Fashion retail management flashcard

RETAIL OPERATIONS Course Material for Master of Fashion Management Students. RETAIL OPERATIONS Definition of Retail Operations Retail Operations professionals manage retail establishments on a daily basis, and are responsible for maximizing store profits. The National Retail Federation (NRF) reports that retail operators may also manage human resources and loss prevention. The retail store is of prime importance to the retail origination, for two reasons. The retail store is the primary source of revenue for the retailer and • It is the point where the customer actually interacts with the retail store and its Offerings. The primary responsibility within the environment of a retail store lies with the store manager. The store manager has to play a dual role in retail environment. On one hand he is responsible for the various members of the staff and team who report to him and enable the smooth functioning of the day? to? day operations of the store.

On the other hand he also has to ensure that the policies and the guidelines as laid down by the management, are adhered to by the store and all employees within the store . typically, the store manager is responsible for all the activities that are conducted within the environs of the store and would include the opening of the store on time, scheduling of staff, cleanliness, ensuring adequate stock on the floor, closing of the store and also dealing with the customer grievances and complaints.

While the store manager may not personally perform all these functions, he would be responsible for the tasks being performed. Thus there may be other individuals who handle these tasks, but the overall responsibility of ensuring that they are performed as per the guidelines laid down by the Company, rests with the store manager. Working Your Way Up as a Retail Operations

Manager The first step in building a career in Retail Operations is to secure a sales or customer service position in a retail store.

At this level, qualities like punctuality and attention to detail may lead to a promotion. From here, one can become a manager or supervisor of Retail Operations. Particularly effective store managers may be promoted to district, regional and even national Retail Operations positions. Another way to become a Retail Operations Manager is to earn an associate's or bachelor's degree in Business, Retailing, Retail Management or Retail Merchandising and Management. Many large retailers offer management training programs for college graduates who lack Retail Operations experience.

If you're an experienced retail salesperson hoping to earn a promotion, but you don't have a college degree, your employer may offer tuition assistance for you to pursue a degree in a field related to Retail Operations. (Source : degreedirectory. org) Figure 1: Integrated functions of Retail Operations Manager Retail Operations provides an integrated platform for the complex scenario modeling, planning, budgeting, and forecasting needed in retail operations management.

Analysis and reports on critical information, such as past operational effectiveness, development costs, and projected revenue lift, help retail operations management to make informed decisions rapidly in the face of changing market conditions. Streamlined planning and forecasting functionality allows retailers to reduce the planning cycle time and re-forecast quickly to adjust to external factors affecting operations.

Built-in best practices for initiative planning, integrated workflow, profile-driven expense and revenue planning, and ' what-if' modeling helps them keep pace with changing consumer needs, marketplace trends, and shifts in the retail operations environment. The key components of effective performance management — planning and budgeting, monitoring and measuring, and reporting and analysis are the domains of the Operations Manager. To maximize impact, information must flow freely between all phases of performance management. Better Management of Clinical Data Improves Performance Identify best practices by analyzing and reporting on clinical performance information. • Improve resource allocation through analysis of performance data. • Identify problem areas quickly by monitoring key performance indicators . • Get real-time visibility into management and performance of the organization. • Improve sales and marketing by consolidating customer, channel and product data for a single view of revenues and market share. • Monitor performance at national, regional, territory and product levels using dashboards and scorecards. • Improve manufacturing process and inventory control management • Forecasting RETAIL OPERATIONS KEY PERFORMANCE INDICATORS(KPI) | | | Customer Service | | | Profit & Loss | | | People | | | Product Performance | Figure 2: Retail operations key performance indicators CUSTOMER SERVICE KPIs If the customer feels bad about how he or she has been treated, she will tell her friends about it. Or even worse, drop a note in a user group or other forum that is heavily trafficked. Before you know it, you're out of business! On the other hand, if you deliver legendary customer support, this same mechanism could work really well for you.

