

[BEST PRACTICES]

A technique or methodology that, through experience and research, has proven to reliably lead to a desired result. A commitment to using the best practices in any field is a commitment to using all the knowledge and technology at one's disposal to ensure success





Welcome to SSL "Best Practices." We believe that given the investment in time, money and energy you have put into your stores, that you deserve greater performance and return on investment for that effort.

We know that you are committed to improving key aspects of your business in order to maintain your competitive advantage in your market not only against similar retailers but also against all retailers that are vying for your customer's dollar. We are confident that you will choose to view your business with an open mind as we discuss these practices together. We will provide proven alternatives to how you view your business in each of the following areas.

> Sales Management Advertising & Marketing Recruiting/Hiring Merchandising Inventory Management

Profit Margin Sales Training Compensation Customer Service Expense Control

The goal of this program is for each SSL retailer to:

- Explore and discuss the BEST PRACTICES being utilized in the snow sports industry today.
- Identify and prioritize 10 BEST PRACTICES that once implemented into your business will result in sustainable revenue and profit increases.
- Create more security for you, your family and staff while maximizing the value for your business.

SET GOALS AND EXPECTATIONS FOR YOUR BUSINESS FOR THE NEXT ONE, THREE AND FIVE YEARS.

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Setting goals for your business enables you to be proactive in achieving them and provides you with the benchmarks to keep you on track. By setting and tracking goals, you can adjust and react more quickly to changes in the marketplace and ensure that you will stay one step ahead of the competition. Some examples of these goals would be:

- Increase your net profit each year by at least 1% margin point.
- Offer Health Insurance to all Key or Full time employees to maintain stability and reduce turnover.
- Increase the % of your Marketing budget that is allocated to customer loyalty programs that help increase repeat business .
- Measure and Increase your average selling price by 5% each of the next 3-years.
- Raise your units per ticket from 2.5 to 3.5 over the next 12 months.

These goals are all unique but they have one common thread. What gets measured gets done. Constant measurement and reinforcement of these goals with the entire staff will greatly increase your capacity for achieving them.

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2 SHARE WITH EVERY NEW CUSTOMER WHAT TRULY MAKES YOU AND YOUR BUSINESS SPECIAL.

This practice is FREE yet so very important. You will never hear what makes a mass merchant "special or unique". In your business, your passion must be conveyed to your employees and new customers in a genuine fashion with what is truly your unique selling proposition (USP).

Are you a 3rd generation owner and the family business has been part of your life from a very young age?

Did you start the business because you had a passion for the outdoors and wanted more folks to get healthy.

Did you make a career change to combine your passion for a particular hobby or activity with your work?

All of these represent an opportunity to tell new customers why your store and business are special and why your mission is to constantly strive to be the very best. Customers relate to personal testimonials. Once your staff understands this about you and your business it can be shared with customers as often as possible on an ongoing basis. It is important that your staff uses its own words to share your story but it is so important to do so to differentiate yourself from the chains or mass merchants.

Customer loyalty, less price negotiating and more referrals are the benefits you are sure to see from implementing this powerful practice.

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ALWAYS BE ON THE LOOK OUT FOR GREAT PEOPLE THAT CAN HELP YOUR BUSINESS PROSPER.

Every day we encounter competent, energized people in other areas of our lives that are excellent at what they do. They get your attention and perhaps you share your experience with your wife or friend when you get home. We've all been there. Take the time when this occurs and ask yourself " what kind of impact could this individual have on my business if they worked there?" These are the kind of people that can propel your business to the next level! Don't let them slip away.

- Most stores HIRE too quickly and "Fire" too slowly
- Your business cards are your link to new talent. As you meet people at the grocery store, local gym, restaurant, on the slopes, or your child's baseball or soccer game invite them to learn more about your business if they impress you enough. Simply handing them your business card along with encouraging them to research your website may be enough to establish some correspondence.
- Evaluate your current employees on a consistent and measurable basis to make sure you are rewarding the best producers and not allowing any negative staff to begin to impact your business.
- Empower each of your key managers to be on the look out for potential great employees.
- When you hire someone new, always keep the 2nd candidate 's resume on file so that you have a number of people you can call proactively next time there is an opening in your business.

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UTILIZE YOUR POS SYSTEM TO IDENTIFY YOUR TOP ONE HUNDRED ITEMS SOLD BELOW \$40 DOLLARS. EVALUATE EACH ITEM TWICE A YEAR AND RAISE THE PRICE BY \$1.00 OR BY 2% TO MAXIMIZE YOUR PROFIT ON THESE HIGHEST VOLUME ITEMS.

- Many stores take their accessories and simply keystone the wholesale price.
- Consider each item by its own merits. If you have a great selling that customers will buy just as many of at \$13.99 and you can earn 55% margins as opposed to \$12.79 at a 50% margin then you need to do this.
- Items that can be raised should be evaluated and discussed at least twice a year.
- This profit enhancement strategy has been proven to add \$5,000 \$20,000 to the bottom line

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UTILIZE LONGER TERM FINANCING OFFERS TO RAISE YOUR AVERAGE SELLING PRICE, SELL MORE ACCESSORIES AND CLOTHING AND TO ENCOURAGE REPEAT BUSINESS TO YOUR STORE.

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This one tool, implemented correctly into your business will be an amazing source of top line growth and bottom line profit increases. The best stores will not simply offer financing but will also review with key staff what the expectations and goals are for financed sales for every month of the year.

Remember that your customers can spend their disposable income anywhere. They are bombarded each day with attractive, aggressive financing offers from furniture, home improvement, electronics and many other retail categories. You have to be competitive in this area! If you are not consistently advertising a strong financing option your business is operating at a disadvantage.

- Add Your Financing Offer in Every area where your business touches the customer. Your website, your voice mail, your advertising etc.
- Set Goals with your staff each week/month on the number of financed sales that you would like to complete.
- Starting with a goal of 10% of all large purchases being financed is a viable starting point.
- Many customers will not negotiate on price when they are offered an extended financing offer because their short term issue of spending too much is eliminated.
- Obtain a down payment for a portion of the purchase price. Collecting a down payment will reduce the financing expense on the balance of the purchase.

