

# Unearth The Hidden Potential Convert It Into Cash & Boost Profits In Your Retail Business

## In 6 Easy Steps

How to make inventory businesses more profitable  
& reap the rewards in retail.





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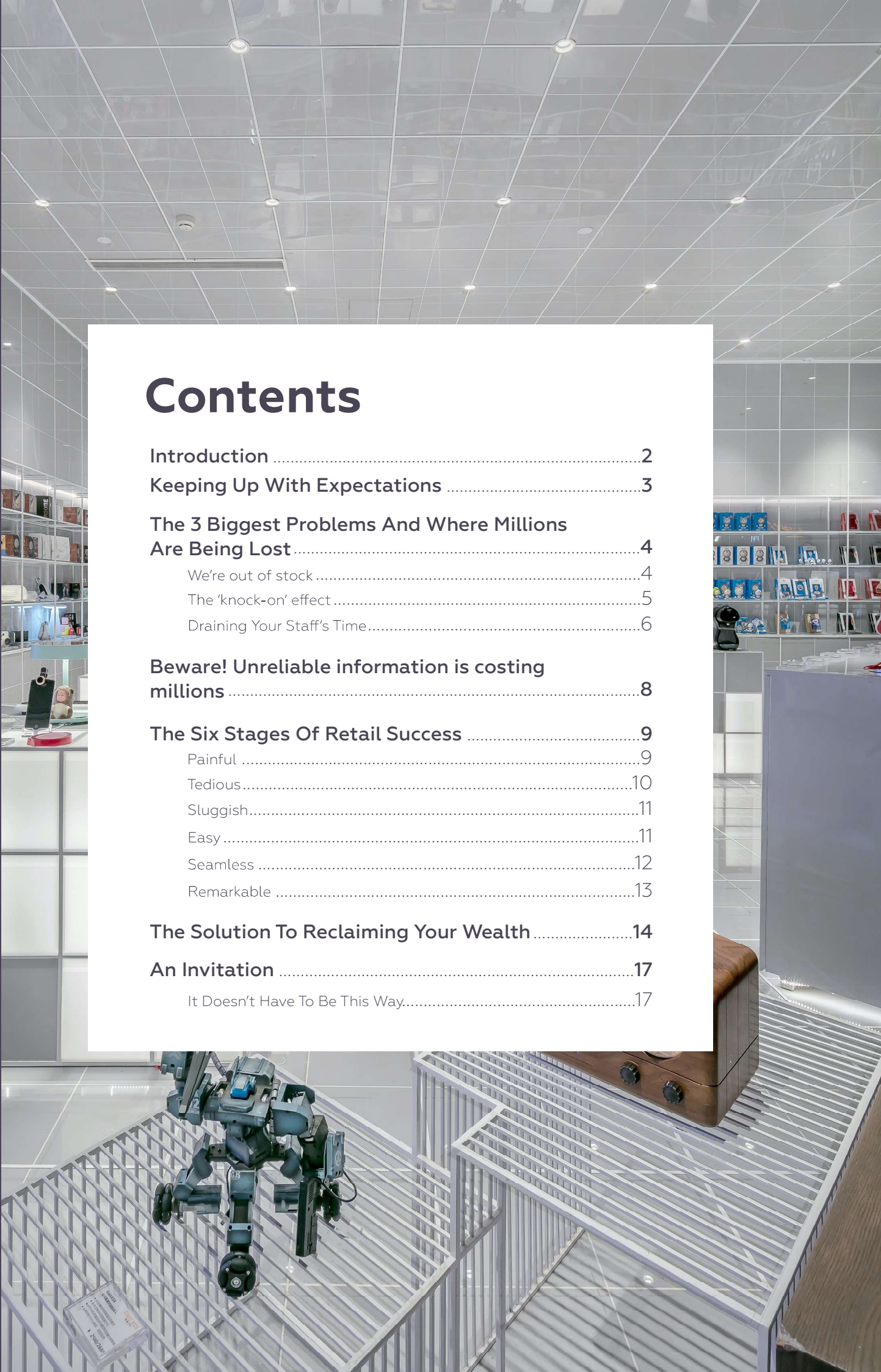
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# Introduction

In these last two years, the world has shifted, twisted and evolved. Retail is one of the many sectors that is never going to be the same again.