In the meantime, you're converting ordinary customers into lifetime customers, just by delivering extraordinary service. a)Conversion Rate is the figure that shows out of the total amount of customers that come in your store, how many really buy something This figure is a ratio between the number of sales transactions & your Foot Flow, which gives the percentage conversion rate of all your visitors. Variables that can influence this Conversion Rate: • Level of Foot Flow • Floor Coverage • Floor Replenishment • Product Knowledge • Customer Handling • In Store Merchandising If Conversion Rate is not in line with expectations you should look at ways to maximize your sales: Drive the floor: Ensure you are present on the floor during peak selling hours to monitor & control performance • Better planning of your Floor Coverage: Using the Sales By Hour Report • Evaluate further tools: Support tools such as radios to maximize floor cover • Hold a morning meeting: Everyday to communicate objectives • Individual Targets: Ensure your staff are given one each day & that updates & feedback are given through the day on their progress towards their goal • " Self" Sales Assessment: To obtain a real snapshot of areas where you can improve your stores sales generation performance • Customer Service Training: Customer Service guide • Replenishment & Stock rotation: Ensure that replenishment & rotation is performed regularly Give Feedback: Ensure staff are performing in line with standards b)The Units Per Transaction indicates how many items have been sold to the same customer. • This figure is a ratio between the number of units sold & total number of transactions • UPT is absolutely key to driving & maximizing sales opportunities at your store Variables that can influence this Unit per Transaction: Level of customer service • Floor Coverage • Replenishment • Product Knowledge • Visual Merchandising The

possible actions you can take when your Units per Transaction is not in line with expectations: • Manager's Presence on the Shop Floor: To monitor & control performance Issue Daily Individual Sales Targets: Ensure that all staff know their targets in terms of units • Use Staff Observation Card (" what I Saw"): To give feedback & monitor progress • Merchandise Check: With the store Visual Merchandiser • Customer Service Training: Focused on Profile, Proposal & Additional • Regular Replenishment: Ensure this is done regularly according to needs • " Self" Sales Assessments: Perform regular check with this • Ensure your staff are respecting the Dress codes according to the current collection c) Average Bill Value (ABV) indicates how much on average customers spend at your store • ABV is a ratio between the total value of Net Sales & the number of transactions

Variables that can influence this Avg. per Transaction: Quality of your Customer Service o Stock Replenishment o Staff Product Knowledge o Visual Merchandising o Effective use of your Client Book o How much customers wish to spend & how much they can actually afford to spend at your store The possible actions to take when your Average Bill Value is not in line with expectation are: • Price Arguments: Ensure that your staff can confidently explain the quality of our products versus the price • Always Create Added Value: Make your customers shopping experience worth every cent they spend at your store • Revise Your Floor Coverage: In line trading patterns Review Visual Merchandising: More attractive merchandising for the most expensive items • Focus Your Customer Service Training: On profile, Proposal, Additional & closing the sale • Floor Product Training: Ensure this is regular & effective • " Self" Sales Assessments: Perform regular check with

this • Ensure your staff are respecting the Dress codes according to the current collection d) Repeat Purchases: higher the number of repeat purchases greater the store sales and profitability. Repeat purchases is an indication of Customer Loyalty. Creation of a Sustainable Competitive Advantage is the key to greater number of repeat purchases. PROFIT & LOSS KPIs) Net Sales is the total value of customers sales transaction, for a given period; Net of tax & markdowns (i. e. 1 hour, 1 day, 1week, 1 month, etc) The Net Sales Budget or Target that has been given to you by Head office • This is an estimation for a specific period & is the value for your store to achieve in terms of Net Sales • This will vary from store to store depending on the Last Year Net Sales performance, product assortment bought, FTE, Sq ft, location & foot flow etc. Variables that can influence this Net Sales: Quality of your Customer Service • Number of visitors to your store • Your Staffs Productivity • Your Staffs Organization • Your application & maintenance of Visual Merchandising standards The frequency & efficiency & efficiency of your Floor Replenishment • The frequency of your Stock Rotation • Your Stores Delivery Turnaround Time • Your stores Opening Hours • Your control of Stores Facilities maintenance & environment The possible actions to take when your Net Sales are not in line with expectations are: • Customer Service Pillars: Focus your team on these to drive sales & KPI • Your Presence on the Floor: To monitor & control performance • Multiple Customer Service Skills: During peak selling hours focus your staff on best techniques for serving more than one customer to maximize sales • Review Floor Coverage: Constantly review this stores according to business needs Opening Times: Ensure that these times are optimized according to your local traffic levels b) Shrinkage is a reduction in your stores physical

