

The
RETAIL
ACADEMY

**FROM
STALE**

**TO
SOLD**



NOTE FROM SAL

Hey there,

There are lots of things I'm happy to spend money on. Nice hotels, building my team, anything that automates my life, a cleaner.... the list could go for pages.

But there are several things that really drive me up the wall and losing money needlessly, ranks number 1 (number 2 is paying a lot for food that tastes crap - just in case you wanted to know).

So when I hear retail/ecommerce store owners telling me they have boxes/pallets/rooms of stock that's been sitting around for ages, we get rid of that quick smart (and usually bring in thousands of dollars in the process).

Keeping a tight rein on your inventory is going to have a serious affect on your business. Namely, your cash flow is likely to be boosted super fast.

So what do you say? Ready to make some money, clear come space and make some customers happy in the process?

Slow moving stock that is sitting on your shelves is actually **costing** you money. All retailers have with products that don't sell. It doesn't matter how up to date with trends you are, at some stage, you'll find yourself with products that Just Won't. Sell.

Changing trends, long lead times and indent orders are just a few reasons why stock doesn't sell.

But after working with hundreds of retail and ecommerce brands all around the world in just about every niche, (seriously, from luxury equestrian apparel to sport performance supplements) I can confidently tell you the two main reasons why you have products that aren't selling

Without exception, the two most common reasons are:

1. Not understanding what your customer wants (because you haven't spent the time to know who your Ultimate Customer is)

2. Not spending the time to know how much stock you'll need, before you order (ie forecasting)

It's easy to get caught up in supplier deals when they're offering "buy 2 get the third free" or "Save 30% when you order over \$1000".

But what will become glaringly obvious by the time you finish this lesson, is that those suppliers are using the tactics that I'm about to teach you, to do exactly the same thing.

Move inventory and boost cash flow.

As much as it can be painful to admit you 'got it wrong', the fact is it happens to the best of us

Deal with it, and move on!

Every square meter of your store is real estate (even online)

For every item that takes up space, but isn't selling, it's costing you money

Let me show you how...



**FROM STUCK
TO SOLD**

When you have stock that just won't move (we call this "aged inventory" in the biz) not only is it taking up space, but it's also damaging your business in many other ways.

The question is what to do with that stock? Do you hold it until next season, do you sell it at cost, do you sell it at a loss? Do you just get rid of it? What's the correct answer?

It's easy to just think "I'll box it up and bring it out later in the year".

But that's just laziness, ego and pride getting in the way.

if you're like many retail/ecommerce brands I work with, you attach a value to every product. You paid a certain amount for it, so you want to get more than that amount back. You want to try and recoup as much profit as possible from this item. Am I right?

As a savvy business owner, you need to ensure that you're analysing your stock turnover. If you're on 30-day account terms, then at least 60-75% of that stock should be going out each month. If it's still sitting on the shelf, it's costing you money.

CASH DRAIN OR CASH FLOW?

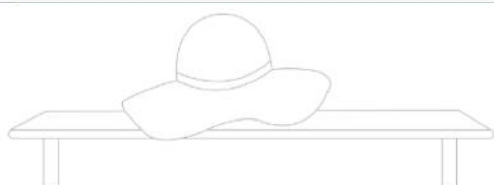
When stock is idle, not only will your bank account reflect this, but there are also a bunch of hidden costs that are affecting your overheads.

These include:

Having that money tied up in stock so you can't buy in fresh stock (cash flow)

- ▶ Costs to insure stock
- ▶ Overdraft/credit card/loan interest repayments
- ▶ Lost real estate revenue (aka storage costs) - the space on the shelf or your website that should be paying its way
- ▶ May have to pay tax on increase of inventory
- ▶ Depreciation - stock may get dirty and dusty as well as being worth less as time goes on and you'll have to continue to do deeper discounts
- ▶ The cost to your reputation - when customers see the same products, week in - week out
- ▶ It drags your brand down and detracts customers from coming back

THE FORMULA



You purchased a hat for \$20.
It's sat on your shelf 3 months.



