

Retail Survival in Tough Times



HYMIE ZAWATZKY

RETAIL SURVIVAL IN TOUGH TIMES

Are you staying in or getting out?

Hymie Zawatzky

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NOTE:

This is a guide. It is not a substitute for obtaining legal advice about your lease, finances or taxation. Nor is it a replacement for a qualified financial advisor. You are encouraged to seek such legal and financial advice where necessary.

DISCLAIMER

At the time of going to press, all information in this book was accurate as the author was able to ascertain within reason. All references to private or state organisations are gratuitous. The author has no financial interest in them and does not stand to benefit from them in any way

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To my wife Joan

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PART 1

MANAGING AND SURVIVING

Hymie Zawatzky

CHAPTER 1

RETAIL RESCUE IN TURBULENT TIMES

It's tough out there for all retailers. Store closures and downsizing of departments by major department stores have now become the way of retail in Australia. High rents and the rise of online and mobile phone technology is reshaping retail. The reluctance of consumers to buy products other than at the "best or cheapest price" is having a major impact on small and medium retail businesses as well as on many retail chains that have been in business for many years and have survived downturns in the past.

Some retailers unable to adapt to the "new way of retail" have gone into administration or liquidation. Talk of a sustained downturn and the impact of costs of the carbon tax is a dark cloud hanging over every retailer's head.

The financial resources of many retail businesses are limited. Any sustained downturn could well result in the failure of your retail business irrespective of whether you are a franchisee or run your own business.

But tough circumstances make people tougher. For this reason making sound financial decisions has never been more important for you as a retailer, and for the survival of your business. Are you going to leave it to accountants and bankers to measure your performance in the past week or month or are you going to take control?

Yes, you can take control and keep your business healthy and growing, by introducing simple but important steps of key performance measurement indicators. These indicators will take minimal time to implement but they will let you know that your business is still healthy. They will allow you to plan and market for

the future and help you to decide on any necessary steps to correct past mistakes earlier rather than later.

There is no quick fix to your problems. The financial survival and health of your business will only be achieved through continuous management and control applied according to a plan backed up by sound knowledge of basic financial issues and changing retail circumstances.

Of course there are still crucial financial matters to discuss with your accountant or solicitor on an annual basis, but the persistent and constant control of the management of your business is up to you. It is you who can keep your business afloat in these uncertain times.

For you to survive in retail and flourish in the current climate, you need to address these vital questions and ask yourself if they apply to your business:

- What can I do about it? Is there an immediate health check that I can apply to my business?
- Is there any action I can take in my store to counter the expanding operations of websites and the growth of ecommerce?
- Does my business look as if it may like close or go into receivership? If so, what are the implications for me and my family?
- If I have too much stock at the start of the year, how do I get this down to acceptable levels by Christmas?
- Given the downturn in the economy, is my rent is too high? If so, how can I negotiate with my landlord for some assistance?
- While negotiating the renewal of my lease during an economic, downturn are there negotiating techniques and concessions I can request that will stand me in good stead when the recession ends?

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- If my lease calls for a refurbishment of my business this year, how can I convince the bank to give me a loan?
- How can I prepare and monitor my cash flow statements and take early action ahead of any cash crises?
- Do the ratios in my balance sheet and profit and loss statements give my bank manager, suppliers, landlords or my franchisor confidence to continue supporting me through this difficult time?
- Am I getting the most from my advertising dollar?
- How can I plan to mark down goods to generate extra sales?
- Am I maximizing my profit from each square metre of space in my store?
- If my business looks like it will make a loss, can I reduce costs to keep afloat without wrecking my business completely?

Are you satisfied by your answers to these questions?

If not is there something you can do to improve your situation?

In the following chapters of this book, you will find answers and information that will help you and ensure the continuous health of your business.