inventory caused by lost, missing or stolen stock. • Its is measure of all the total value of stock lost from your store in a given period & this amount represents 100% pure bottom line loss There are number of factors, which can contribute to losses in your day-to-day store operations. These include human error, poor administration procedures as well as staff dishonesty & shoplifting. Internal Loss Factors: • Your Store's Attitude & Culture: Is it disciplined or relaxed • The Commitment of Your Management Team: Do they understand & support controls Frequency & application of procedures: Are Controls consistently observed? • Your Staff Turnover rate: High Staff Turnover usually means high Shrinkage • Quality of Staff Training: How often are your people trained on best practices methods? • Accuracy of administrative task External Loss Factors: • Customer Service Pillars Performance: Excellent customer service deters thieves! • Quality & frequency of staff Training: Are they aware of theft hazards? • Your store Type: Concessions have a higher risk of losing stock than stand alone stores • Customer Traffic Levels: Stores with heavy Foot Flow will have more problems than stores with traffic Electronic Security Tools in use: Do you have video cameras/Checkpoint System etc in use? • Your Store Location: High traffic stores are at higher risk PROCESS: To reduce & to maintain a low level of Shrinkage you should focus your actions in the following areas: Administrative & Stock Verification Controls: • Plan & deliver your Stock Take organized & accurate way • Ensure a 100% check on stock deliveries received into your store • Ensure that any delivery discrepancies are declared & reported promptly to Head • All goods to be transferred into & out of your store are accurate checked according procedure • Ensure that your faulty products are organized & returned on a regular basis Ensure that

your managers & cashiers are properly trained on the Retail Store Software and cash desk procedures to prevent errors they may create negative stock in the system. • Perform random & specific Physical Inventory Counts on vulnerable stock lines/ categories PEOPLE KPI a)Staff Turnover happens when staff leave employment at the store • As a KPI, Staff Turnover is a percentage that indicates the proportion of staff that has left your team in a given period • Unwanted staff turnover can have a negative impact on your store, especially if those leaving are key to the success & continuity of your team, or leave as a result of being treated unfairly Variables that can influence this Staff Turnover: • Poor in store communication • Lack of training • Too much change • Lack of constructive feedback Lack of resources necessary to do the job • Lack of recognition • Lack of career development opportunities • Harassment • Demeaning behaviour • A lack of flexibility toward staff from management Immediate Actions • Be cautious in hiring • Keep a record of all leavers • Find out why people are leaving through Exit Interview • Monitor your Staff Turnover % at regular intervals • Benchmark your turnover with Competitor Stores • Analyze your store Working Environment & Culture • Asses your Staff Training & Development activities • Create & regular review Succession Plans • Refine your Appraisal Process & management of individual & team Medium/ Long Term Actions Examine your Management Style: Good people management helps keep good staff. • Develop & Maintain Skills: Ensure all of your people have had a Personal Development Plan created for them to support their training & progress. • Provide Them With a Career: Clearly communication Timberland Career Path Policy is an important component of this strategy. • Ask them for their opinion: Another crucial component is encouraging employees to make