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6 UTILIZE MYSTERY SHOPPERS TO ENSURE THAT YOUR STORE PROTOCAL AND STANDARDS FOR SERVICE AND SALES ARE BEING FOLLOWED.

As your business grows you will increasingly be juggling more responsibility and you may be removed a bit from what is happening out on the sales floor. This simple , inexpensive yet vital practice empowers you to understand if your store standards are being followed and gives you're the visibility to understand where you may need to do some additional training with a specific individual. Most services offer you the additional incentive to mystery you're your competition as well, which will provide you with feedback as to where they may be vulnerable or where your business needs to focus more.

The most successful retailers mystery shop their own store and their competition multiple times a year; as often as once every month. Let the size of your business and the nature of the competition determine how often you conduct this research. Of course, once you have the complete results from a mystery shop you MUST address the good and the bad of the feedback quickly and proactively so that you can constantly be improving. A job well done should be shared and rewarded perhaps while constructive feedback is essential in private with any employee that is not following through on the steps, standards and service you have implemented.

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7 IDENTIFY YOUR BEST CUSTOMERS THAT ARE MOST LOYAL TO YOUR BUSINESS AND MAKE THEM LOYAL AD-VOCATES FOR YOUR BUSINESS.

- Your point of sales system can easily identify these customers.
- Review this list on a consistent basis with managers and key staff.
- Learn everything you can about their work, additional hobbies and their family.
- Reward them 2 or 3 times a year with special offers, a private sale with better pricing, the first chance to see/buy new product or extra fast turnaround on service related issues.
- Remember them and contact them around the holidays with a thank you gift card or some other token of your appreciation for their loyalty.

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8 MINIMIZE DISCOUNTS BY TAKING PROACTIVE STEPS TO MAKE THIS A NON ISSUE.

- Establish simple yet effective steps within your business to offset the fact that there will always be customers asking for a discount.
 Reinforce what makes your special and unique and you did not achieve that by offering discounts. You treat all customers the same and that level of service and excellence does not allow random discounting.
- Promote Your Financing When you offer Financing of 12 months no payments and no interest the customer already recognizes they are getting a great deal and they are 95% less likely to ask you for a discount.
- Offer a price match guarantee for 30 days. If the customer can find the EXACT same item from another store then you will honor that price. Most customers are put at ease with this match guarantee and will relax and continue the buying process with you.
- Never use hand written price tags Professional price tags that are printed with bar codes will absolutely reduce price negotiation.
- Offer free trail maps or a book about the best local trails as a sign of good will. This will cost you less than discounting and is more likely to encourage the customer to get out there and get involved in their hobby.
- Use store gift cards as opposed to providing any discounts. The Gift card represents your store, costs you only half of the value of the card and in some cases the customer will spend more than the value of the gift card.

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MAKE GIFT CARDS ONE OF YOUR BEST BRAND BUILDERS FOR YOUR BUSINESS.

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Everyone has seen gift cards on the store counter and in various displays. However, top retailers utilize gift cards in additional ways to better promote their business, (If you are not doing this then you need to be as soon as possible).

- Attend all community or networking events with some number of gift cards that are pre loaded with a \$10 or \$20 amount on them. Since we know that the acquisition cost of a new customer can exceed 200-250 dollars and is hit or miss this is an effective way to motivate new customers to come to your store. At the very least they will give the gift card to someone they know will use it if they don't feel they will themselves. I've never seen anyone "throw away" a gift card, have you?!
- Most websites get more traffic than your actual store. When you go to other retail sites often times the gift card is right there on the main page to be seen and promoted. This may encourage an immediate purchase of the gift card and is especially effective for someone who is shopping for a friend or family member and they are not sure what they want to buy. Also, family or friends that live far away will purchase gift cards from their favorite store and send this as a birthday or holiday gift.
- Gift cards can be an effective way to minimize a customer issue or to thank an
 especially loyal customer. Most people spend 50% more than the value of the
 gift card so this is a win-win for the customer and the store. This will give them
 a reason to come back to your store and make them feel great about your
 business. You can be sure they'll be telling their friends about your business!

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SELECT ALL THE KEY PRODUCTIVITY INDICATORS FOR YOUR BUSINESS.

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Calculate them. Monitor them. Publish them. Talk about them. And make it a focus of your business to improve them.

Why? Many retailers lack a measurement-managed culture. What's missing is accountability. Once we begin to measure performance we must set about to improve, and measure ourselves and our output against a standard. "When people are not held accountable, no change is possible. Nothing measured, nothing gained or changed." (Kenneth Rozacky)

Execution:

As a Retail business pursues the primary dimensions of success (especially financial results) it is appropriate for the organization to measure the Key Indicators for these results.

The difficulty which generally arises is that when organizations seek to manage these Key Indicators it tends to drive the numbers—yet seldom produces the desired results. The Key Indicators are the direct result of an organization performing the correct activities and continually developing proficiency in these activities.

For the Key Indicators to drive improvement the organization needs to focus on Productivity and Proficiency as the primary area of concern. Thus these indicators will track the desired direction and improvement will follow.

Bottom line: "You can't win a football game simply by watching the scoreboard." To win the game you must focus on playing the best game possible while continuing to improve your skills. Improved Key Productivity Indicators is a natural outcome of a store's improved performance.

Organizations tend to focus on those things which are easy to measure, just because they're easy to measure. Then targets are set and management focuses on those targets. What happens is that eventually the teams will hit those targets—though not always in the manner that was expected or desired. Sometimes, unfortunately, what gets measured, gets manipulated.

Instead, companies must focus on behaviors that are responsible for producing numbers. These numbers then provide an indication of the extent to which focus is appropriate or behavior should be altered. Each of the KPIs are interrelated and important, Proficiency is the foundational component. It is the most appropriate indicator to measure and improve. Once proficiency improves it is then reasonable that we would see improvement in the areas of employee satisfaction, reduced turnover, customer satisfaction, improved sales and finally, profitability.

