

**Retailer Newsletter**

**October 1, 2022**

**Tom’s Business “TIPS”**

***“To Improve Profits”***

**RE: C-Store Rescue, That’s Me!**

**Greetings,**

**Like many of you, I generally do not answer a call from a number I do not recognize. However, recently I received a phone call, and for some reason I answered my cell this time. The caller immediately asked, “Is this C-store Rescue? Not being sure what he said or what he was asking, I said, “Excuse me?” He repeated his initial question, “Is this C-store Rescue?” For some reason I instantly thought of the TV show, *Bar Rescue*, and I replied, “It could be”. Apparently the caller has been a long-time reader of my newsletters and has even attended a couple of training sessions over the years. He told me that after watching a couple of episodes of *Bar Rescue*, he believes I should start calling myself ‘C-store Rescue’! That gave me an idea I would like to share with you. As you know, I have conducted numerous consulting sessions with retailers on site at their stores. Many were struggling with their business; some were literally on the verge of bankruptcy and one retailer was about to lose his store to foreclosure on the courthouse steps. A few of the stores I worked with were well-run and simply wanted an outside opinion on how they could improve operations. So, I decided I would like to share some of the similarities I have discovered with the stores struggling to survive in this month’s newsletter.**

* **Some operate a single store, while maintaining a full-time job in a different career elsewhere. The purchase and operation of the store is intended to help fund their retirement years. While others operate a chain of stores, as few as two or up to as many as eight. These retailers can’t focus on individual stores and small day to day problems. By the sheer workload, they must focus on larger problems. Often by the time the problem gets noticed, it is a huge dilemma and usually means the loss of a significant amount of money. In many cases, they have been losing money over a long period of time. They also have people in supervisory roles with no qualifications and/or no leadership skills.**
* **Another very significant problem I often find occurring is manager and/or employee theft. If an owner has never worked at the store, there is a very good possibility that he/she really doesn’t know what the store is capable of doing or has done in the past. Therefore, theft of merchandise/cash can be rampant. Let me clarify this by simply saying, “at times merchandise is in fact stolen, but 90% of the time it is cash, plain old fashion cash. Many times, merchandise is paid for by your customers, but the employee takes the cash and puts it in his or her pocket, not into the register. Yes, there are times when employees may steal cases of beer, soda, candy etc. and take it home for personal use, but that’s probably only 10% of the time.**
* **I have discovered instances where the store manager changed store sales to correspond to the amount of cash stolen. One key indicator when store sales are reduced/changed is check the amount of sales tax computed by your POS. If you notice sales are changed but sales tax is off, you should investigate this problem immediately.**
* **An additional red flag is having too many employees working at the store. Some managers will staff the store for ‘peak hours’. Peak hours generally are the morning rush, evening rush, and lunch hour. That may only be 3-4 hours a day. Managers will do this because they do not want to work the register during the peak hours themselves. Your manager should be able to fill in during those peak times, instead of adding CSRs. The rule of thumb (benchmark) for payroll we have always used in our industry states, “35% of gross profit cash should go towards Wages”. That means if your total gross profit is $100,000 per month, then $35,000 should be wages, or if your gross profit is $75,000, then $26,250 should be your wage benchmark. I realize wages are rapidly rising for many of you, but 35% is still the benchmark. So, if wages increase, then you must increase gross profit somewhere else. Some of those increases could come from raising prices overall in your store, reducing shrink, or adding new high gross profit items to your stores, like car wash, improve coffee/fountain service, fresh food/deli, etc. If none of those ways are possible, then you must reduce expenses in other areas, such as utilities, rent, maintenance and repair, etc. That part is generally impossible to reduce by any significant amount.**
* **Many stores have old merchandise on the shelves. Quite honestly it is TRASH/JUNK, and it should be tossed. Some stores actually have some items on the shelf that were there when they bought/opened the store. Typically, 80% of your sales comes from 20% of your inventory. Many retailers ‘think’ they have to keep it on the shelf, ready to sell, in order to make a profit. In all probability, you will never, ever sell this old stuff. It gives the impression that your store has ‘old and tired’ merchandise for sale. My suggestion would be to eliminate the old stuff and replace it with merchandise you will sell. A guideline I always followed was ‘The 90-Day Rule’. If an item doesn’t sell in 90 days, return it (if possible) or discount it and GET IT OUT! A better idea is to place profitable items in multiple locations. For example, put candy bars in more than one place, chips/salty snacks in additional locations, as well. Another pet peeve of mine is a store that leaves ice melt, snow brushes, and shovels on the shelves or stacked by the front door all summer long!**
* **A dirty store that has a poor layout (poor traffic pattern). This means customers probably cannot easily find the items they are looking for, or they do not appear very appealing due to poor lighting, poor housekeeping (dusty and dirty), etc. This also includes dirty restrooms (or no restrooms for customers). Occasionally products are stacked too high on the shelves. Customers do not feel safe in a store where they cannot see around the store.**
* **Items in the store are not priced. I often ask retailers why items in their stores are not priced. The answer I usually get is, “Well, we scan at the register, besides nobody really cares about the price anyway.” Oh Really! When was the last time you walked into a grocery store, a restaurant, or Kohl’s/Walmart and made a purchase without seeing a price? For me the answer is NEVER, EVER! If you want to increase sales (and gross profit), price all merchandise so customers can make a buying decision easily.**
* **Retailers do not take a monthly physical inventory. To know your gross profit and shrink, you *must* take inventory. Without an inventory, your only indication of trouble is you do not have cash in your checkbook to pay bills. That indicates to me that your business has been hemorrhaging for quite some time and you did not notice it until you ran out of cash. Another key indicator you should be watching for is whether your weekly grocery orders are remaining the same while your store sales are declining. That’s a warning you have stuff going out the backdoor! If you do not have time to conduct an inventory, there are several companies that will do this for you.**
	+ **In addition to a monthly physical inventory, you should inventory and reconcile cigarettes and lottery tickets after each shift. I realize that for some of you~~,~~ counting cigarettes is a monumental task. That’s probably because you are stocking too many brands/packs. The biggest obstacle to counting cigarettes will be your staff! They will give you all the reasons you SHOULD NOT count. Why? Because they will lose *FREE CIGARETTES*. I have met many retailers who begin to count and reconcile cigarettes and lottery each shift, and now none of them would ever go back to the days they did not count. Why? Because they realized the amount of theft/loss that was going on prior to counting!**
* **Improper recordkeeping usually happens when retailers use QuickBooks or ledger paper to track daily sales. There are many fine computer programs written specifically for C-stores (or other small businesses) to properly track sales and income.**

