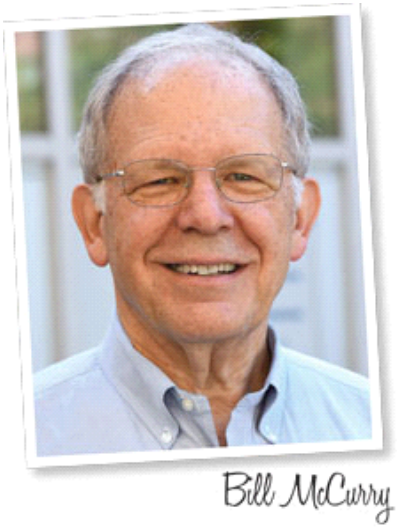
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Which Hat Will You Wear?

Bill McCurry



Managers and owners wear many hats. The “controller” hat directs how to keep inventory low and reduce markdown/dumpage costs. The “marketing” hat worries about the customer experience, when the store is out-of-stock and frustrated customers leave to find a better experience elsewhere. How do you handle customers’ misplaced expectations of a full inventory? Many retailers run end-of-season sales, giving customers great bargains while shredding their own margins.

Business is a balancing act. Constant pulling in one direction causes unexpected/undesirable consequences in another. One of the unexpected “COVID benefits” is improving the future by hitting reset on many operational and marketing activities.

A fiercely private garden center owner who wouldn’t allow me to divulge their location, relayed his experience. Prior to COVID, he marked down or composted 8% in a good year and up to 20%-plus in a bad year. At year-end he’d fume about his “over-inventory” costs, despite hitting higher sales each year.

2020 and 2021 were great years for cash flow, with no meaningful overstocks at year-end. As the 2022 season started to wind down, he had enough inventory for an end-of-season sale. Customers asked when it would be. He said, based on sales and inquiries from landscapers, he didn’t think he’d have much to close out. Some customers said, “I guess I should buy now!” Others said, “I’ll wait.”

The owner’s niece and nephew were returning for college summer break. They had entrepreneurial spirits and he offered to set them up in a “Cheap, Good Flowers” stand at different farmers markets within an hour of his store. They loaded up before their uncle’s store opened. When asked where the merchandise went, the owner answered, “We’ve picked up more wholesale and landscaper business.” Full-price sales were continuing in the store at a better pace than pre-COVID. Customers asking for discounts were politely told, “With supply chain issues, we likely won’t have enough to last through the season. If you like something, better buy it now.”

The farmers market program ran about six weeks. As certain inventory areas sold out, the young entrepreneurs visited other independents and paid cash for overstocks. Has this ended expectations of margin-crushing closeouts at the retail location? Who knows? Surprise! The niece and nephew expressed interest in working more at their uncle’s garden center. Margins at the farmers market were low, but better than prior closeout sales.

I started talking about Debbie Foisy, (Deb’s Greenhouse, outside Edmonton, Alberta) in 2012. Deb was relatively

new in the business, and as is normal, growing faster than she could generate working capital to sustain her successful operation. Starting in November she sold hanging baskets, grown to the customers' specifications and picked up in May. Payment with order generated cash early.

Over the years she's adjusted her program to eliminate custom baskets, instead offering selected baskets based on color. The early sales include pottery and other products, giving indications of the year's expected trends so deliveries could be adjusted.

All pre-ordering is done online where customers are accustomed to pre-paying when ordering. Additional baskets are prepped in case there are some that don't meet Deb's standards. Any overstock can be added to the opening spring inventory.

COVID may have over-exposed customers to online ordering, so Deb and her daughter, Paige, printed an old-fashioned catalog on real paper with gorgeous color images of spectacular flowers. Wearing their marketing hats, they took the financial risk and published "Deb's Wish Book." They mailed it to their customer list, making sure those on TikTok, Facebook and Instagram knew catalogs were available. Social media lurkers sent in their snail mail addresses to get a Wish Book.

Putting on their financial hats, Debbie and Paige looked at the numerous orders generated. It took just four orders to pay all their production and distribution costs!

What does 2023 offer your business? Which hat(s) will you prioritize to maximize marketing potential while ensuring your financial goals are being met? **GP**

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