While the KPIs provide a measurement of improvement, the organization should not attempt to drive (manipulate) them. The company and its employees should focus on continually

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developing their proficiency at doing the right things and doing them increasingly well. This attention to effectiveness and efficiency will result in the appropriate trends in the KPIs and the desired results.

STANDARDS AND PRACTICES

If we're going to implement KPIs into our stores, we have to do it the right way:

- 1. Keep it simple. Making this overly complicated will serve to de-motivate
- 2. Select KPIs that Motivate
- 3. Once selected, make those numbers important.
 - a. Talk about them,
 - b. Publish them,
 - c. Reward success.
- 4. Get buy-in from all participants
- 5. Include KPI standards and results in individual performance reviews
- 6. The KPIs should be tied to behavior that employees can control
- 7. KPIs should lead to positive action (improved performance). These numbers, should be used to learn and improve performance.
- 8. KPIs should reflect and support the overall strategy of the business.(ask your self, "if this KPI is met and exceeded, and we improve in this area, how will this help us meet our overall goal?")
- 9. KPIs should be important throughout the organization.
- 10. You should consider reviewing and revising your KPIs quarterly or Semi-annually.

STEPS TO IMPLEMENT

A Retailer who seeks to utilize a KPI methodology in order to improve business performance should consider these additional steps:

- 1. Select a minimum number of KPIs to work with. Consider factors such as your annual volume, size of staff, flexibility of staff members and relative openness to change. We'd suggest you work with no more than 10 to start.
 - a. Be very careful in selecting what you plan to measure. Jack Zigon, in Performance Appraisal Lessons from Thirteen Years in the Trenches, says, "The hardest part of creating performance standards is deciding which accomplishments to measure. Once you decide, my experience is that people will focus the majority of their energies on those aspects of their work for which they believe they are 'receiving credit'."
- 2. Insure that your calculation of these measures is accurate. Ask your accountant or financial advisor to validate your thinking.
- Meet with your entire staff and communicate this strategy. Be prepared to explain your goals, how these KPIs are calculated and HOW THEIR BEHAVIOR AFFECTS THE NUMBERS. Expect a lot of questions.

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- 4. Post the KPI standards and then update the actual results each week/month.
- 5. Conduct semi-annual or annual formal reviews with each staff member. During those reviews discuss their contribution in the Key areas. Refer to the numbers and their performance relative to it.
- 6. Communicate that you expect Improvement in these key areas (that's why we're measuring it, after all.)
- 7. Look for every opportunity to create accountability for individual expectations. Set the standard and measure it.
- 8. When performance is sub-par you meet with the employee and create a process to improve (additional training or progressive discipline, if required)
- 9. When performance excels and goals are met and exceeded, REWARD it. Make it a big deal. Broadcast the victories when you win them.

SAMPLE KPIs TO CONSIDER

FINANCIAL

- 1. Gross Margin
- 2. Inventory Turnover
- 3. Return on Investment (ROI)
- 4. Sales vs. LY (or Plan)
- 5. Payroll as a % of Revenue
- 6. Payroll Productivity
- 7. \$\$ per square foot
- 8. Occupancy Cost/Overhead as a percent of Revenue
- 9. Profit %

CUSTOMER

1. Staff Proficiency

(Demonstrated skill in customer centric areas—sales, special orders, repair cycle time, re-repairs, service, technical skills)

- 2. Customer Satisfaction Measures
 - a. Survey
 - b. Complaints
 - c. Mystery Shopping
 - d. Management calls to customers
 - e. Employee turnover/retention
 - f. Returns

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INTERNAL BUSINESS PROCESSES

- 1. Markdown (Gross Margin)
- 2. Inventory performance
 - a. Targets for category sales
 - b. Targets for accessory sales
 - c. % of business from high ticket items
- 3. Service Department
 - a. Turnaround time for repairs
 - b. Re-Repair rate
 - c. Revenue generated from repairs
 - d. Repair speed
 - e. % of new customers using 30 day free tune

LEARNING AND GROWTH

1. Sales Growth (vs. LY or Plan)

2. Individual improved sales

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11 PLACE MERCHANDISE IN YOUR STORE STRATEGICALLY TO GIVE IT MAXIMUM EXPOSURE AND MAXIMUM APPEAL.

When considering any visual effort be sure to understand how your eyes work. Placing product, signage or fixtures should be done to effectively attract the eyes.

Why? Attracting attention is the first step to a sale. You must get the customer to NOTICE what it is that you are offering in order to move them into that area and get them interested.

Execution:

The key to this effort is to realize this: the eyes can capture a lot of detail as they move through your store. Don't place EVERYTHING at the same eye level. Variety is the key. Make your store 3 Dimensional!

- Signs should be a various heights. The most important signs can be made more prominent by placing them at eye level, but other "product" or "price" signs can be at varying heights.
- Products should be placed at all levels of view. Your store will look fuller, and appealing throughout.
- Be sure your department signage is not placed too high. Doing so means that it will be ignored.
- When organizing your walls, consider building product up toward the center of the wall. Adjacent merchandise can work its way down in descending height (like an inverted "V" towards the outside of the wall). This gives your wall (and the customer's eye) a focal point for attention.
- The walls are not a place to cram old merchandise. They are the largest and most flexible fixtures in your store. They can guide your customer to the desired area, guide their eye through the store and create the overall backdrop for the store. They set the tone of your entire marketplace. Create different focal areas by attracting the eye's attention to various heights.
- Look at your store's presentation and ask yourself these questions:
 - o Is there merchandise presented on tables or at waist level? Is there signage that's appropriate for that product?
 - o Is there too much product/signage right at eye level? Does it block my view to the rest of the store?
 - o Does my eye comfortably move to the highest point on the walls? Is there interesting product there?
 - o Are there "dead" spots on my walls (or at certain heights) where nothing is happening?What could I put there?

OUTCOMES: Member stores that consider proper placement of merchandise in their stores enjoy knowing that all merchandise in their store is getting the proper attention. Their customers are able to view all options for purchase when they shop. Their experience is interesting, creative and efficient. The results of their efforts? Increased sales!

