

Déjà Vu All Over Again...

David Lecher, Business Coach

We have all been here before. At least those of us that have spent any length of time in the home goods industry have been here. We have seen the ups and downs of the business cycle influence our sales. We have hunkered down when we needed to, spent like a drunken sailor when we could, and muddled through the in-between times. Yet, through it all, how many of us thought to utilize the slower periods in the cycle to prepare ourselves for the upturn, as well as possibly increasing our business when others are saying it can't be done? Sure, we can all slash expenses, cut back on advertising, eliminate overtime, and do all the other things necessary to survive in a difficult economy. The real question is: are we wise enough to seize the opportunity that presents itself? If we are cutting back in all areas, chances are strong that the competition is doing likewise and this is where the real opportunity lies!

A recent NHFA study indicates that 40% of all potential home furnishings customers do not buy in the year that they begin shopping. Think about that for just a minute. That means that two out of every five people walking into your store today with a legitimate home furnishings need will not buy anywhere during the next twelve months! Exactly how much money did you spend to get that person into your store? At the end of this month calculate your advertising cost per up and you can see exactly what this is costing you month in and month out. Still, we continue to spend 5-7%, or more, of our sales on advertising, bringing in more and more traffic, and what happens? If we are good, we close 30% of them. If we are not, less than 20% of this traffic will actually be converted to buying customers.

So why don't these potential customers buy from us today? Wrong product? Perhaps. Wrong prices? Sure, some of the time. The primary reason people do not buy is that they simply do not receive the level of help necessary for them to make a good decision. They have made a furniture buying mistake before, did not want to do it again, and therefore, don't do anything. Paralysis by analysis. Customers get so wound up trying to figure out the details on their own that they can not reach a conclusion, and thus, they don't buy anything from anyone.

That is exactly where the previously mentioned opportunity lies. An investment in training now will most likely lead to greater returns in the short term and definitely in the long term. By teaching your staff how to deal with these potential customers who need more help, you will increase the probability that they will make a buying decision in YOUR store and not the store down the street. After all, the store down the street is not making that investment in their people. In fact, studies clearly show that most companies spend less than 1% of sales on training, while spending 5-7% on advertising that we already talked about. Let's examine that logic: we are spending all kinds of money to bring people in and we then put staff in front of them with minimal training, at best. Even if you do have a strong training program in place, are you focused on the right things? Do your people know how to greet and engage clients the right way? Can they make a smooth transition to the sales process, and most importantly, do they understand that our business is about rooms and not about furniture? Do they know the important questions to ask and how to deal with the answers they get? If your store does house calls, do they know what to do to get a house call scheduled, and what to do once they are in your customer's home?

CHARISMA*selling* addresses all these issues and much more. It brings into focus the best ways to deal with these clients who are having difficulty making decisions, how to address their concerns, solve their problems, and ultimately close sales more often than they do now. In most cases, they will create larger tickets than they have in the past. They will now be able to interact with your customers with much more confidence and professionalism. My favorite golf instructor once told me something that I will never forget. "On the course is NOT the place to practice", was his

belief. Yet, this is what we do with our sales staff every day by allowing them to interact with our customers without the best possible instruction. They are "practicing" on live bodies each and every day. The results are predictable and not always the best.

In addition to establishing performance levels for the sales staff, CHARISMA*selling* clearly defines the role of the sales manager in the process. Just like that great golf coach of mine, the sales manager orchestrates what happens on the floor, coaching and assisting the sales staff every step of the way, making sure they are ready to deal with the clients they meet.

As you can see, the investment in training will surely pay dividends both now and in the future. Make sure your team is ready to play the game and have been given all the coaching necessary to succeed. If you will do this while everyone else is retreating, you are sure to gather your market share and ultimately, increase your profitability.

David Lecher is a Business Coach with PROFIT consulting who has 25 years of Sales Management experience in the home goods industry. Contact him at davidl@profitsystems.com.