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Save HUGE money on your freight!

Let's say you have a \$5 million dollar store and your gross margin is 42%, right at the national average. That means your Cost of Goods Sold would be 58%, and 58% of \$5 million is \$2.9M in product cost. If you experience a 9% freight factor then you would be paying \$261,000 a year in freight - 10% of that is over \$26,000 in savings. Over 5 years that 10% freight savings would total to more than \$130,000... all of which drops 100% to your stores bottom line.

You have been overcharged for freight for far too long. Every dollar that you save on freight is a dollar that goes 100% to your bottom line. A 10% savings on freight is enough to buy a new sports car every year! How much time do you really spend shopping deals, negotiating freight rates and getting the best deal? It is not uncommon for retailers to be paying 22% more than they should! If you don't have a full time person doing this work exclusively, then I have fantastic news for you: you can instantly lower

PROFITsystems Upcoming Class Schedule



June 21-25

June 28 - July 2

Common Mistakes of the Furniture Retailer

Wayne McMahon, VP of PROFIT*consulting*

I have been involved in financial and operational systems, and systems-related retail consulting for over 30 years. During that time, I have found that there are several common mistakes that retailers make; mistakes that are very costly, but relatively easy to fix, with some professional help.

This month we'll cover the first of five common mistakes made everyday by furniture retailers.

1. Failure to Implement Sound Business Systems & Procedures

Most furniture retailers have come into the industry from one of two primary backgrounds. Many of you are second, third or fourth generation furniture people, who have grown up in the business, learning a wealth of furniture knowledge from parents and grandparents. Others have entered

your freight costs and increase your profits.

Your PROFIT *windows* software is the key! Load our new Freight Module (available as a simple update) and it shops rates, compares carriers and selects the best carrier P/O by P/O for you - which means it is EASY on you.

Why Should You Join the World's Largest Buying Group for freight?

1. The savings are substantial - \$25,000 is common... larger stores can save \$100,000 or more!
2. It only takes 1 hour to install the software update and go through training - so there is very little downtime for your business.
3. You get to leverage the efforts of a full time, four person staff. These negotiators and shoppers are doing all the work, so why not avail yourself of their services?
4. It increases your Gross Margins. Any time you lower the landed cost of merchandise, it increases your gross margin.
5. You get better service when your buying power is massive - vendors listen when you are bigger than Nebraska Furniture mart, Jordan's and R.C. Wiley combined.
6. You don't have to use the service on every order. We customize it to YOUR needs so every store receives a customized solution.
7. There is no obligation - if at any time you don't wish to use the service, don't. If you want to quit the program, you can do so at any time. We don't obligate you; we negotiate on your behalf to make sure that you are always paying the lowest price.
8. It ends price gouging. Small independents pay exorbitant prices when it comes to freight costs. The small guys carry the WHOLE load while the big boys get the really GREAT pricing. This program levels the playing field as it allows smaller retailers to get the benefits only enjoyed by the Top 10 furniture retailers.
9. It makes you more competitive - you now start paying the same rates as the big boys.
10. You get better service. You not only mean more to the carrier (because it's not just you buying from them - it's all of us), you also have our team

furniture retailing as a young person, just out of school. You may have developed your expertise by devoting many years to your career advancement, often starting as a salesperson, learning the products and respective selling techniques. Without

question, all of this experience and background has been invaluable in helping your business to prosper and grow successfully over the years.

The business principles and methods typically learned from the preceding generation of owners and managers were developed from trial and error or from observations of the practices of fellow retailers. Those systems and procedures probably worked very well in the early phase of the business, when sales volumes were relatively small, inventories could be controlled by the art of "walking around" and employees were few in number. Many of your stores have grown substantially in terms of store size, number of stores, sales volume, number of employees and the depth and breadth of inventory. Frequently, the systems and procedures that worked successfully when your business was doing a million dollars a year or less, are no longer appropriate for an operation now doing several times that, perhaps in a multi-location environment.

The evolution and growth of a business enterprise demand a corresponding progression in the operating, selling and financial systems. Those processes and procedures that appeared to work so well in the million dollar store, start to come apart in the two to three million dollar operation. Similarly, the systems that are appropriate for a five million dollar store are often inadequate in a ten million dollar store, just as the systems that work in a twenty million dollar business will not allow a one hundred million dollar organization to function effectively.

It is not uncommon for a successful small business to expand into a much larger operation that still operates with the same systems and procedures that were implemented in the old days. The typical result of the failure to put into effect improved systemic structures will most often be daily chaos,

fighting for you. These two combined will give you much better service.

Do you want to know more about how you can become a member of PROFIT*freight* - the World's Largest Buying Group for Freight?

Call toll-free 866.754.4650 and say "**Send me your PROFIT*freight* Membership Kit!**" and we will overnight you a complete package that shows how we are driving higher profits for our members.

Membership is limited, so call today!

as too much time is devoted to "putting out fires". The business owner spends so much time working "in" his business, he has no time to work "on" it.

All too frequently, the outcome is a decline in efficiency and profits, often resulting in a going out of business sale, which could have been avoided by learning, developing and implementing sound business practice improvements.

Next month we'll cover the next most common mistake, lack of planning for all aspects of your business.

Are you interested in receiving PROFIT*systems* E-Communicator?

Enter Email:



Improve Your Profitability Through Networking

Since 1995 Home Furnishings retailers have found that networking with other retailers, like themselves, from non-competing areas, has caused their profitability to jump to over 10% in a short period of time.

Most retailers can't afford support and advice in advertising, sales, warehouse, administration and delivery. But, by participating in a networking group of other retailers, these questions turn to field-proven answers at a much lower cost than expected. There is always someone in your group that "has been down that road".

Not only do members of PROFIT*groups* enter into specific discussion topics submitted by their members, but also each meeting every member shares a results-proven Best Practices. Being a little competitive, each member submits \$20 and the members choose the Best Ideas presented at the meeting and the winner takes all. As you may have guessed the winner buys the first round after the meeting. Imagine learning eight to fifteen proven ideas that you may implement in your own business at each meeting.

Each meeting you will be able to measure your financial results against your fellow members and compare

yourself to High-Profit dealers as defined by the NHFA. What a time to investigate why your net profit isn't at double-digit levels. Other members will share their profit-enhancing secrets with you because you will share yours. Can you think of a better way to improve the overall performance of your company?

If you would like more information on PROFIT*groups*, please contact Bill Dugan, the Director of PROFIT*groups*, at 800-325-2018.

The PROFIT*systems* E-Communicator is your best source for news and information on PROFIT*systems*, technology, and the retail furniture industry. If you need to know about our conferences, software, or just what is new around the halls of PSI, this is the place to find it. In conjunction with our website www.profitsystems.net, we are working to provide you the most information in the most timely manner possible. If you have not registered for access to our online PROFITresource Center, please sign up at our home page today!

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