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ENHANCE YOUR OVERALL VISUAL PRESENTATION BY HAVING A CONSISTENT STANDARD FOR HANGING MER-CHANDISE, FOLDED MERCHANDISE, SHELVES, PRODUCTS AND ALL ACCESSORY CATEGORIES.

Why?

Every small detail involving presentation will contribute to the overall feeling of organization within your store. Presenting each like piece of merchandise the same way is a challenging task, but the payoff is well worth the effort.

Execution:

- Every item of clothing on a hanger should be hung the exact same way. The hanger should be hooked the same way on each fixture. Zip each shirt to the top. Button each button.
 Fasten each clasp. When on a rack, make sure that each collar is facing the same way.
 This is especially true of outerwear. These products will look cheap and sloppy if left "unzipped" on the hanger. Zip it!
- Anything on shelves should be presented identically across. If helmets are on a shelf, line them up exactly the same way across—taking care to buckle and hide the chin straps.
- If you display shoe boxes on the floor, maintain a consistent presentation. Line them up the same way, and make sure the boxes are neat (sometimes they can be damaged or scratched up during shipping). A wall presentation of shoes should have shoes facing all the same way, with every fastener secured.
- Socks: make sure the sock presentation is orderly, with every sock facing the same way. Hydration packs: Zip every zipper, and make sure the overall presentation is consistent, with every pack hanging exactly the same way.

Outcome:

Most SSL Retailers prefer to have a "non-aggressive" sales floor. Since we don't take a "used car approach" with customers, you can still help them by organizing the merchandise in your store so it's attractive, organized and easy to shop.

Insights:

Consistency is the key. Disorganization confuses your customers. A crisp, organized presentation attracts your customers to the merchandise and makes it easy for them to shop. Set, and maintain exact standards for presenting merchandise in a consistent manner.

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DON'T LEAVE HIRING TO CHANCE. INSTITUTE A SPECIFIC HIRING/SELECTION PROCESS AND FOLLOW IT.

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Why?

Consider the cost of a bad hire....Studies have shown that hiring the wrong employee can COST your business up to \$7,000 within TWO weeks. That same employee costs your more than \$180,000 over the course of a year. You simply cannot afford those types of decisions in today's business environment. Hiring practices require discipline and structure.

Execution:

Establish a formula or follow this one:

- 1. Conduct a brief Preliminary Interview
- 2. Schedule interviews with the candidate and 2-3 different people
 - -Different perspectives are valuable
 - -This process adds value to the job
 - -Three different opportunities to see the candidate show up on time, be consistent, etc.
- 3. Check References
- 4. Interviewers compare notes a make a decision

INTERVIEW TECHNIQUES

- 1. Follow an outline. An orderly process
 - a. Describe your goal (a win-win work relationship)
 - b. Give an overview of the interview
 - c. List 3 Successes and Failures
 - d. Sherlocking
 - e. Philosophy statements are worthless, ignore them
 - f. Past behavior is the best predictor of future performance
 - g. "Give me an example of when...."
 - h. Give the candidate opportunity to ask questions
- 2. Mistakes to avoid
 - a. Rushing to hire
 - b. Hiring out of personal friendship
 - c. Not matching the candidate to the position
 - d. Don't mistake enthusiasm for competence
 - e. Didn't gather enough information
 - f. Ignoring red flags during the interview
 - g. Not having enough candidates in the selection pool
 - h. Mind set ("there aren't enough good people")

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3. Red Flags

- a. Culture difference
- b. Changes in personal life
- c. Financial Problems
- d. Substance Abuse
- e. Vague or Bad reply from references
- f. Inconsistent behavior in what you see and what they say
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14 PROMOTE THE OUTDOORS WHILE PROTECTING THE ENVIRONMENT – BE AS "GREEN" AS POSSIBLE

It is the necessary and "in" focus these days for all of us to do our part in reducing our carbon footprint. Explaining specifically how you are doing this in your advertising, on your web site and as part of your unique selling proposition will not only appeal to customers but also keep you on the forefront of doing your part in taking care of our precious environment.

- Recycle paper and cardboard: helmet boxes, shoeboxes, juice boxes, receipts, etc.
- Recycle fluorescent light tubes, plastics (bottles, bags, and packing materials), glass bottles.
- Utilize skylights where possible for passive heat and light.
- Purchase eco friendly solvent tanks for your service areas and consider a towel/rag services instead of throw aways that add up faster than we would like to admit.
- VOC stands for "volatile organic compounds". In upgrading your store, use solvents, tile, carpeting, & mats for your floor, that possess low VOC ratings. "
- Haul it off to a recycling center and get paid for it! Recycle metals: soda cans, other aluminum, tin, and steel once a month and in some cities you will be reimbursed for this.
- Consider replacing asphalt areas with low-maintenance planting.
- Reuse old lumber and consider "Wheat Board" wall sheathing,
- Installing extra insulation and double-pane windows and purchasing high-efficiency T-8 lights will reduce your energy costs significantly over time
- Recycle old set of skis, snowboard or bikes parts into store fixtures. Add some hooks to a snowboard or set of skis and use it as a coat hanger in your employee area.

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MAXIMIZE YOUR CLOSE RATE AND BUILD STRONGER RELATIONSHIPS WITH NEW CUSTOMERS BY COORDINATING AN IN PERSON APPOINTMENT FOR A LARGE PURCHASE.

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- When a customer calls your store, qualify the customer on what type of skis, snowboard or bike he or she is interested in. Do not view the phone ringing as one more thing to do but instead as the opportunity to treat that caller better than anyone else in your market.
- Most people will not miss an "appointment" because there is a sense of commitment associated with setting one.
- Maximize the difference in customer service between you and the competition by learning more about the customers needs in advance and then arranging a time that they will come in so that you can show him/her the right set of skis, snowboard or bike/fitness equipment/products.
- In your service area, you can maximize legitimate upgrades and other potential add-ons with a scheduled repair time as well.
- Implementing this practice will build more loyalty from customers from the very beginning and will naturally create more referrals to your business.