suggestions & rewarding them for contributions that help your store grow. b) Sales per Full Time Employee (FTE) is a ratio which indicates your store teams yearly productivity & the overall profitability of your store. Full Time Employee (FTE) is a ratio that represents the number of hours an employee works. The Sales per FTE ratio gives you a broad indication of how productive your store is. Although this KPI is measured on an annual basis you can evaluate it on a daily, weekly, monthly, basis too. This KPI should be monitored on a medium to long-term basis to get a reliable indication of performance. Typically it should be reviewed after the first year of opening & also after the second year. Actions to be taken: • Individual Sales Targets: Ensure all your staff are given one everyday • Recruit The Right People: First time to your into your team • Staff Development & Feedback: Ensure that this is effective Staff Performance Appraisals: Ensure that this is done regularly • People Scheduling: Ensure that your maximize efficiencies from your floor coverage according to your Net Sales • Management Presence On The Shop Floor: Your constant presence to monitor & control performance PRODUCT PERFORMANCE KPI a) Sell Through is a ratio that can help you understand exactly what items are selling during the season • Analyzing this KPI is key to managing the remaining stock at your store, so that you can successfully support your Net Sales for the rest of the season Actions to be taken: • Stock Room Organization: Check warehouse/ stockroom to see if all sizes / CC? s are on display Ensure all your staff are given one everyday • Stock Rotation: To regularly change the CC offer to your customers • Visual Display Actions : Activities to emphasize the slow selling items • Customer Service: Focused on proposing underperforming items • Staff Dress Codes: Let your staff wear the critical items to promote them to customers •

Request Re-Orders: Speak to your buyer to book re-order or transfers for high selling items from other stores • In Store Contests: Staff " no cost" incentives to push slow selling items • Special Promotions: Place a request to your Head office Trade & Retail Department organize promotions to support slow selling items) Stock Coverage is a KPI that shows the amount of stock you have on hand to support future sales • Generally, stock cover will change from week to week (or month) as your Net Sales performance fluctuates There is no general target for this. However this may change according to your stores sell out performance or sell out performance of a line. It? s important to compare your actual stock cover versus the target to understand if you have too much or too little stock on hand to meet your Net Sales target. Variables that can influence this KPI: • Beginning stock quantity at start of the season • Net Sales Performance • Collection • Replenishment Actions to be taken: • Monitor your stock level Transfer requested by your Head Office: Ensure that they are done accurately & effectively & efficiently. The aim of this procedure is to maximize Sales in your Retail network • Sell out performance & stock coverage results: Share with your team • High Stock Coverage: Use Visual Merchandising to push the critical products & verify the results. Focus your staff on worst/best selling items & staff dress code • Low Stock Coverage: Avoid focusing on your Best Selling items • Critical categories/items: Focus your customer service on these • Pushing the critical categories: Motivate your staff with incentives c) Dormancy is inversely proportional to Stock Coverage.

If stock coverage is ideal, dormant stock is minimum. d) Inventory turns is directly proportional to Stock Coverage. If stock coverage is ideal, Inventory

turns are high. Higher Inventory turns and lower Dormancy are indicators of positive health of store merchandise Figure 3: People Management Flowchart a) Induction & training: To ensure that new joinee's get complete information and entitlements to carry out their responsibilities and behavior as expected • Should be provided to the new staff prior to joining the store and at the shop floor level • Induction kit to be designed by HR team which will cover modules like: 1. Uniform 2. Training Schedule 3.

Benefits available to the employees 4. Policies of the Company 5. Employee Handbook • Introduce " The Brand" concept and take the new joinee through history. • Discuss and share Vision and Values of Reliance Brand Ltd. • Conduct training and grooming sessions • Conduct training on different product categories, brands and fashion lifestyle • Training on various folding, hanging and display techniques in addition to familiarization with acceptable guidelines • Train staff on assist behavior techniques which help in creating „ The Timberland? experience • Discuss retail operation policies • Conduct in depth product training for Fashion consultants)People Scheduling: To prepare a schedule for optimal usage of manpower & avert crisis to best possible extent. • Every staff is entitled to one weekly off. No weekly offs to be allotted on weekends as the store would be open 7 days a week with maximum customer traffic on weekends. Hence manpower will be required at the store on weekends • All staff to take breaks on a rotational basis. • No group meetings in the lunch room • Staff to enter and exit the shop floor using their biometric cards • Lunch break will be for 30 minutes and tea break twice a day for 15 minutes • Staff must inform for planned casual leave (CL) in advance by at least 5 days • Staff must inform for privilege

