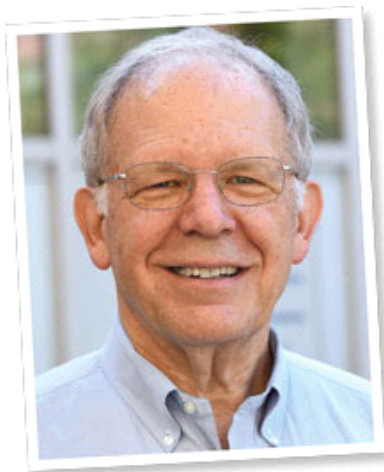


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Ulcer Season: The Remedy

Bill McCurry



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Ulcer Season: (noun) The time between when retailers place product orders or start growing crops and the season when the consumer starts buying those pre-committed goods.

Today's media thrives on "clickbait," sensational teaser headlines that compel you to click on the story. This breeds inaccurate and completely misleading headlines. It also instills panic, anxiety and fear, fostering the need to click subsequent clickbaits. The cycle continues until doubt undermines civilization and its financial underpinning.

Perspective: Take a deep breath. Put things in perspective. No one knows the exact economic conditions of 2023. The myriad uncertainties out there are huge. What I do know is that weather has been the number one factor determining our industry's seasonal success. It always has been and always

will be. Yet, growers and garden centers haven't panicked over weather. We haven't wrung our hands in November over upcoming spring weather. Weather is more unpredictable and harder to counteract than economic conditions. We've always managed to pull through weather, good or bad.

Intelligent Forecasting: Review what's on order. Assume you can sell it all for 80% of the selling price, averaging 20% markdowns and shrink for all reasons. If that happened, what would be your year-end net profit? You'll have to make some guesstimates. This exercise lets you evaluate if you've ordered enough product. Sometimes, in uncertain times, retailers don't order enough product to ensure a profitable season. If you've under-ordered, can you trust your suppliers to provide last-minute shipments to you?

Plan for Markdowns: In the "real" retail world, mega retailers buy for promotions. They schedule what/when they'll have promotions and buy accordingly. "Store-wide" sales are very dangerous to your margins, especially on peak traffic days. If you find sales lagging, consider having perhaps a dozen items you can blast as "Mother's Day Sale"—unique items you intentionally mark above your normally anticipated price and had available for sale starting in April. (Adjust these time lines for your zone). After it's been on display for a while, have a limited-time sale price only on those 12 or so SKUs you've chosen, all of which had higher-than-normal margins to begin the season.

Creative Pricing Boosts Sales and Margin: Remember, "Limit 3 per Customer" can be magic, turning single-unit sales into three-unit sales. For other products consider multiples pricing, something like "\$4.50 each, 3 for \$10." Beat the drum for these pre-planned markdown products. If times are tough, don't sacrifice margin dollars without generating more total cash. Get big "sale signs" ordered ahead of time. Prepare your social media posts in January

so if your peak season is disappointing, you can just plug them in. These focused markdowns, properly promoted, will create the impression you have a lot on sale during peak weekends.

Some say you shouldn't have sales during your peak times. Others say, "The time to go fishing is when the fish are biting." If we have economically weak times, the latter attitude has even more weight. Your customer will be overwhelmed by markdowns and sales from other retailers if the economy slides. Your carefully pre-planned sale items will attract the wary consumer to your store without destroying all your margin capabilities.

Cash Flow Cures All Evils: Money is where you make it, including by reducing expenses. Be sharp with every dollar invested in your business. Where do you have to invest money now and where can it be postponed? Consider your employees when determining payroll adjustments during this period. They have cash flow needs as well.

If you have cash on hand now, can you pay vendors early and get an additional cash discount? Email me for a free Excel spreadsheet that helps you decide when to take early cash discounts and when to hold on to your money.

Remember, we've lived through weather and recession, good times and not so good times. "This too shall pass."

GP

Bill would love to hear from you with questions, comments or ideas for future columns. Please contact him at wmccurry@mccurryassoc.com or (609) 731-8389.