We have observed how the Internet has altered shopping habits, a twist in world affairs causing the masses to stay home; doing everything from a computer during 'Pandemic' times has suddenly exploded the rate of development. Now more than ever, we have to face this new reality – retail and shopping expectations and demands have evolved. Unless we mirror this evolution, our businesses will die.

**Retail needs to be noticeably slicker than it has been before. It must be more dependent upon IT systems and data, and significantly more consumer-focused.**

To differentiate and survive, we have to give the 'expecting' customer an 'impressive' experience. This means that to be profitable, we must ensure that our environment our customer-facing teams to deliver. The pressure is on.

Don't fret - it isn't all doom and gloom. It's certain that millions of consumers still need and want to spend their money. Thus, as a savvy retailer, this time of change is a major opportunity to seize.

After many years of working with businesses like yours, I have learned where the 'gaps' are and exactly how to fill them – instead of falling through them.

Let me share a few thoughts that aim to save you some pain and earn you more profit. Along with these ideas, I sincerely invite you to reach out to me personally – maybe a quick chat can ease some of your current challenges, leaving you confident to take charge!

Here's to your success,

**Amanda**

# Keeping Up With Expectations

When we look at the retail industry right now, everything revolves around post-pandemic recovery and omni-channel.

All the industry reports we read highlight how consumers have learnt new behaviours during the pandemic – and they aren't about to go back to their old habits. The ability to buy online and collect in-store (click and collect), buy online and return to store or buy in-store and return by post, are no longer ways to differentiate, they are requirements.

History shows us a graveyard of big name brands that have fallen by the wayside because they failed to keep up with customer expectations. We only have to look at Blockbuster video, HMV and Woolworths to see how a failure to move with the times can see the end of even the largest brands.

***There is a huge gap in expectations between consumers and retail brands.<sup>[1]</sup>***

For many smaller retailers (those with a handful of stores), it can feel daunting to work out where to start with embracing this new paradigm. Even if there is the desire to keep up with the trends, it all requires investment, and it's difficult to invest in the future if we are trying to make ends meet today.

Among those retailers who are yet to embrace the retail world of the future, there are often key challenges that ultimately become their downfall. If we want to avoid falling into this downward spiral we need to be aware of the challenges and take action to ensure they don't affect our businesses.

So, what can we do to ensure survival? What is the secret recipe to ensure we come out on top in the minds of consumers?

First, we need to understand the key challenges currently being faced by the retail industry. Forewarned is forearmed.

# The 3 Biggest Problems And Where Millions Are Being Lost

## We're out of stock

We can't sell what we haven't got. Quite simply, our ability to succeed as retail businesses is correlated to our ability to manage our inventory.

*How many times have you found yourself in a state of pure frustration when you discovered that the product that you thought was in stock was actually not there?*

*Have you experienced customers complaining and your staff apologising when an 'in-demand' item just isn't available? Why wasn't more ordered?*

And yet, all too often we find ourselves running out of stock of the items that customers are wanting to buy. There's nothing quite so painful as knowing you could have made a sale, and didn't have the product available. In a survey<sup>[2]</sup> earlier this year, 48% of retailers surveyed cited having frequently out of stock items as one of their major challenges.



## The 'knock-on' effect

For some items, being out of stock has a disproportionate knock-on effect. Take for example the fuel stations where we go to top up our petrol or diesel. During the last fuel strike, these fuel stations had to close completely. When they ran out of fuel, they had no footfall into their stores – they were unable to sell any of their ancillary products, milk, coffee, confectionery and so on. Having one item out of stock can result in zero sales of a range of others.

This is a classic example of the basic economic principle of complementary goods. When two items are complements, they undergo joint demand - the demand for one is considerably linked to the demand for another.



The most fundamental challenge in the retail industry is to understand what inventory we own, where it is in our business, and if it is truly available to fulfil customer orders across various channels - including stores and online.