On your counter, you have a small candle
that costs you \$5 and you sell for \$10.

If you sold the hat at cost (\$20), whilst you haven't made any money on the hat, you could have purchased 4 extra candles each month, netting you a profit of \$20 each month for 3 months.



TOTAL PROFIT= \$60

By letting that hat sit on the shelf, you've actually **LOST \$40**. Don't get caught up with the notion that you have to make a good margin on slow moving stock. That mentality is costing you money!

So When Do I Move This Dead Stock Exactly?

I'm not qualified to give you financial advice, so always make sure that you speak with your accountant before making any business decisions.

I'll share with you my go-to formula.

Because you generally get 30 day terms with a supplier, if an item is still sitting on your shelf, or in your storeroom /warehouse 30, 60 or 90 days later, it's time either rethink the product, or the amount you purchase.

If it's an item that you get asked for occasionally and you feel obliged to keep it, order less stock or stop stocking it altogether.

#sorrynotsorry.

ACTION

STEP 1. Allocate a day of each month when you will assess your stock and go through this exercise.

STEP 2: In the following tables, list out 10 items that have been sitting idle for 30 days or more.

Hint, use your Point Of Sale System/web store data to identify these offenders.

STEP 3. Using THE STRATEGIES (see page 12), identify which one you can utilize for each product.

STEP 4. Put a deadline on how much stock needs to be moved and by when the stock needs to be cleared (eg 80% needs to be gone in 14 days).

Hint, if you haven't met the target - try a new strategy with a new deadline.

Stock assessment day

PRODUCT:

STRATEGY:

DEADLINE:

% CLEARED:

REVENUE GENERATED:

PRODUCT:

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THE STRATEGIES

1

MOVE IT!

Your first step to move unsold stock to another section of your store or website

Often we place stock in categories (or on shelves) that make sense to us, so think about how your customer shops

Reduce the click rate / think rate

2

UPSELL IT

Use slow moving inventory as an upsell for another product

Create an offer that leverages high moving/high profit stock

Using your slow moving stock as an upsell creates a higher perceived-value for your customer.

3

POSITION IT

Position slow moving stock with complimentary items

When you link or bundle complimentary products together, you're reducing a customer's sticking points and making it easier for them to finalise their purchase

4

BULK IT UP

Bulk buys are all about customer convenience.

This works well with consumable products like skin care, supplements & household goods. Plus it allows you to move a large amount of stock in a smaller number of transactions

5

PRESENTS ANYONE?

Use the product in a gift hamper

If you sell gift hampers, you may be able to add a slower moving item into the mix, to give the overall value of the hamper more appeal

6

SWAP IT

Swap stock with another store - what sells well for you, may be a slow mover for someone else

Develop relationships with other retailers and see if you can swap out stock with each other

It's a win-win situation

7

RETARGET

Use technology to get your product back in front of the people who've already shown interest.

Use Facebook/Instagram/ Google ads retargeting for people who viewed but didn't purchase.

8

SEND IT BACK

Return To The Supplier.

Many suppliers will allow you to return non-seasonal stock for either a credit, or to exchange for other products.

Whilst you'll probably have to pay for shipping, it's worth it!

9

HAVE A PLAN B

A Plan B sales channel is great to offload stock whilst maintaining the integrity of your brand - especially if you're selling at prices lower than what you want to advertise in your store.

Think Craigslist, Ebay, Gumtree & Facebook

10

GROW YOUR LIST

Use Slow Moving Stock To Add People To Your Database

Create an offer using idle inventory that you can leverage in exchange for collecting customer email addresses.

Give to get - it's a great way to build your database without feeling like a sleazy salesperson!

Quick Tips

- ▶ Remember to write that stock off **CORRECTLY** in your accounting program
- ▶ Don't hold onto stock in the hopes that it will sell
- ▶ Try more than one strategy to move slow moving stock
- ▶ Don't get hung up on the purchase cost of a product that isn't moving