



Key Best Practices – Summary

David McMahon, Senior Consultant

Through helping hundreds of stores over the last decade, I have noticed operations that have implemented best practice systems and procedures have been the ones that have prospered at all times. These operations have shown strong leadership, have embraced change, and have sought the best training for their employees. Here is a summary of practices executed by top producing operations:

Sales Floor Activities

- Salesperson is able to assist customer in all ways and can assess inventory quantities and all customer associated questions
- An opportunity is entered for each potential customer who enters store
- The customer's name and address are recorded, whether there is a sale or no sale
- Follow-up tasks are scheduled for all opportunities where no sale occurred
- Sales are immediately entered

Daily Close

- Cash is balanced each day and deposited
- Daily written sales are reviewed for accuracy

Salesperson Follow-up

- Thank you note or follow-up call made to all customers – sale and no sale
- Review open sales weekly and notify customers of any changes
- Delivery follow-up note or call
- Next purchase follow-up is used

Purchasing

- Items are entered and stock purchase orders in system are used to make order with vendor
- Purchase advice system is used for reorder
- New buying is done only when at proper inventory to sales level
- Past due report is reviewed weekly

Purchasing Follow-up

- Acknowledgements are entered upon receipt
- Costs and dates are verified
- Non-acknowledged report reviewed weekly

Receiving Preparation

- Bar code labels or receiving labels printed and sorted the day prior to merchandise arrival

Receiving

- Receiving is immediately scanned or received into system
- Receiving paperwork is given to accounts payable clerk
- Receiving for customers is given to delivery scheduler



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Merchandising

- Merchandise to display printed at least weekly
- MTO created
- Pricing and margins reviewed
- Price tags generated

Delivery and Pick up

- Sales complete for delivery reviewed daily
- Picking list printed two days prior to delivery
- Delivery receipts and manifest printed and reviewed the day prior to delivery
- Customer called and reminded of delivery and time
- Customer signs delivery receipt
- Delivery receipt returned to billing department
- Service issues noted and given to customer service manager

Delivery and Billing

- Billing done the day after the delivery
- Sales posted

Customer Service

- Customer service manager follows-up with service issues within 24 hours
- All service and comments processed in system

Payables

- Payables are entered immediately for expenses and upon receiving of the merchandise for inventory
- Procedures to adjust inventory receiving costs are in place to ensure proper gross margin

Ledger

- Post sub ledgers daily to the general ledger
- Bank reconciliation done each month
- Sub ledgers are compared against ledger balance to verify financial integrity
- Other accounts including accounts payable pending are accurate
- Financials are correct, done, and reviewed by the management team each month by the 10th day of the next month

Financial Management

- 12 month financial statement comparisons are used
- Independent financial forecasting with respect to P&L, Balance Sheet, and Cash Flow



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Marketing Management

- Use customer file to make better use of advertising dollars
- Past purchase follow-up
- Traffic is tracked and analyzed

Inventory Management

- Operation understands and tracks key inventory metrics, including GMROI and inventory to sales ratio
- Sales analysis is used properly to spot best categories, vendors, and items
- Best items are stocked at the appropriate levels
- Slow moving items are identified and action is taken using a markdown system

Sales Management

- Sales manager uses sales metrics to educate and improve the level of salespeople's performance
- Review salesperson priority lists for completed vs. uncompleted tasks

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