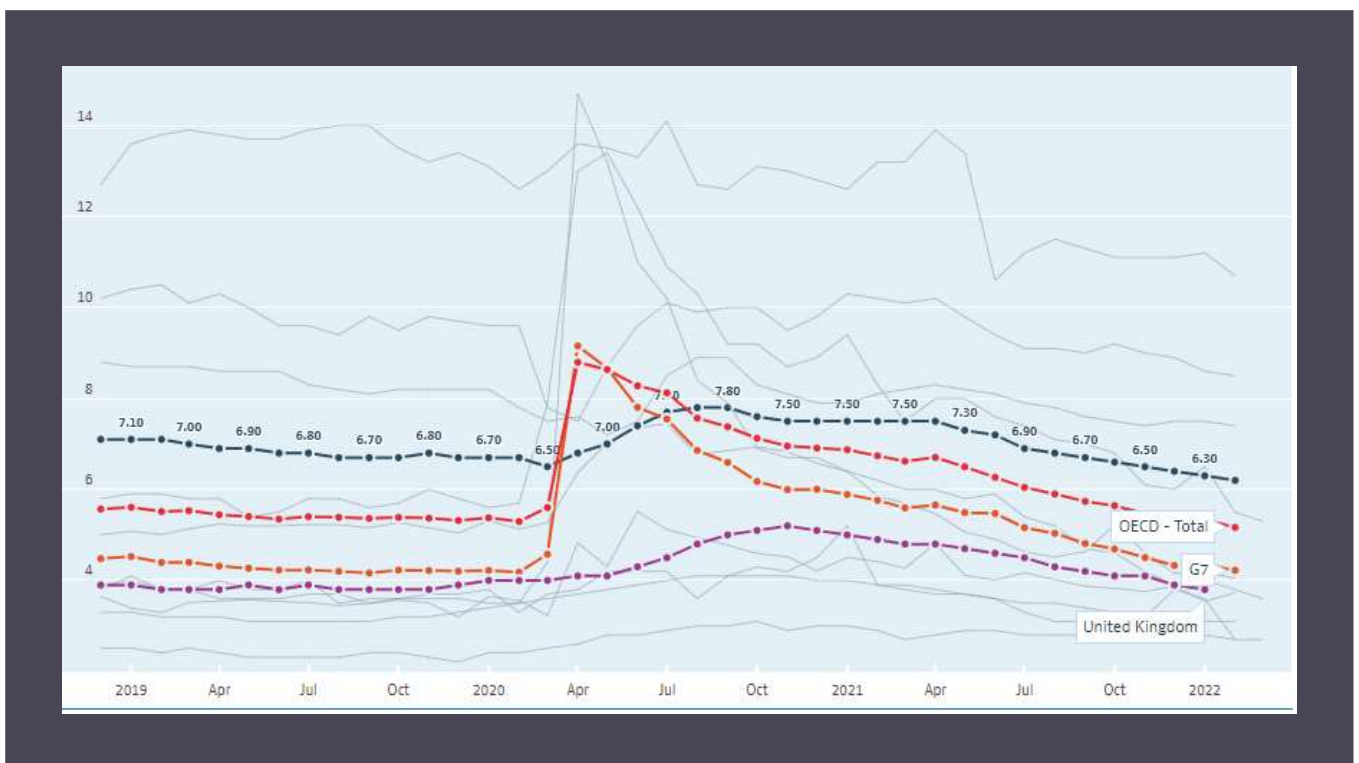
Yet, in the same study, 24% of retailers report they have an unclear view of inventory, whilst 21% admit it takes too long to find items.

## Draining Your Staff's Time

On average, retail staff members spend 14.6 hours per week executing inventory related tasks (counting, receiving, finding, transferring), with some respondents reporting as many as 36 hours a week on such tasks.<sup>[3]</sup> This means that for some businesses, managing inventory is almost equivalent to a full-time job for a member of the team.

Add this to the fact that the UK unemployment rate, having briefly increased from its long-term 3.8% pre-pandemic rate to 5.2% in November 2020, is once again back down to 3.8% - the rate associated with full employment.

Retail staff are feeling stretched thin and overworked – they are unable to provide the great customer service that their employers and consumers now demand. Not only is this a downfall on the employees' end, but this also isn't great for businesses looking to grow and recruit additional staff.



OECD Chart: Unemployment rate, Total, % of labour force, Monthly, Dec 2018 – Mar 2022 <sup>[2]</sup>



Is lack of efficiency feeding' our competitors? Are we pushing our customers away?

Can we be absolutely certain of what stock we have available? How can we be certain that our marketing funds aren't being counteracted by customers leaving due to a poor experience?

Are we consuming a disproportionate amount of staff time and costs because our processes are not up to speed?