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16 INCREASE YOUR PROFIT BY SELECTIVELY CHOOSING SPECIFC SKI, SNOWBOARD AND BIKE MODELS PRICED BELOW \$400 AND RAISING THESE PRICES BY SEVERAL MARGIN POINTS.

Your highest volume price points in the hard goods area of your business need to better profit centers to improve and maximize your P&L year after year.

- A significant amount of customers that are looking for and purchasing skis, snowboards or a bike for \$300 will NOT be price shopping. We tend to think they are but part of their reason for being in your store is your level of service, your expertise and their desire to leave with proper product.
- Research shows that these folks are very busy and will not step foot in more than 2 stores

 most times just one.
- Start with 2-4 models of skis etc. initially and measure your sales in these skus. As you experience no reduction in unit sales you can expand this profit increasing practice into a wider range of products.
- Note: If there is a customer with an issue you can offer them a price match guarantee if they actually can find the exact same sku elsewhere and verify the quote.

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17 HIRE WOMEN, ADVERTISE TO WOMEN, MERCHANDISE TO WOMEN, HOLD CLINICS AND SEMINARS FOR WOMEN

It is no secret that women are not only a growing segment of the snowsports industry but also that they will absolutely be your best referrals and most loyal evangelists for your business. Remember, women tend to shop for other people as much as they do themselves, unlike men. The Mom Market is comprised of almost 90 million mothers that are raising kids. They are split out between Boomer moms, Gen X moms, and Millennium moms. These "moms" control more than 1.5 trillion dollars in the USA each year and this already staggering number continues to grow.

- Make a commitment to hire t least one (and more if possible) fun, high energy woman to assist the growing segment of female customers that will be walking through your doors. The quality of their first experience can literally mean the difference in thousands of dollars of revenue and profit for your business.
- We recommend that you dedicate a section of your store to be set up as a ladies' section.
- Restrooms must be spotless and not a turn off to your female customer
- Remove all posters or magazine images that might make a woman uncomfortable
- Include an area on your website that is directed to women and us updated aggressively.
- Promote new products designed specifically for woman, special clinics, upcoming trips or rides
- Order subscriptions for your store to female focused magazines like Shape, Women's Health and Fitness etc
- Use an old tactic: Schedule a time to get your male employees more in tune to the feeling many women have when they enter your business. Send them off to shop for cosmetics, hair products or something similar. Guaranteed with some reinforcement from you, that they will modify the way they view the women that shop with you and your store environment will become less intimidating.

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18 SELECT A "FOCUS" PRODUCT AND GIVE IT MORE EXPOSURE BY POSITIONING IT AS THE ITEM -OF-THE-WEEK ON YOUR WEBSITE.

It is a fact that more customers visit your site than walk into your store. Your site must have something new and fresh to create interest or customers will naturally visit your site less and by default visit your potential competition more.

- Inventory that is "old" to you and your staff is not to all of the customers coming to your website.
- Select product that has been paid for already and may feel a bit "tired" to you or your staff or is being replaced soon by the next model years edition.
- Let a sales person pick the focus item for that particular week to empower them to be involved in the process
- Make it fun and high profile when a "focus" product is sold when it normally would not have been and immediately get the next product up on the website.

Promote a special offer or incentive for higher end products that have long since been paid for or are becoming quickly obsolete. Longer service plans or a financing offer could be enough to draw the customer in.

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NETWORK, NETWORK AND NETWORK SOME MORE!

Building your store "brand" in your market and community is an ongoing opportunity that can pay huge dividends for your business.

- Fitness Facilities
 - o Physical Therapy and Rehabilitation Centers
 - o Doctor's Offices
 - o Elementary, Middle and High Schools
 - o Other Businesses in the same shopping center
 - o Health Food stores
 - o Local car dealerships
- You can simply coordinate with these businesses to allow your business card or store information to be available inside their business.
- You can create mutual links to each other's businesses on your website
- You can have testimonials from these businesses that are included on your website and you can do the same for them.
- You can offer a first time "referral" gift card worth \$20.00 for any customer coming in from one of these businesses.
- Perhaps they will allow you to display a pair of skis or a bike on their premises to generate awareness.
- Try other types of cooperative advertising by co sponsoring a run or event or sharing customer lists.

Teaming up with other businesses will build your brand and enhance your exposure and referrals. You'll also gain more traction you're your advertising budget as this approach costs you very little beyond the effort to establish and pursue these partnerships.

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20 INCREASE TRAFFIC IN YOUR STORE BY ORGANIZING A "SKI/SNOWBOARD TRADE-IN DAY" FOR YOUR COMMUNITY.

Help your customers, friends and neighbors with spring-cleaning. Offer to take their used skis, snowboards or bikes that have been sitting in their garage and basement. When they trade in their set of skis, snowboard or bike, either recondition them for resale, recondition it to be rented, or give it to charity. Offer customers who bring in trade-ins 10% off their new set of skis, snowboard or bike purchases up to \$200. Since most consumers won't buy a new set of skis, snowboard or bike until they have a way to get rid of their existing set of skis, snowboard or bike, this practice will bring in potential new customers to your store and enable you to sell additional set of skis, snowboard or bikes and accessories.

For Sales to Younger Customers, Guarantee Ongoing Sales With a "Kids Keep Buying" Trade In Program.

This practice focuses on the fact that we all know how quickly kids can outgrow their set of skis, snowboard or bicycle. We also know that we don't want that as an excuse for less expensive set of skis, snowboard or bikes to purchase at the mass merchant. First and foremost, a parent wants their child to be safe and comfortable on whatever product they purchase where their will be aggressive activity taking place.

To make it a little easier to keep them on products that fit them correctly, accept any children's set of skis, snowboard or bike as a trade-in towards a new set of skis, snowboard or bike purchase. If the existing set of skis, snowboard or bike was purchased from your store, provide a guaranteed trade-in value of up to 50%, based on the age of the set of skis, snowboard or bike. If the original item was purchased somewhere else, offer you what you feel is fair market value for the trade-in.

Either way, your store will be viewed as a place where children can keep buying the right products for their outdoor passions and hobbies and keep it safe and economical at the same time.

