



Planning & Buying for Success

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WHAT NEEDS FIXING? THE RETAIL RISK!



- You cannot accurately predict customer needs
REMOVAL OF RISK = INCREASED PROFIT
HOW TO REMOVE RISK?
- Understand customers – know your **Retail Detail**
- Have a **Structured** approach to planning & buying
- Ensure **Flexibility** in your supplier structure
- Ask **Why?**

Use your product hierarchy!

“LUSCIOUS LIVING”

CERAMICS

CANDLES

CLOCKS

KITCHEN

STEP 1: Study your product groups

- ***Know your key drivers & underperformers :***
 1. Selling Periods. (eg Xmas : Oct to Dec)
 2. Were you up or down on the year in 2017 ?
 3. Why ? How did each ***Product Group*** compare to last year ?
 4. What ***Product Groups*** are peak/ event skewed ?

EXAMPLE SALES (retail vat inc)

PRODUCT	Xmas 17 Act. (k)	Xmas 16 Act (k).	% VARI	Xmas 17 Mix (%).	Total 2017 Mix (%)
CERAMICS	£98	£109	-10	26.9	29.5
CANDLES	£123	£105	17.1	33.8	27.2
CLOCKS	£67	£67	-	18.4	24.5
KITCHEN	£76	£62	22.5	20.8	18.8
<i>LL TOTAL</i>	<i>£364</i>	<i>£343</i>	<i>6.1</i>	<i>100</i>	<i>100</i>

STEP 2: Review the best & worst!

- *Scrutinize your top & bottom sellers by product group :*
- *TOP TIP : Keep it simple - don't take on the world!*
 1. What are your top 100 sellers? Did you run out when you wanted them? (**full price sell thru**)
 2. What were your worst sellers ? What did yo get left with ?(**sell thru/ wks cvr**)
 3. Don't drop your best sellers without having a replacement!

Line sales- review examples

LAST YEAR ANALYSIS IN PREP FOR BUYING 18

Sell thru

- Good: buy 100 , sold 70 at full price = 70% sell thru
- Poor: buy 100 , sold 20 at full price = 20% sell thru

LOST POTENTIAL CALCULATION

- Bought for 3 months (12 weeks)
- Sells 40 and out of stock after 4 (av 10 / week)
- If been in stock for 10 – could have sold 80 to 100 ?

STEP 3: Build a buying strategy

- ***Use sales plans according to strengths***
- ***Based on your retail detail analysis : sales performance , day to day experience & trends :***
 1. Set ***Sales Plans*** by product class -what is the growth on the year for each ?
 2. What is your overall growth? (total of product classes) . Is it realistic?
 3. Are you growing with your ***key suppliers?***

STEP 4: Use Buying Plans/OTB

- *Build buying plans for visibility of open to buy*
- *Based on your sales plans + break stock added*
- **WHAT IS BREAK STOCK?**
- The level of stock you plan to finish on at the end of the selling period
- **WHAT IS OPEN TO BUY ?**
- The amount of cash available to spend on product

1. Sales Plans (retail vat inc)



PROD.	XMAS 18 PLAN (k)	XMAS 17 ACT. (k)	% VARI	XMAS 16 ACT (k)	2 YR % VARI
CERAMICS	£95	£98	- 3.1	£109	-12.8
CANDLES	£130	£123	5.7	£105	23.8
CLOCKS	£70	£67	4.5	£67	4.5
KITCHEN	£80	£76	5.3	£62	29.0
<i>LL TOTAL</i>	<i>£375</i>	<i>£364</i>	<i>3.0</i>	<i>£343</i>	<i>9.3</i>

2. Buying Plan(retail vat inc)



PRODUCT	XMAS 18 SALES PLAN (K)	END DEC 18 PLAN BREAK STK (K)	BUY PLAN (k)
CERAMICS	£95	£28	£123
CANDLES	£130	£39	£169
CLOCKS	£70	£21	£91
KITCHEN	£80	£24	£104
<i>LL TOTAL</i>	£375	£112	£487

3. Open to buy (retail vat. Inc)



PROD.	OPEN. STOCK (k)	ON ORDER (k)	TOT. STK & ON ORDER (K)	BUY PLAN (k)	OTB (k)	% BGHT
CERAMICS	£42	£17	£59	£123	£64	48%
CANDLES	£21	£20	£41	£169	£128	24.2%
CLOCKS	£4	£24	£28	£91	£63	30.7%
KITCHEN	£10	£33	£43	£104	£61	41.3%
LL TOTAL	£77	£94	£171	£487	£316	35.1%

STEP 5 : *Develop a Flexible Supply Base*

1. Open to buy only works if your suppliers are able to repeat in season and / or bring newness to you
2. How many of your suppliers can do this? Are they your largest ones?
3. It is vital that your key suppliers are able to support your business. Otherwise it is a high risk position.

PLANNING IN THIS WAY WILL ENSURE :

1. A **stock mix** that reflects the best product groups at the right time
2. A **product range** reflecting best sellers and bought in volumes to improve availability.
3. **Improved sales through de risking / use of otb**
4. **Reduced markdowns, increasing net margin .**
5. **Reduced stockholding and cashflow savings**

1. A thrilled and expanding customer base

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THANKS FOR LISTENING!

ANY QUESTIONS ?