***Consumers of today are 'instant' – they have been conditioned with the 'always available' phenomenon and expect there to be a huge array of providers.***

Nobody wants to spend several thousands of pounds in marketing to attract new customers, only to have to say "Sorry, out of stock" knowing that customer will click away and go to someone else. Nobody would wait in the longest line at the grocery store if another one was available and ready to go – our customers won't wait for us.

The result is that millions are lost in marketing and so is our valuable customer loyalty!! Millions... all because of errors that cost a nominal amount to fix!!

# Beware unreliable information is costing millions

Let's set the scene.

I recently returned a garment, wanting to purchase the same item in a smaller size.

Having checked the stock levels on the system, the store assistant also double checked the rail and the stockroom. To my dread, that's when she verified that it in fact was not in stock.

Helpfully, she offered to see if it was available online or in another store. Sure enough, the computer confirmed its availability in the Marlow location.

However, the assistant was reluctant to rely on the computer and called the store to check it was in fact there. I was eventually able to purchase it over the phone from the Marlow store, however, the extra time spent checking the 'reported' inventory resulted in the transaction taking far longer than I had planned. Only to add to the trouble, the parking metre nearly ran out.









# The Six Stages Of Retail Success

Many retail leaders tell me that they know their current tools, processes and even business models are no longer fit for purpose to compete in the post-pandemic omni-channel retail environment. Even though they know this, they lack either the knowledge, finance or capacity to take action to resolve this. It's sometimes hard to admit when we are stuck in a rut, unable to help ourselves to get out. It can feel a bit like being dropped in the middle of the desert – we know where we are, and yet we would struggle to know which way to turn to start to get ourselves to safety.

I've observed that retail businesses often find themselves on a journey up a ladder, where each step up increases both the productivity of the people in their business and the profit the business is able to generate.

By observation, I've outlined that there are **six** apparent stages of this ladder.

		productivity	
TRACTION	working towards	 Remarkable	>£62,000
		 Seamless	<£62,000
		 Easy	<£52,000
FRICTION	conspiring against	 Sluggish	<£42,000
		 A chore	<£32,000
		 Painful	<£28,000

## Painful

The very bottom of the ladder is where the business environment is, quite simply, painful. **Painful** means 'laborious, exacting, difficult' as well as 'mental or emotional suffering or torment' and 'characterised by pain'.

Common symptoms include total frustration at simple tasks like stock certainty and order fulfilment, along with seemingly constant struggles with poor sales volumes and increasing overheads, or a never-ending task list that creates overwhelm.

Employees may be suffering from stress, or aches and pains. This is the result of working in an environment that causes pain that we are unable to change. It's a bit like pruning a thorny hedge – it has to be done, and we know we will end up with splinters and cuts as a result. It is a symptom of an environment, where tools, processes, working relationships and even the business model, are conspiring against the business objectives. Yet, despite all of this friction, some of these businesses are still able to survive. Just think about what could be achieved if this friction and pain subsided? Over time, these organisations lose money as their profit rarely covers their overheads, often generating less than £30,000 of value per employee.

## Tedious

The next step on the ladder is an environment in which getting things done is **tedious**.

In these environments, our teams aren't finding things painful, and yet everything is conspiring against their ability to work effectively. They are occupied with operating the current tools, processes and business model, and this consumes all of their spare capacity. It's a bit like cleaning our homes - it's an activity which has to be done, but there are lots of more enjoyable and more creative activities we could do if the cleaning took care of itself. Tedious is used to describe ways of working that are 'long and tiresome'.

Common symptoms include sad acceptance, the "oh that again" and the "just as I expected" comments when information is not accurate. Staff are disillusioned because trying to change things seems pointless. They may be thinking "It isn't going to make any difference", and "We've written/planned/done this before". Despite these attitudes, workers robotically carry out tasks with no drive or zest.

I've seen countless examples of this, a common one is tools that require the operators to manually update all of the fields when creating multiple similar records. (For example, the manual creation of 15 different SKUs for a blue sweater). Retailers at this level are typically breaking even, just. They are generating around £32,000 of value per employee when the average retail salary in the UK is £31,384.<sup>[4]</sup>

## Sluggish

Another level higher and we reach **sluggish**. Sluggish environments are moving, slowly. Things take way longer than they could, and there is still friction conspiring against the business. We might see purchase orders taking far longer to create, receive and unpack, or even sales orders being received that take days or weeks to fulfil. Retailers struggling with a sluggish environment feel like they are being fuelled by junk food, rather than high energy food – they just can't seem to get going. It's like there is a pervasive lethargy throughout the environment, and nobody is able to rise above it. These environments are making money, but they could be making so much more if only the friction wasn't conspiring against them.