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21 Utilize Your SERVICE CENTER AS A MINI PROFIT CENTER.

Add a \$2.00 or \$3.00 shop supply fee on every service ticket to offset the costs of disposing of hazardous materials, lubricants, rags etc used This could easily add several thousand dollars to your bottom line.

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22 SEE WHAT OPINIONS ARE BEING EXPRESSED ABOUT YOUR BUSINESS VIA THE INTERNET.

Be aware of your store's online reviews. A negative review can deter some customers from ever coming to your store. On the flip side, a positive review can bring new customers and referrals for your store. You can even request your best and most loyal customers to post a positive review as long as it is genuine. The digital age has made everything faster for better or worse and you need to be on top of this area so that you can stay best in class in terms of service, product selection and customer perception. Google your own business, the local chains and mass merchants and any other competitors too.

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23 MOTIVATE YOUR EMPLOYEES BY OFFERING INCENTIVES.

All Employees:

- Some retailers have monthly bonuses where 15% of the profits are paid to all employees. These amounts are based on years of service, as well as total compensation.
- Provide additional time off for achieving certain goals such as selling a higher number of items per ticket over a 2 or 4 week period of time.
- Provide instant Lottery Tickets occasionally to reinforce certain customer service or other store protocols.
- Pay for lunch of the staff person with the most sales during the previous week.
- Reward your service department with access to discounted parts if they exceed 10% of the projected repair profit in a given month.
- Offer movie tickets to the staff if you exceed your weekend sales goals.
- Contribute 10% of the annual profits to the employee's retirement plan.
- Pay for your employees entry fees into local events if they reach specific goals in his/her area of your business from the previous month.

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24 USE COMPENSATION SYSTEMS THAT ENCOURAGE HIGHER SALES AND GREATER PERFORMANCE.

There are several policies and procedures for compensation plans that can be implemented in your business. These items include:

- Implement a compensation system that drives higher levels of performance among the entire staff by communicating monthly goals for the entire store. Retailers can improve results by linking greater percentages of compensation to store performance. If the store exceeds the goal in any month, everyone benefits. This is based on the premise that the better the store's result, the higher the pay and benefit to everyone. This team approach is fair and minimizes any hard feelings.
- Link compensation among the sales staff to more profitable tickets. Retailers who pay sales professionals on gross profit dollars generated can be more profitable. This compensation strategy drives greater levels of profitability by rewarding sales professionals for selling high margin products.
- Provide extra motivation to employees by paying spiffs on key products that need to be sold.
- Have a written pay plan that is signed by you and the employee. In many cases retailers have elected to have this done annually.

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25 DEVELOP LONG TERM AND SHORT TERM STRATEGY, AND PLAN TO ACHIEVE GREATER PROFITABILITY

Why:

In a rapidly changing and increasingly competitive marketplace, those who use real-time information to actively manage their businesses will be those who survive and gain market share.

Summary:

Once per year in the low season, take a look at your sales dynamics, validate the direction of the overall market, and adjust your positioning to the best of your ability for the coming 5 years. With the overall strategies set, forecast sales by department for the coming year. Then estimate sales expenses and general and administrative (G&A) expenses for the coming year. Each month compare your actual financial results against these estimates.

Forming Strategy:

Discuss the following with key staff and confidants:

- What are the most active price points in each department?
- How are margins trending?
- Which departments are showing positive or negative growth?
- How has this changed from prior years?
- Do these trends seem to make sense when compared with customer and population demographics?
- Can these trends be verified with first-hand knowledge?
- If these trends are not corroborated by rationality, what can be done to minimize the negative financial effects of such trends?
- If these trends appear to be likely to continue, be sure you allocate your floor space appropriately and tap into the growth trends however you are able.
- Write up an assessment of how you see your business evolving over the next five years, and identify key changes.

Planning:

With overall strategy defined, look at the prior year's results again by department and category, and compare it to previous years and expectations for the current year.

- For each of the categories that are not living up to expectations or are decreasing in performance from prior years, answer the following questions:
 - 1. How is the product selection in terms of price point, variety, color, and margin? Is it as good as it can be?

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- 2. How is the visual display for the category? Is there visual imagery? Does the display have a focal point? Are the products that make up the category arranged in a logical and coherent fashion? Is the lighting appropriate? Is there informative signage where appropriate? Is there a seasonal product rotation?
- 3. Is the sales staff well versed in selling this category? Would training with a focus in this category be likely to yield better results?
- 4. What effect would increased attention likely have on trending? Work this effect into your 1 year sales forecast.

By assessing as many categories as you can in this level of detail you will be able to develop a much more accurate product assortment and sales forecast.

- With Sales and Cost of Goods accurately forecasted, turn your attention to selling expenses, such as sales wages, labor, supplies, and other expenses specifically attributable to the stores. Estimate them for each month of the coming year.
- Now forecast your G&A, or overhead expenses for the coming 12 months.

The net result of this forecasting can be easily rolled into a 12 month budget, and you can periodically check how you're doing. Each month you'll spot what look to be trends and you may direct conversations or inquiries to determine how to either reverse negative trending or capitalize on these opportunity areas, or whether they're really trends at all and not just fluke occurrences.

By employing the above methodology you will develop a keen grasp of the financial dynamics of your business.

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MANAGE INVENTORY LIKE A PROFESSIONAL

Why:

As retailers embark on turning their former hobby into a professional and profitable business, one of the first steps they take is to get a grasp on their often unwieldy inventory. Inventory often represents the largest investment retailers make, so it makes sense to do it right. Years of buying closeout bargains can have a negative cumulative effect. Better inventory management starts with the recognition that there is a fixed amount of square footage available to present the inventory selections that have been determined to be the price points for the goods most in demand by your particular clientele. Overbuying in inventory categories takes physical space from would-be better selections, diminishes the customer experience, and tarnishes the image of newer, perhaps higher priced or more profitable goods. One proven way to actively manage your inventory is though weekly Open To Buy (OTB) planning.

