

## **To fix your retail business, stop complaining about outside causes and start looking inside.**

Your store isn't doing well. Or, it isn't doing as well as you would like it to be. Where do you look for a fix? Too many retail storeowners are looking in the wrong direction, says an expert in small and mid-size business operations. That misdirection is why so many retailers are in trouble during these uncertain economic conditions.

According to Israel Kushnir, president of George S. May International Co. in Park Ridge, Ill., storeowners who look outside of their own operation are depending upon issues and areas they cannot control. He says it is more effective for retailers to look inside to what they can control.

"When times are tough, far too many businesses immediately look to improve sales because they believe that's where the problem is," Kushnir said. "However, if sales were easy to come by, those businesses would already have them. So what too many stores are grasping for is what I call 'desperation' sales. Retailers desperate for cash flow can fool themselves. Sales don't necessarily mean profit. Some sales, in fact, even cost the seller money."

He explained that retailers often reduce prices to get sales, without knowing the true cost of their products and services. In reaching for more or new customers, storeowners can also spend more to get a sale than the sale is worth. Businesses also dupe themselves by believing that customers obtained in tough times will be lasting customers.

"These problems start when business owners take short-term actions they believe will tide them over until economic conditions improve," Kushnir said. "However, what we're seeing now is a lengthy period of economic uncertainty."

The consultant explained that many of the problems surfacing now are often internal issues that a business never satisfactorily confronted and solved. Success and good economic times can cover many inherent problems.

"Today, business owners should first focus on internal operations," Kushnir said. "Specific market conditions and the state of the general economy are uncontrollable by most retailers. They shouldn't waste time on these when there are other issues they can impact to their advantage."

A crucial first step toward improvement is determining what the operations of a business truly cost, said Kushnir. "A business owner cannot effectively manage what isn't effectively measured. Creating a structure to find these costs, to track them and make comparisons gives a business owner control. We've found time and time again that the key to turning a retail operation around is putting the owner in a position to make a profit. To do this, an owner must accurately determine what the business costs are."

Kushnir explained that this process is not always easy. The business owner likely has other responsibilities, and carefully discovering true costs takes time.

How it is done is another concern. Simply looking at the general costs of a business may seem to be the most logical, but it can cloud the picture.

"Each section or department of a store needs to be evaluated to determine what products are selling and why," Kushnir said. "Knowing the needs and interests of the customers is crucial for determining the right product mix."

An accurate picture of internal costs is crucial. Without it, actions to improve internal operations will be just as unprofitable as complaining about the economy.

George S. May International Co. is one of the first management consulting firms in the United States. It has been serving small and mid-size independent businesses since 1925. The company is headquartered in Park Ridge, Ill. with offices in Las Vegas, Nev.; Montreal, Canada; Mexico City, Mexico; and Milan, Italy. The company's web address is [www.georgesmay.com](http://www.georgesmay.com).