Whilst working with a glazing company whose lead times were getting longer and longer (from 4 to 6 weeks and more), nothing they seemed to do could bring the lead times down. It was almost as if the longer they were, the longer they became. Nobody had the energy to work out what the root causes might be. Sluggish environments are capable of generating up to £42,000 of value per employee.

We have reached the tipping point on the ladder, from here on up things start to move. The environment is working towards the retailer's success, and traction starts to kick in.

## Easy

When a retailer's environment can be described as **easy**, work is enjoyable and everyone knows what they are doing. Tools and processes are easy to operate and any issues that arise are resolved without drama. Environments like this are a bit like documents that have been written with the Campaign for Plain English in mind - they are written in clear English so that it's easy to understand, rather than complex language that is difficult to grasp.

*"It is more fun to talk with someone who doesn't use long, difficult words but rather short, easy words, like 'What about lunch?'"*

**- A. A. Milne**

When we look up 'easy' in the dictionary, we see that it means 'free from pain, discomfort, worry or care' and 'requiring no great labour or effort'. This environment is very different from those under the tipping point. The value generated by 'easy' retailers is significant: up to £52,000 per employee - ensuring they remain profitable and are able to make improvements to move further up the ladder.

A key challenge in this stage is 'growth'. As soon as a 'push' is triggered to significantly increase sales and grow, the 'easy' creaks, breaks and falls down because whilst it coped before, it really is not 'built for throughput'. It is necessary to step up and make tools and processes synergistic so that we can progress another level up the ladder.

## Seamless

Another step up, and we are beginning to see retailers whose environments are **seamless**. These organisations have found ways to provide experiences for both employees and customers that, like beautifully hung wallpaper, flow from one task into another with no visible joins. Here, we are looking at retailers who have been able to organise themselves to deliver a seamless omni-channel experience, with the back office tools and processes to ensure their staff are not having to do the hard work of making that experience work. They are able to leverage significant productivity which means the value delivered by their retail operations is up to £62,000 per employee.

***"When we talk about 'smart transportation,' it is more than moving cargo from A to B. Digitization within transport and logistics means seamless service to our customers, visibility in the supply chain, and driving a more efficient business."***

**- Soren Skou**







Companies with vision and leadership can get here. Though, companies often stall when growth encompasses new territories or legislative environments, or different resourcing challenges. Properly equipped, these exciting companies can go further.

## Remarkable

At the top of the ladder, we are aiming for **remarkable**. These retailers are providing a remarkable service - one that is coherently supported by a remarkable working environment. Luxury brands are providing their customers with the ability to try on their watches using augmented reality from the comfort of their own homes.<sup>[5]</sup> Being able to offer such a service helps the retailer's back office operations. Fewer returns, advance warning of orders in the pipeline, and trends on which watches might be most popular, all help to ensure that they have the right product in the right place and at the right time. These organisations are able to drive productivity that equates to more than £62,000 per employee.

Getting to **remarkable** is not impossible. Though, it may not be remedied through one quick pill. Mapping, evolving and moving towards remarkable from your current starting point is ideal.

By knowing intimately what each part of this equation is, what is required by who and when and how that all interrelates, we can then implement a 'revolutionise to Remarkable' approach. How exciting would that be?

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# The Solution To Reclaiming Your Wealth

So, how do retailers below the tipping point get above that line? As we have already discussed, some of us already know the issues that are conspiring against us and feel unable to find a way around them. Others may not even realise what the problem might be.

All too often we think we know what the problem is, and yet, even if we resolve it, we discover the underlying issue hasn't been fixed.

