

inyourstore

SELL MORE > SPEND LESS > MANAGE WISELY

ALSO INSIDE

- » TIP SHEET 71
- » ASK INSTORE 81
- » BEST OF THE BEST 84
- » SMOOTH SELLERS 86
- » BENCHMARKS 88
- » REAL DEAL 90
- » COOL STORES 94

INBOOKS

IS THIS BUSINESS BOOK FOR YOU?

Priceless

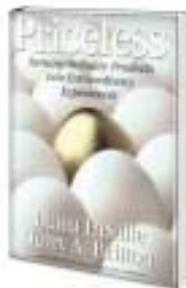
DETAILS: Hardcover, 208 pages, 2002 | AMAZON.COM PRICE: \$18.15

BY DIANA LASALLE, TERRY A. BRITTON

IN A NUTSHELL: Most retailers concentrate on what their product does. But the authors of *Priceless* encourage you to consider what your customers *feel* when they buy your product. Big difference.

THE KNOWLEDGE: Fact: you might sell the world's most beautiful necklaces. But no matter how beautiful those necklaces are, if the clasps are difficult to use the customers' experience with your jewelry will be ruined. That's just one example of how tiny, seemingly unimportant details can seriously affect your customers. This book encourages you to look at the entire spectrum of your services, and your users' experience with your products from every possible angle — with an eye to eliminating customer sacrifices and increasing customer rewards. Now's the time of year when you *should* be doing things like seeing how easily customers can park their cars at your store, how quickly sales associates can get goods out of cases when customers ask for them, or even how quickly customers can check out once they've made a purchase.

OUR TAKE: Because of its wide scope and emphasis on consumer products, *Priceless* doesn't really provide much in the way of directly-applicable advice for jewelry retailers. But it's a good idea generator, and also a solid source of inspiration, for any retailer who realizes he is not in the business of selling products, but *experiences*.



O N S A L E S

PAY RIGHT



How should you compensate your sales staff? **Shane Decker** tells you how in the first of a two-part series.

WHEN YOU GO to buy a pair of tennis shoes, you have to figure out what you want. Are they for running? Working in the yard? Playing sports? Each pair has its pros and cons. And the most crucial thing of all: they've gotta fit your feet.

The same holds true when choosing a compensation plan for your sales team. Which option's advantages mean the most to your operation, and which disadvantages will hurt you least? And, most importantly, which is the best fit for you, your staff, and your customers?

The first option is straight salary or hourly wages. Many stores that offer their salespeople a flat salary have better teamwork than other stores. Conflict is virtually nonexistent, as no one is competing for their livelihood. But, salaried salespeople are not as motivated to sell and to close — they get paid either way. Overall, straight hourly or salaried stores have the lowest closing

ratios. Stores using this option may not be achieving their full potential in regards to revenues.

The second option is salary plus commission (a similar option is the draw against commission). This plan, the most popular in the industry today, is for people who want a guaranteed salary but are still motivated to close and earn a commission or spiff. Generally, the commission level is 3%, 5%, or 10% of sales, and the salary level varies accordingly. Salary plus commission plans give your employees confidence that they'll have their paycheck at the end of the month, but doesn't provide quite as much incentive as straight commission.

The third option, straight commission, delivers the highest closing ratios in

TEAM-BASED COMMISSION PLANS ARE INCREASINGLY POPULAR, AND I LOVE THEM, AS LONG AS CLOSING RATIOS STAY HIGH.

Please see **PAY** on Page 70

"Finally, you can reach your customers effortlessly."

— Rick Segel, author of Retail Business Kit for Dummies

Problem: You know you should communicate with your customers more often. But it costs too much. And takes a lot of time.

Solution: Our revolutionary communication technique is about 5 cents each, and **GUARANTEED** incredibly effective.

Come see the magic in action.

www.retailtipservice.com

Margie@retailtipservice.com

781-272-9995

PAY

Continued from Page 68

the country, on average. Some stores offer 7%, others 10%, and one even offers 15% — the highest I've seen. In this plan, people only get paid when they sell and close. Working for commission gives the salesperson the best opportunity to make money based on their efforts alone.

