).**
5. **Importance of Accurate Business Reports**

**Do you see where I’m going? When times are tough, they try to squeeze every dollar and the result is that business continues to decline even faster. The business owner now looks down the street at the new store(s) and exclaims, “All my customers left me to shop at the new, shiny store.” When in fact they eventually did, but you, the business owner, encouraged them to make that move. Now let’s go back to my original comment, *“The future of the c-store industry, owned by the small business retailer, is threatened by the owner’s failure to control in-house theft!”* I have personally reviewed well over 100 small business financial statements. Many were so poorly prepared and will not allow the retailer to make proper business decisions to prevent the inevitable ‘falling off the cliff’. Meaning, the numbers on their statements did not allow them to see what was happening to the business. If your financials are properly prepared with the data you must have to evaluate your business situation, then you (the retailer) will see the problems that need corrective action.**

1. **Operating (Income) Statement Information**

**Here is a sample income statement (yours should look like this):**



**This sample Operating (Income) Statement shown above, only lists 5 categories (departments). Typically, your statement may have 10-15 different categories. If you have less, you may not be able to view what’s important. If you have too many (and yes), I have seen some stores with as many as 50 departments! That’s too many for analysis. It makes it difficult to impossible for the retailer to make the decisions necessary to prevent inevitable bankruptcies.**

**Our website provides a ‘Sample Financial Statement’. I apologize for the hard-to-read example, but I think it is important to illustrate what I’m talking about. This statement allows the retailer to view sales for the month and year; as well as permitting a view of last year (this month) and last year-to-date. Also, you can see gross profit $$ and gross profit % for this month, year to date, and last year's gross profit $$ and gross profit % year to date. When you have this information, you can see monthly changes as compared to the previous year. If the trend is consistently going down (or up), look for the reason(s) why. Many times, employee theft is rampant. It may start out small, but a dishonest employee(s) does not stop stealing. They only increase their urge to steal even more! Many of the struggling retailers I have met were facing employee theft from the first day in business and didn’t know it. Since their financial records would not allow them to see what was happening, it continued, sometimes at an alarming rate.**

**We are all aware of the challenges facing small business owners today. Banks are not loaning money based on past business, they are forcing retailers to adhere to strict banking guidelines. Banks no longer will accept poorly arranged Financial Statements. They know you cannot manage your business when you have poor and inaccurate business reports.**

1. **Accurate Inventories**

**We all struggle with maintaining the correct inventory at your stores. Here are a couple of thoughts to consider:**

1. **Is the inventory current, or is it old?**
   1. **Is it moving, or turning over? By that I mean, if you are not selling an item(s) in 90 days or less, get rid of it. Return it to your supplier (if possible), discount it to move it out, or trash it! That’s what I said, “Trash it!” Don’t keep items on your store shelves that are not selling, they look old, dirty, and dusty, AND you do not have room to stock the merchandise your customers ARE looking for.**
2. **If you offer your customers an in-store kitchen (fast food) can you honestly say it is profitable?** 
   1. **A local store I frequent had a thriving BBQ business, then COVID came along, and sales dropped dramatically. The retailer finally concluded that the BBQ offering was not profitable.**
   2. **When factoring in increased utility costs, added labor costs, additional equipment costs, and waste/shrink, can you honestly say you are making a profit? If not, maybe it’s time to pull the plug or change your offerings.**
   3. **Let’s go back to my opening comment, again! “The future of the c-store industry, owned by the small business retailer is threatened by the owner’s failure to control in-house theft!”**
3. **Absentee Owners**

**The retailers who are most at risk are the absentee owners. The absentee owner is not present (at the store) day in and day out to understand the potential of the business. The owner must depend heavily on managers and CSRs to provide the income to sustain the business. If one or more managers or CSRs are pilfering from the business and the absentee owner does not catch it early, that business is in for serious problems and possible bankruptcy. Another susceptible business is where the retailer owns multiple stores in the same town or neighboring towns. The reason those stores are also at risk is that the retailer may not work at those stores enough to understand what is needed to make a profit or what is consistently contributing to the loss of income.**

1. **Summary**

**If you find the items listed above as issues in your store or if you THINK you have some of these problems, send me an email or call me. I feel I would be remiss if I did not share with you a remedy. Maybe we can resolve your situation over the phone or through a couple of emails. If we cannot do it quickly, I’ll let you know how we can alleviate your problems as rapidly as possible.**

1. **According to C-Store Dive *–***
   1. ***“About 8.5% of consumers said dark forecourts would make them avoid visiting a c-store, more than any other factor.”* I’m pretty sure they are talking about bright well-lit pump islands and area lighting. I see many stores with LED strip lighting around doors and windows – I don’t think these lights do anything to enhance your dark forecourt. In my opinion, all those lights do is create a circus-like atmosphere.**
   2. ***16.7% of shoppers surveyed cited a modern, welcoming,***

***or well-maintained store as a determining factor for picking a C-store to shop in 2022.***

**NACS Daily**

**I have mentioned in the past that I typically receive a couple of comments each month, after sending out Tom’s Tips. I received a very complementary email last month I would like to share it with you:**

***“You provide a valuable service! You take your time to send these posts all the time without expecting anything in return. I appreciate it and thank you for your time and for sharing your knowledge with us. I enjoy reading your posts and learning a lot from you. I owe you a BIG THANK YOU!”***

1. **Website**

**Keeping with my commitment to share some items we feature on our website each month:**

1. **Customized Training – There is a list of the most popular training classes we offer on our website. We have the ability to customize the information necessary for a training session you feel is important to your customers/retailers. We have done this often for a variety of topics. Please reach out to me for more details.**
2. **Forms & Reports for Your Business:**
3. **Cashier Trend Report Worksheet – We have all reviewed check-out reports and/or EOS (End of Shift) tapes, but have you ever thought to compare the work between CSRs? You might be in for a surprise. For example:**
   * + **Does one CSR do more coupon redemption than everyone else?**
     + **Does one CSR sell more cartons of cigarettes than others?**
     + **Does one CSR consistently start check-out before the next cashier arrives?**
     + **These questions AND more may up come if you take the time to complete this worksheet. Remember, it’s up to you to conduct spot checks on your staff.**
4. **Cigarette Counting Worksheet – if you are not counting cigarettes after each shift (or daily), here is a worksheet to help you get started. If you never counted cigarettes, you would have no idea how many packs or cartons are stolen. As I have mentioned many times in the past, if an item is stolen from you, you will never make up for the loss. NEVER!**

**If your store is not as profitable as you think it should be, give me a call or email. If you are a supplier or organization with retailers, and they are struggling to maintain profitable stores, please reach out to me. We can help these stores operate and improve profitability!**

***"The man on top of the mountain didn’t fall there."***

***—Vince Lombardi***

**Don't be a victim of the 5 Dangerous Words –**

***‘Maybe I’ll Do It Tomorrow”***

**Do it today because tomorrow (~~could be~~) will be too late!**

Tom                                                                       
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***“Our business is making your business better!”***