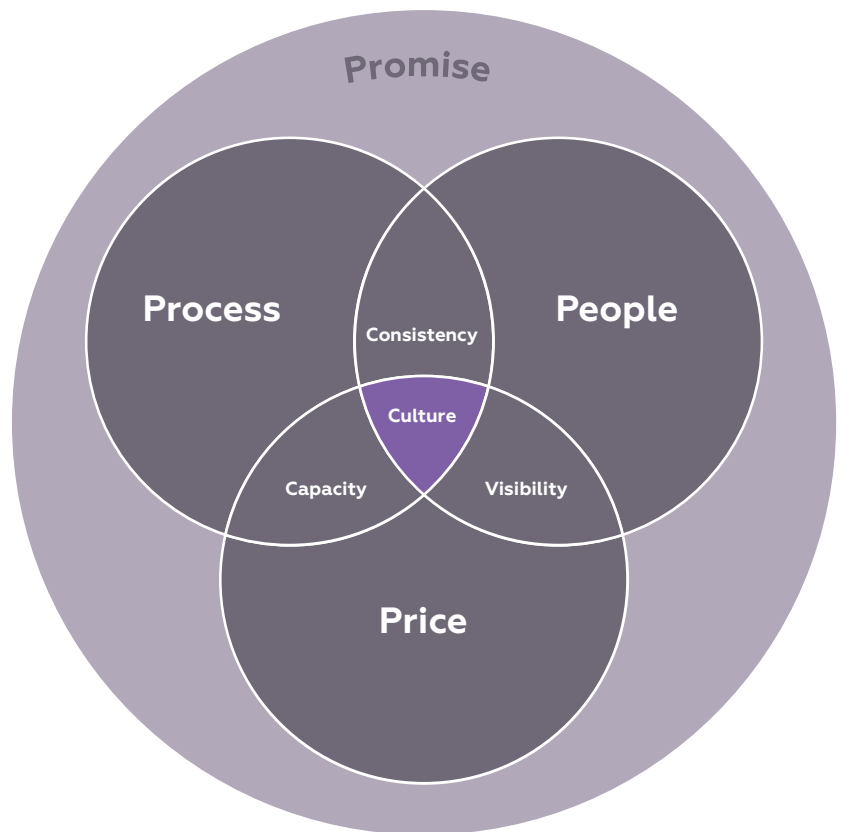
Sometimes conventional thinking, the kind of thinking we might get from our peers and business advisers isn't as helpful as we might believe.

The productivity, and therefore profitability of our retail business is a function of four main levers: **Promise, Price, People and Process.**

Knowing how to pull these levers and in what order, can help us move up the ladder and become far more successful.

The key is knowing what order. We may think we know the problem, for example, our processes are tedious and cumbersome, and we spend lots of time and energy on those. However, if we'd realised that price was the first lever to pull, the changes we made to processes would have been different.

It can feel like we're standing on a beach looking for lost treasure – if only we had a metal detector!









# An Invitation

## It Doesn't Have To Be This Way

I'm **Amanda Sokell**.

I work with retailers to diagnose and solve complex business problems. I bring my metal detector into your organisation and use it to identify the hidden profits. I identify where to dig, and then, help you dig the hole, by working with you to build and implement projects that pull the right levers and move you up the retail success ladder.

I will come in and sit beside you and your team. With fresh eyes and a driven objective, together we can and will make the improvements that you seek.

We will find those currently hidden profits!

It all starts with quick conversation.

During the quick conversation, we will talk in strict confidence and explore where you feel the pain right now and what you have tried as a 'fix-it'. Together we will uncover why you are not currently enjoying what you wish for.

I will offer my insight and share what I hope is a new perspective.

When we have identified the key areas of challenge and the priorities involved, we can look at a more detailed plan of approach to help you unlock the hidden profits. And if you'd like me to help implement the ideas, I will work with you there as well.

There is no obligation!

The investment is 10 minutes of your time.

Initially, I am offering to listen and share... and I promise you that if the challenges touched on in this report resonate with you **doing nothing** is not an option.

A quick call will help me identify how much you might be able to unearth. Simply click on this link and let's schedule some time together...

You can reach Amanda by clicking on the button below:

[SCHEDULE A QUICK  
CONVERSATION](#)

# References

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<sup>1</sup> *Snapshot Report 2021 - 22 The Expectation Gap, Adyen*

<sup>2</sup> *SML RFID State Of Retail Insight Report Part 1 Jan 2022*

<sup>3</sup> *SML RFID State Of Retail Insight Report Part 2 Jan 2022*

<sup>4</sup> <https://uk.talent.com/salary?job=retail> May 2022

<sup>5</sup> <https://www.brownsfashion.com/story/virtual-try-on>