Unfortunately, straight commission plans also create conflict. Whose customer is that? Who said hello? Who looked at them first? If you're using straight commission, you know what I mean. (I'll get into how to deal with these issues in next month's column.)

It takes mature, self-confident players to work under a straight commission plan successfully. Self-confidence, product knowledge, professionalism, and selling/closing skills are absolute necessities. You can't be a clerk... you've gotta know how to sell.

The final option is salary and team-based bonuses. In such plans, employees get monthly bonuses based on meeting team goals. For example, a team goal might be reached with a

jackpot of \$5,000 — the person who made 30% of the sales would earn 30% of the bonus, etc. A certain percentage goes to your administrative and shop employees as well, which means they will want to help your sales team more in closing sales and delivering customer service. When goals are met, the team celebrates. If not, no one benefits. So, it's a true team effort. These plans are becoming increasingly popular, and I love them, as long as closing ratios stay high.

Which option is best for you? There are successful examples of all four. That said, most stores that do a lot of volume pay some type of commission. The salesperson wants to do a better job with customers so that the customer will return time and again and

ask for them. This creates personal trade, a benefit for both your salesperson and your store (if your salesperson ever leaves your store, statistics say that on average, only 3% of their trade will follow).

Ultimately, no matter which compensation plan you choose, your salespeople should be so good at selling, the customer can't even tell they were sold. Then everybody wins. If your plan delivers anything short of that, scrap it and try something new. You may find it's a perfect fit.

Shane Decker has provided much sought-after sales training for more than 3,000 stores worldwide. He can be reached at (866) 424-2472.



INCENTIVES: THE RIGHT CARROT WORKS BETTER THAN ANY STICK.

HOW TO
STRATEGIES FOR BUSINESS

END THE HAGGLING HABIT

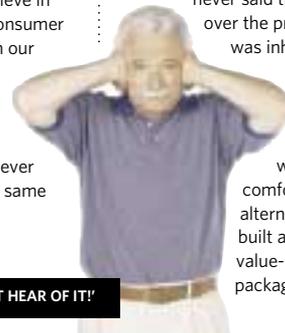
"NOBODY PAYS RETAIL ANYMORE". So says a radio ad for a prominent retailer in a major U.S. city. Is it any wonder that so many jewelry-store customers today believe that in jewelry stores, the price on the ticket is merely a guideline — a "starting point" for negotiation? Sick and tired of it? Kate Peterson of Performance Concepts offers a few suggestions for kicking the "haggling habit":

1 ESTABLISH YOUR USP. Think about the "value-added" things you offer customers. Look for all those things that help set you apart from your competition. Do you have a GG on staff? Is your repair work done on the premises? Do you offer gift wrap, shipping or delivery services? You'll probably be surprised at some of the things you can come up with! Your primary objective is to get our entire team to believe in those things that set you apart — and to increase everyone's level of confidence in what you have to offer.

2 BUILD A PRICING STRATEGY. Shop your competition for basic, "shoppable" items like plain wedding bands, branded product and certified diamonds, and assign fair ticket prices that reflect an honest estimation of what you intend to sell each item for. Then, look for formulas that will help you extend that mark-up structure to the less easily comparable items in your stock. As you continue to bring in new product, you should begin to look less at actual cost and more at whether or not you can sell the item at a price that will fall within your pre-determined structure.

3 TRAIN STAFF. Provide suggested scripts that include explanations like, "I can appreciate your asking for a discount — but I can assure you that here at XYZ, we believe in your competence as a consumer as much as we believe in our own integrity as a business. We put real, fair prices on all of our tags — so you can be assured that no one will ever get a 'better deal' on the same product than you."

4 SPREAD THE NEWS. A good marketing campaign will focus more on positive aspects of the change than on what used to be. Think Saturn. General Motors never said that haggling over the price of a car was inherently bad. They simply presented the consumer with a more comfortable alternative — then built an entire value-added package around it!



'HAGGLING? WOULDN'T HEAR OF IT!'