leave (PL) in advance by at least a month)Briefing: To ensure that store meetings are held regularly and that key performance indicators are communicated and understood by store people. Daily: Brief store meetings (Approx. 5mins) before opening (10 A. M) with all members of staff those are present at that time. The daily Minute meeting template should be put on Notice board and read by staff not present. Weekly: 15-20 minutes preferably on Saturday mornings before the store opens, with all members of staff that are present at that time. Monthly: Detailed meeting (1-2 hours) before store opens or after closed with all members of staff. Staff Meetings are to be organised in order to: ¬ Motivate Staff Communicate daily sales results and daily/monthly targets, including the three main KPI? s which are:
• UPT- Units per Transaction(Average number of Pieces Sold to each Customer) • ABV- Average Bill Value (Average value of each customer purchase) • Conversion Rate(Percentage of people out of total visitors that make a purchase) Key Performance Indicators (KPI? s) should be analysed on a daily basis for the management of the store? s net sales performance & targets, and they should be communicated to the store people during staff meetings and displayed in staff/office areas. ¬ Communicate daily sales per product lines and daily/monthly targets. Emphasise key Customer Service areas and Key Actions to be focused on. ¬ Inform staff of in-store movements, activities, deliveries, window changes etc. ¬ Discuss the store? s key problem areas and actions required, plus any other key information that should be shared with all members of the store team o DevelopMonthly Sales Report / Forecast (template) d)Notice Boards: To ensure that key information is communicated to store staff on the notice boards in the store office or back areas. e)Personal Grooming: To ensure that the staffs are well

groomed and presentable when present on the shop floor. • Hair must be neat and well combed, avoid fancy hair-do? s • Men must be clean shaven Hands to be clean. Nails to be trimmed • Always be in full uniform, clean and pressed • Shoes to be clean, well polished and in good condition • Name tag to be pinned at all times • Do-not wear flashy jewellery • No merchandise other than uniform must be worn on the shop floor • It is most desired that staff changes into uniform on arriving at the store • Body odour and bad breath must be in check Figure 4: Store Operations Flowchart STORE OPENING CHECKLIST

Location					Date			Store name				
Checklist no.				Manager's name								
Opening time												

No.	Particulars	Checked	Problem	No.	Particulars	Checked	Problem
1	Store Frontage			19	Printer		
2	Signage			20	Printer cartridge		
3	Windows			21	Printer paper		
4	Mannequins			22	Card Swipe machine		
5	Shelves			23	Card Swipe paper rolls		
6	Hangers			24	Stapler		
7	Floor area			25	Stapler Pins & Paper clips		
8	Trial rooms			26	Rubber stamps		
9	Back store room			27	Carry bags		
10	Lights			28	Carry paper		
11	Air conditioner			29	Ball point pens		
12	Fire extinguisher			30	Music Player		
13	Computer			31	Measuring Tapes		
14	Internet connection			32	On hold Tags		
15	Telephone lines			33	Inverter		
16	Distilled water Can			34	Steam Iron Machine		
17	Styrofoam cups						
18	Envelopes and etter heads						

Figure 5: Example of Store Opening Checklist Format Figure 6: Customer Service Flowchart Figure 7: Stock and Inventory Management Flowchart Figure 8: Cash and Commercial Handling Flowchart —————————– Why is customer service so important?

Customers of a business can be new ones, or current ones returning to buy more. The significance of good customer service can be understood from the fact that it costs at least five times as much to win a new customer as it does to keep a current one. Much of the profits of most businesses rely on repeat custom. PEOPLE MANAGEMENT STORE OPERATIONS CUSTOMER SERVICE STOCK AND INVENTORY MANAGEMENT CASH AND COMMERCIAL HANDLING