

## ***Using Retail Performance Methodology***

**A bonus structure can be based on some of these principles.**

Retail Performance Methodology is based on key principles adopted and tailored by retailers to gain competitive advantage and improve sales performance.

*The basic principles of a successful Retail Performance Management Model will:*

1. Instill a customer focused, sales oriented culture throughout the organization.
2. Introduce a methodology for setting standards, tracking, measuring and reporting results, identifying under performance and coaching for success.
3. Bridge the gap between common sense and common practice. Create a World Class Retail environment where it easier for your people to succeed than to fail.
4. Drive compliance with World Class Retail standards and practices.

Retailers' performance solutions include a dynamic blend of different consulting styles, training philosophies, coaching and mentoring. They provide customers with a proven methodology for driving retail success and the skills, knowledge and understanding to make it work, creating significant and sustainable increases in sales.

### **Knowledge Driven Success**

Key to retail performance is the ability to measure actual versus planned individual sales and coach on undersupplied statistics. Retailers must be able to define Key Performance Indicators or KPIs, set targets, and measure the performance of individuals, stores and areas within the business.

The Retail Performance System should provide relevant reports at all levels of the company, highlighting areas of poor performance, recommending the specific actions required to improve sales and reduce wages. With the correct information, managers are able to take quick and decisive action that results in a more responsive business and improved results.

### **Retail Coaching KPI Measurement Methodology**

Retail performance measurements must be broken down into two main categories to be effective at identifying specific areas of poor performance: Wages and Sales. These are the only two areas of expense and income within a Store Manager's control. Expenses such as stocking, rent, electricity, marketing etc., are managed by Middle and Senior Management not by Store Managers or Salespeople. Thus the solution to improving sales performance will focus on identifying only those critical factors that can be influenced by people working in the store.

### **Controlling Retail Staff Wages**

A Staff Roster System must be employed to empower your front-line Store Managers to do weekly Staff Rosters within the framework of the company's strict wage budgets. Rostering within budgets is an opportunity to reduce operational expenditure – an expense within the control of the Store Manager.

Using spreadsheets to manage time is useful. But being able to see how much money you actually have left to spend on wages as you add people to the Roster is much better. It helps Store Managers assign hours when they are needed so they can Roster within payroll budgets.

## **Retail Sales Performance KPI Reporting and Coaching**

The Retail Sales Management Reporting component of any system should make “all individual Salespeople accountable for their time”, by setting them individual sales targets by shift within an overall weekly sales target framework and measuring and analyzing their performance according to five (5) key KPIs.

With this information, Managers can target individual Salesperson's weaknesses as their system will guide them as to which KPI to focus on first. Because being able to identify and then focus on the most undersupplied KPI yields the greatest and quickest increase in each Salesperson's performance.

## **Retail Performance System Adoption Ideals**

*Keep the following ideals in mind when implementing a Retail Performance Model. You must be able to:*

**ROSTER** within set company wage budget parameters. Managers must be able to see how much is left to spend as they add Salespeople to the Roster.

**GENERATE SALES TARGETS** by individual by day & by store by week. Managers must be able to show each Salesperson how much they expect them to make in sales for the day(s) they work – this enables Salespeople the 'play the game' while Store Manager's keep score. Would playing sport be as interesting if no one was keeping score?

**MEASURE** individual sales performance compared to everyone on the shift. Managers must be able to track #Sales; #Transactions; #Items/Sale - versus Time Worked for each person compared to the Store Average.

**INSTANTLY IDENTIFY** the most undersupplied or deficient individual selling skills and trends for each Salesperson. Managers must be able to view individual KPIs compared to the shift & store that identify individual coaching needs. Knowing what is wrong means knowing what to fix.

**TARGETED COACHING** on the selling skill delivering the greatest value. Managers should be able to view integrated, on-demand, coaching tips and advice about improving deficient selling skills and individual sales performance. Know exactly what to show a Salesperson yields the best results.

## **Which KPIs are Tracked in the Ideal Retail Performance Management System?**

*An ideal Retail Performance Management System must track five (5) Store and Individual Staff KPIs:*

1. Sales per Hour - the fiscal value of the individual's and store's hourly sales.
2. Items Per Sale - the number of items sold by individual compared to the store average.
3. Average Sale – the average fiscal value of each individual sale compared to the store average.
4. Conversion Rate - the number of walk-ins that can be converted to sales.
5. Sales per Wages Spent – the fiscal contribution each salesperson makes, or how much is spent on wages compared to how much they sold.

Tracking KPIs at a store level alone without being able to compare them on an individual level is futile. Unless each Salesperson can be shown how well they performed in relation to everyone else it is impossible to know their own area of weakness or strength.

## **Summary**

*An ideal Retail Performance Sales Performance Management System must:*

1. Focus on the two areas within the Store Managers control: Wages and Individual Sales Performance.
2. Offer a Rostering Solution for controlling wages and identifying your best Salespeople.
3. Give feedback via a Reports Dashboard about the Individual Sales Performance of each staff member compared to the Store Average so as to identify the most deficient selling skills of each person.
4. Integrate coaching behavior tips and advice so that Managers can instantly be enlightened as to what to coach each individual Salesperson.