



SHOPTALK



By Margie Johnson

RETAILING: WHERE DO WE GO FROM HERE?

ShopTalk is a continuing series of consumer-oriented retail articles by Margie Johnson, president of ShopTalk, a retail consulting firm that specializes in showing organizations how to become leaders in their marketplaces and industries through customer-centered training. Over the past 15 years, Margie has worked in many Main Street towns throughout the nation. She is passionate about helping small business owners become more successful.

It seems we are reinventing retailing once again! Is your small business adapting for these changes? The “blame” for the slump in retail sales growth is often “the economy/recessionary times, onset of the internet, the weather, etc.” Change is the constant in the world of retail today. The grim reality is that this change is not temporary. The environment in which all retailers (from the smallest to the giants) are operating is

marked with enormous shifts that greatly affect the way you must respond. It is vital that retailers embrace these changes and make them work for their businesses.

It is time for small business owners to recognize these shifts and “reposition” their operations to be more successful. Both in the past and the present, retail has been driven by a combination of four external factors:

- economic conditions,
- demographic changes,
- consumer behavior, and
- technological innovation.

As small and large businesses look to the future, they must understand that we truly are in the “midst of a seismic shift in the retail sector.” Thus, it’s imperative that all retailers “rethink their business plan/direction.” As a business coach, I often have to use some “tough love” strategies to convince business owners to successfully take the “obvious next steps” and adapt these strategies to their businesses.

To “*compete and succeed*,” retailers must challenge their current *value proposition*



(remember, this means *what the customer values!*). Frequently, I find that many business owners find this to be a difficult process to start. However, once they get started and redefine the store's role, the next steps become an asset and not a liability.

Over the past 20 years, I have had the opportunity to help the owners of many small businesses realign their core business values. These values gain new life as we rethink four powerful business mechanisms:

- consistency,
- alignment,
- transparency, and
- accountability.

The best, most effective, most profitable way to operate any retail business is to give everyone in the organization a voice to share their constructive thoughts. Team members should be kept advised of the company's financial goals—the team could possibly be rewarded for meeting or hopefully exceeding these goals. The key is to close the “communication gap” between store managers and employees. The “business of business” is essential! Regardless of the size of your staff, your volume, or your store, it is essential that you “rethink your business model.”

Small businesses that lack clear strategies may achieve some success in the short run, but as soon as competitive conditions stiffen or an unanticipated threat arises, they often “hit the wall” and sometimes fold. So, without a basis for differentiating themselves from the pack of similar competitors, the best a business can hope for is mediocrity in the marketplace.

In today's intensely competitive business world, storeowners who fail to think and act strategically are putting their businesses at risk. A business builds a competitive edge on its core competencies, which are a unique set of capabilities that a merchant develops in the following key operational areas:

- quality,
- service,
- innovation,
- team building,
- flexibility, and
- responsiveness.

Defining their competitive edge often allows business owners to vault past competitors.

Small businesses need a strategic, tactical planning process designed to address their specific needs. The strategic thinking process should be relatively short, somewhat informal, not too structured, and it should encourage the participation of all employees. Linking the purposeful action of strategic planning to any small business can produce extraordinary results that can shape a successful future!

Five Key Steps to Reposition Your Business

1. Develop a clear vision and translate it into a meaningful mission statement. Highly successful business owners can communicate their vision to those around them. The mission statement should answer the first question of any venture: What business are we in? This statement sets the tone for the entire business.

2. Assess the business's strengths and weaknesses. Strengths can include an inviting storefront that pulls customers in; extraordinary customer service; and an army of pleased customers that spread positive word-of-mouth advertising. Weaknesses might be limited capital to expand inventory, a poor reputation; no distinctive advantage over the store's competitors; and poorly planned marketing that fails to meet its objectives.
3. Scan the environment for significant threats and opportunities facing the business. Potential threats include changing shopping patterns of today's consumer; continued growth of online shopping; price wars among key competitors; and the store's location in an area that is trending downward. Among other opportunities, consider conducting a focus group to gain consumer insight about the business; adapt the use of technology to help grow the business; and create strong relationships with vendors to gain a competitive advantage.
4. Analyze the competition. Business owners should know their competitors' business almost as well as they know their own.
5. Translate strategic plans into action plans. No strategic plan is complete until the owner puts it into action!

The strategic planning process does not end with these five steps; rather it is an operating process that each business owner will need to revisit and repeat.