- The idea behind OTB planning is to have exactly the right amount of inventory in each department or category each week of the year to maximize sales per square foot.
 Basically, OTB uses a Stock to Sales ratio to determine how much inventory is needed to fuel projected sales, and with good communications, OTB planning can help you to sell more with less capital tied up in inventory.
- The basic formula is as follows:
 - o (Projected Sales for next 30 days * Stock to Sales Ratio) less Inventory on Hand at Selling Price = Open to Receive. Open to Receive less Inventory Already on Order at Selling Price = Open to Buy
- More advanced models take into account committed inventory and discounting as well.
- Updated each Monday, OTB planning will point your buyer to areas that need more inventory before the coming weekend.
- Your buyer will also notice that when he or she needs to buy in a particular department or category, but the OTB model does not indicate a buy, that there may be older, less desirable inventory gumming up the works. That inventory can then be identified and processed, leaving room for a better mix of more appealing, faster moving product.

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27 ACQUIRE NEW CUSTOMERS BY PARTNERING WITH AGENCIES THAT SERVE NEW MEMBERS OF THE COMMUNITY.

One SSL retailer has successfully implemented this program: They provide area Realtors with a Gift Card to their store (\$25 or so)....who, in turn, give them to new home buyers as part of their "thank you" package. This creates an incentive to those new to the community to come into the store. Both to redeem the gift card, but also to find out more about this company that gave them the gift! If you track the number of cards that are redeemed (distinguish them in some way, so you know where they came from), you can easily measure the success of this effort.

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DON'T OFFER FREE SHIPPING ON SPECIAL ORDERS!

If you don't have a certain item that a customer needs, a salesperson's "first line of defense" is usually to offer to "order it" for them. At first glance, this may seem like terrific customer service. But let's look at this a little more closely:

- -Too often the Customer is not asked to pay for shipping. When this happens, you can say, "goodbye" to anything resembling a profitable margin, because the company is forced to pay the shipping on the item. If you are paying \$40-\$100 to ship one item to your store, that is a hidden margin-killer.
- -Ask yourself this question anytime you have a special order: "Why wasn't this item already in my store?" What was the failure in the buying process that caused this shortage? How should we plan better in the future.

-Double check with the salesperson: was everything done to sell from the existing inventory. If any employee consistently places special orders, you may have a training opportunity.

Consider these standards:

- Research the typical costs associated with shipping the various hard goods you special order...and create set prices for shipping charges. Remember that any online purchase includes shipping charges—consumers are accustomed to paying them; we should charge them too.
- 2. Require that Special Orders need manager's approval in order to develop some accountability with this issue.

When you consider the possibility of 20-30 special orders a month...and the lost expense of shipping on everyone of those orders...your financial position could be improved by upwards of \$15,000-\$25,000 per year.

At the very least; when you place a special order consider:

-If one customer wanted this product, should I order more of this product for other customers (and spread the shipping out over multiple items)

-What other items does this supplier sell that I might also need at this time, in order to take advantage of reducing my shipping costs?

This is an area that can creep in and steal your profit if you don't guard against it.

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ENROLL YOUR TEAM TO YOUR STRATEGIC PLAN

We've already pointed out the value of Strategic Planning. One key component to an effective Strategic Plan is having an EFFECTIVE TEAM capable and WILLING to implement that plan. Adult employees retain the right to disagree with your direction. When they are not on board with what you are doing, they can act out in numerous ways:

-Half Hearted efforts

-Grumbling to each other

-Loss of incentive

-Overall poor performance

You need BUY-IN from your team in order to be successful. Here's how you do it:

-Tell them why YOU believe in the plan

-Explain your level of commitment to it

-Tell them the plan

-Ask for their help

-Tell them how they can contribute

-Remind them that they have a choice

-Describe the new future

Follow this approach whether you meet with your team individually or in a group meeting.

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OFFER CLASSES/CLINICS: BUT HAVE A PLAN!!

Inviting your customers and the public into your business for a clinic or class is such a good idea—and common practice, that we won't spend time reminding you to do it. However, not everyone does it well. Clinics/Classes can cost you \$\$\$ and time and you simply must insure that that time and money is well spent. Here's how:

-If you hold the event at your store, keep the register open, have a cashier standing by and offer a discount on all purchases during the timeframe of the class.

-Make sure that the content of the class is well prepared, well rehearsed and meaningful to those who attend.

-Limit the number of attendees. Adds value to the event

-Make sure the store is spotless and well merchandised....

-Strategically merchandise any product that would be targeted for those that would attend the clinic/class.

-Offer food/refreshments

-Have a greeter....someone who welcomes and gives instructions at the front of the store as people come in

-Be prepared: if people are coming to your store after hours for a class, the parking lot will be full of cars and the lights will be on....this will surely attract the attention of other passersby, who may come in and want to shop. LET THEM! Have one or two sales people present who can help those customers and take advantage of this opportunity. Imagine this: "I'm sorry our store is closed for a special event, but since you're here, feel free to shop...How can I be of assistance?" (Remember your register is still open.)

-Have a handout. Make sure the attendees leave with useful information related to the presentation. You could hand out a packet: notes, catalogs, store stickers, nutrition bar, small gift/t shirt, etc. On the hand out you may consider a 10-15% off coupon for their next visit to your store. The idea is to get them to COME BACK to your store.

-Ask for feedback. Give each participant to evaluate the class, and give us their contact info. You can follow up with emails or phone calls to get them back for future events or sales.
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31 HERE'S HOW TO INTRODUCE YOUR IN-STORE CREDIT OFFER MOST EFFECTIVELY.

If you want to sell higher priced goods to more of your customers (and who doesn't?) then YOU must communicate your financing options early on in the sale. Follow these guidelines when communicating the financing options:

You should tell EVERY customer that your store offers quick and easy financing. THIS MUST BE BROUGHT UP EARLY IN THE SALES PROCESS in order to raise your average ticket. The customer needs to know that you have this option BEFORE they make a buying decision.

The secret is that you just simply MENTION the offer:

"I wanted to make sure that you knew we are offering 6 months same as cash—I can tell you more about that later, if you'd like. But now, here are the snowboards you asked about..."