**If your store(s) is/are not as profitable as you think they 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 operations and improve profitability!**

**Here is a recruiting idea you may not have thought about. What are the hours you typically use for your shifts? Does ‘rush hour’ traffic interfere with your CSRs getting to and from work? You might consider moving the shift times , maybe 30-60 minutes earlier or later, to make it more convenient for your staff to get to work, AND on-time! That could also be considered an employee benefit.**

**I often write about visits I make to C-stores. Recently I observed the store manager on a smoke break outside the front door. I also watched a vendor struggling to open the front door as he pushed a 2-wheel dolly loaded with product. Was the manager too engrossed in his smoke break to hold the door for the vendor? Maybe they have not experienced what I did when I owned my stores. A delivery driver broke the glass in my front door on the coldest day of that winter. Sure, we were finally able to cover the broken glass with plywood, but the mess!! I won’t say the driver was negligent when the glass broke, but it did happen. I learned a valuable lesson that day (and I shared it with my staff). When possible, hold the door open while drivers wheel in product. Is it common courtesy? Yes, I guess it is, BUT it may also prevent a major inconvenience. I’m a true believer that you cannot teach common sense, but you can teach common courtesy.**

**Here is a sample Recruiting Card I received after one of my ‘Recruiting, Hiring, and Training’ presentations. If you don’t have one for your business, you should!**

**YOU DID A GREAT JOB!**

I appreciate your great service. We are always looking for people like you to join our team. Call or text me for a confidential interview.

hi@XXXXX.com

 816-XXX-XXXX

***“A wise man changes his/her mind. A fool never does.”***

**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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