



## Dogs and Dandelions

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Dogs are like dandelions. If you ignore them, they multiply – fast! Imagine your beautiful lawn. When one dandelion springs up, no big deal; it still looks pretty. You hardly even notice. A short time later, a few more pop up. You do nothing, no worries. A while after that, BIG PROBLEM. Your gorgeous green grass is gone. It has become a field of weeds. When ignored, dandelions multiply – fast.



Is this your showroom? The same is true of Dog furniture. One or two items that don't sell cause no alarm. However, if you have no effective action plan for identifying and destroying these cash killers, your showroom will resemble this field of weeds.

In many operations a sequence of events occurs: A buyer orders new merchandise at one of the markets. He forgets about it. The merchandise arrives and most of it is eventually displayed and merchandised. 20% sell well and maybe they are reordered. 80% produce \$0 or negative gross margin dollars and the buyer does nothing. It's the salesperson's fault. Right? At the next market the buyer reorders again and the sequence continues until --- TENT SALE, AAHHH. This scenario was true of 90% of the operations that I visited the first time over the past ten years.

Curious, that most furniture operations are average or below average profitability, as well...The cost is HUGE! You lose sales and cash flow because of bad merchandising practices, stock outs of best sellers, low gross margins, and the general carrying costs of inventory. Companies often compensate by cutting operating costs when the real cause is poor inventory management.

### **How to avoid dandelions:**

- Train your key people in the model of dynamic inventory (dandelion) management.
- Setup aging systems to spot dogs (dandelions) early.
- Take action immediately by using automated markdowns, price tags, and spiff systems.
- Be consistent. Yes, it takes some work. But the results are worth it and it is essential to compete with the best stores.
- Buy new items only after you sell your dogs and you are at a high profit inventory to sales ratio.

Before you start running to your software system and pressing buttons, it is important to note that your situation is unique. You should implement systems for your specific circumstances, in order to maximize the effectiveness and minimize loss of gross margin dollars. Be a dandelion killer – don't let them overtake you.

If you would like the assistance of someone who successfully makes companies money faster by doing it right, please contact us at [info@profitconsulting.net](mailto:info@profitconsulting.net).