Communicate your store's standard offers (i.e., we offer 12 month No Pay Every Day) plus any special promotion (i.e., "This week only, No Pay for 16 months!"). Do NOT use the word, "Financing". It's a negative.

Why mention your store's financing options early?

*You will help your customer buy better gear.

*Your customers who use financing will buy additional accessories, which will help their overall experience.

*You will increase the store's sales and profitability.

*Your customer DOES NOT KNOW about these financing options. Let them know what's available for them.

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EXPENSE CONTROL, AKA STAFFING

Why:

Along with inventory, the largest investment you probably have in your business is in your human resources. Business owners can affect a significant positive impact to their bottom line by properly allocating these resources throughout the year. The objective is to match resources to customer flow as much as possible.

- 1. Use your budget or historical data to arrive at a percentage of wages to sales dollars for the year.
- 2. Apply the percentage to each month of the coming year's sales forecast, for example, June's forecasted sales times a 20% payroll to sales percentage.
- 3. Divide the result by your average hourly wage and you will arrive at the total hours to be worked during each particular month according to sales volume.
- 4. Divide the number of hours by the number of weeks in each month to get the total number of hours that should be scheduled each week.
- 5. Divide the weekly hours by 40, and you will get an accurate idea of the number of full time employee positions to fill for each month of the year.

Implementing and refining this process will yield:

- A more satisfied clientele because of increased personal attention
- A staff that is able to function better because adequate resources have been scheduled for high demand times
- Higher margins and parts and accessory sales though better allocation of staff hours and increased personal attention
- A clientele more likely to give you personal information at checkout
- A better client relationship

This process is just a start, and it can be further refined with the installation and use of traffic counters.

- Traffic counters, when used over time, will give you a scientific basis for predicting the volume each hour of each week throughout the year.
- Traffic counters will provide a comparative basis for the purposes of examining and tracking your close rate.
- With traffic counters and close rate tracking, you can modify the staffing model described above to achieve advanced performance levels.

In summary, more accurate staffing will help to minimize employee and client stress, and lead to better sales, margins, and relationships.

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CAPTURE EMAIL ADDRESSES AT THE REGISTER.

Too many cashiers fail to ask for email addresses when checking out customers. They do this because many customers refuse to give information out..or because the cashier does not know how to properly ask for it. Email marketing is so crucial to your overall efforts, that you do need a clean, up to date and growing list of email addresses of your customers. How to do it:

-Before asking the customer for the email address, state what's in it for them: discounts, communication about upcoming events and sales, weekly newsletters, whatever you offer. Once they know WHY they're giving you the email address, they may be more willing to do it.

-Don't just say, "email address please..."

-In order to properly train your cashiers to do this well, they must practice. Show them how you want it done. Demonstrate it. Let them pretend to be a customer while you ask for the email address from them. Show them how. Then let the cashier try it while you pretend to be a customer. Let them ask you for the email address. Let them do it until they get it right....

-Track the percentage of emails captured vs. the total number of transactions each day. You can give a spiff or some incentive for meeting certain targets.

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USE A DAILY WORK LIST FOR STORE MAINTENANCE AND MERCHANDISING

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Keep your staff focused on the right things during the work day. There are several (fairly obvious) reasons for this:

- 1. There's much to be done to keep your business going!
- 2. Customers should see activity when they walk through your front door. It makes them feel more comfortable.
- 3. Nothing sets a negative tone for shoppers more than a group of employees who seem to have nothing to do—and congregating at the cash wrap.

As much as this is true, none of us likes to spend our days walking around behind our adult staff and telling them what do to over and over. Here's an idea that has worked well for years:

You (or your manager) should create a worklist for each day and post it either at the cashwrap or in the backroom. The list should contain everything that needs to be done (collectively) for the day:

- -Store maintenance issues
- -Merchandising
- -Back stocking
- -Visual merchandising
- -Folding, etc.

Write the list and draw a line out to the side in front of it. Once the task is complete, the staff member who completed it can initial it as "done"...and you can follow up with either congratulations or correction. You should let the staff choose which items they want to work on. There's a certain "positive peer pressure" that works to your advantage when each person has to choose their projects.

Posting this at the cash wrap also has advantages: anytime you see the staff gathering there, you can direct their attention to the work list, "How many items are left on the list?"

Remember:

- -Create a new list every day
- -Acknowledge good work!
- -Follow up.....don't let this list gather dust
- -Regularly take some of the more difficult items and complete them yourself.

-Get the list up early....you can even post it the night before.

-When using this process, remember: Gentle pressure, relentlessly applied!

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"SHADOWING" IS INEFFECTIVE AS A TRAINING METHOD. TRAIN WITH INTENTION!

One of the poorest decisions a retailer can make today is to decide NOT to properly train team members for the work they're hired to do. Customer Service is at an all time low. Customers regularly find poor performance on the sales floor in many retail stores. Your competitive advantage against larger retailers is excellent Customer Service. Don't leave it to chance:

In the absence of a meaningful training process, some will resort to telling the new employee to "shadow" a veteran employee. They do this believing that somehow this new employee will learn through "osmosis". After all, it seems to work in restaurants (?)...

It doesn't. Here are the problems with this approach:

- -It reduces the effectiveness of your tenured employees by asking them to do something they may not be good at; training.
- -It is a major inconvenience to the customer. How does the customer feel knowing that he/she is a "guinea pig" for this new employee. Have you ever been the customer that was used for a training exercise? Did anyone ask your permission?
- -The employee is still left to edit the training. He/she can still decide what they do and don't want to do. As they watch the veteran employee work, they can be thinking to themselves, "I'm not going to do it this way.."

Do this instead:

- -Adopt a formal Customer Service Training process and follow it.
- -The manager should do the training...
- -Talk with the employee about the approach you want. Interact with him/her and be sure you have buy-in philosophically.
- -Show the trainee what you want...ask for feedback. "What did you see?" "Do you think this approach will work?"
- -Allow the trainee to practice with you, before being put in front of a customer. "Practice makes perfect" may be a great old saying, but it is better said, "Perfect Practice makes Perfect"...

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10 BEST PRACTICES ACTION PLAN

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