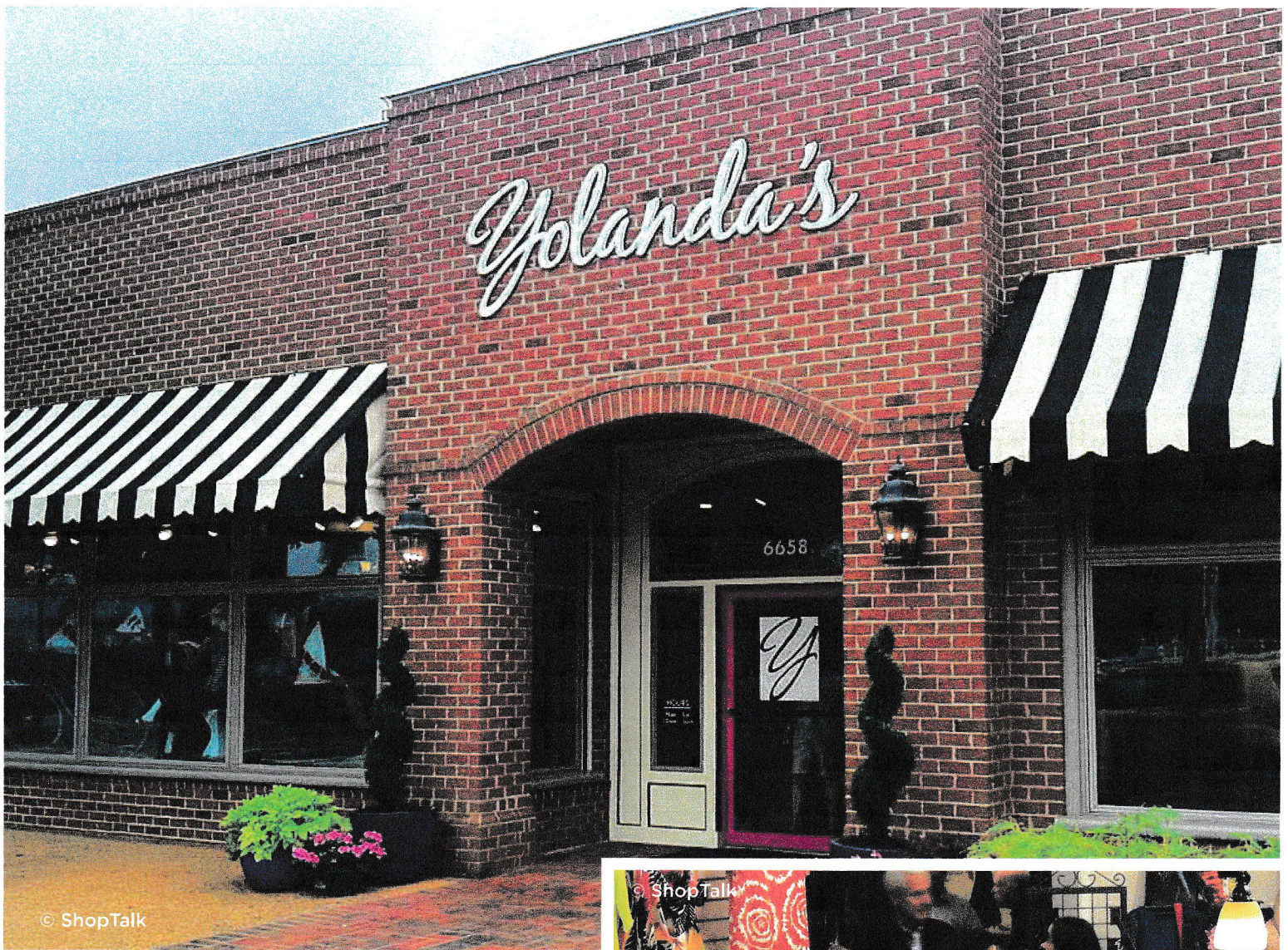
There is no question that retailing is being reinvented once again! History reinforces the fact that retailing is a dynamic industry—one that continually goes through dramatic transformations! I urge all business owners who read this article to consider ways to reinvent or improve their business strategies so they can differentiate their businesses and position them for a successful future. Business owners should seek to create a compelling strategy that will “pull” customers in, not “push” them away!

Wishing you much success as you “strategically examine” the retailing lessons of the past. Look forward and focus on strategies that are necessary to help your business remain relevant in this new retailing environment.

So, can you get started today?

Great retailing to you,
Margie Johnson

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Yolanda's first location was a 750-square-foot store on a backstreet corner. Today, the store is located on Main Street and is about two-and-a-half times larger. By moving into a bigger space, the owner was able to increase categories, broaden her inventory and reach new customers, as well as fulfilling the needs of her existing customers. Yolanda's has only been in this location for about a year but has been extremely successful.

