



# Maximizing Retail Productivity

A practical guide to running a more efficient shop.



# Introduction

If you work in retail, you likely have a never-ending to-do list. You need to stay on top of several tasks — counting your inventory, reconciling your books, paying your staff, ordering more products and supplies, setting up your displays — all while making sure your customers are happy.

Running a retail store keeps you incredibly busy, and things can get overwhelming for you and your staff. If you're feeling stressed or overworked, you may need to make some changes with how things are done in your store.

That's where this guide comes in. Vend and Square have put together a handy resource for improving store productivity. We'll shed light on helpful tools you can use in your shop, and we'll discuss the steps you can take to ensure your business runs like a well-oiled machine. We'll also talk about the importance of data and about how tracking the right metrics will enable you to allocate resources more effectively.

By the end of this guide, you'll have both the know-how to streamline your operations and the ability to make smarter decisions that'll save you time and money. Let's dive in.

# Table of contents

Tap into the power of automation.....	2
Use data for analysis and planning .....	20
Retail productivity checklist.....	31
Conclusion .....	33



# 01

## Tap into the power of automation.

Automating certain business tasks can save you time and lower your operating costs. Time is money, after all, so the more you spend on manual tasks, the less time you have to do things that move the needle — such as selling products, serving customers, and growing your business.

Here are the steps we recommend to help you automate parts of your business.

### Identify the tasks slowing you down.

Look into your store processes and day-to-day operations. Then, make a list of the manual, time-consuming tasks you and your staff have to do. These typically include:

Anything that requires a pen and paper, such as:

- Manually counting inventory
- Filling out employee time sheets
- Managing paper invoices
- Manually tallying up income and expenses

Data entry, including:

- Anything that requires entering values into a spreadsheet
- Double-entry tasks (e.g. re-entering information from your point of sale (POS) to your payment processor or accounting software)
- Entering and managing information from different stores using separate systems (e.g. having to update your offline inventory every time you make an online sale)

Once you've listed all these tedious tasks, you can then start finding ways to put them on autopilot. And that brings us to the next step...

### Figure out how to automate manual tasks.

Putting tasks on autopilot may take effort at first, since it usually requires switching solutions or modifying processes. But when done right, the payoffs of automation (i.e. higher productivity, more time, and lower costs) are more than worth it.

So, let's get to it. Remember that list of manual tasks you created? Do your research to find apps or systems that can handle them for you. For instance, you could:

### Use a cloud-based inventory management system to stay on top of stock control and inventory counts.

Still using a pen and paper to keep track of your inventory? It may be time to replace all that manual work with a new (and cloud-based) inventory system. There are many stock control solutions on the market that can automate — or at least digitize — various inventory-related tasks, including updating stock levels, categorizing products, and creating orders for your suppliers.

And for anyone still using a clipboard to conduct inventory counts, you'll be pleased to know that most of the newer inventory management systems let you conduct stock counts using a handheld device like your phone or tablet.



Such inventory solutions can do wonders for store efficiency and productivity. Having automatic reorder points, for instance, means you don't have to keep watching your stock levels to know if a product is running low; your system can do that for you and alert you when it's time to reorder.

Meanwhile, digitizing your inventory counts helps you complete counts faster while simultaneously reducing human error. And if you opt for a cloud-based inventory software (hint: you should), you'll be able to keep track of your stock across multiple channels and locations all from one system, thus saving you even more time and effort.

## TIP

Speaking of stock counts, have you considered cycle counting? This is the process of partially counting merchandise on a continuous basis so you can stay on top of stock levels without having to interrupt regular store operations.

Known as one of the most efficient inventory counting methods for retailers, cycle counting can be done daily or weekly (usually before the store opens) and can free you from having to do full inventory counts.

Philip Pravda of [SuitCafe.com](https://www.suitcafe.com) highly recommends this method.

**“I owned four luxury menswear shops, and my method for taking physical inventory was almost daily,”** he shares.

**“I would choose small sections of the store, or a particular brand of shirt, suit, coat, etc. I would count them up with the style numbers and sizes. Then walk over to my computer and compare. Doing the whole store for a small business is difficult because you are always helping customers and certainly do not want to close early or for a full day to do inventory.”**

Similarly, Preston Wily of ecommerce site [SewellDirect.com](https://www.sewelldirect.com) says that conducting partial inventory counts on a continuous basis has worked well for them.

**“Our shipping department employees are each assigned a handful of audits to do every week – high volume products come up for audit much more frequently than low-volume sellers, but each product is counted at least once per year,”** he says. **“We also catch problems a lot sooner which keeps them from becoming huge issues.”**

While the main purpose of cycle counting is to maintain inventory accuracy, there are a lot of other benefits that can come out of it. For one, it can help you run your store more efficiently. Since your staff is aware that you’re doing regular stock-takes, they’ll be more likely to stay on top of admin work, put items in their proper places, and be more organized overall. Plus, you save time from not having to conduct full inventory counts.



### **Opt for a cloud-based point of sale software.**

Swapping your pen and paper or cash register for a cloud-based point of sale software can also increase retail store efficiency. Here's how:

#### **It streamlines the checkout process.**

Most cloud POS solutions are portable, and you can run them on your laptop or mobile device. In addition to making it simpler and faster to open new registers, the latest POS technologies also enable you to offer a more flexible checkout experience.

For example, if you're having a particularly busy day in your store and you're dealing with long lines, you can arm your associates with mobile POS systems so they can ring up sales from anywhere in the shop. You can leverage counter-top solutions to manage a primary line while another employee helps line-bust simple transactions with a mobile device.

#### **It allows you to track data from anywhere.**

Another big benefit of having a cloud-based POS is that it allows you to access sales and inventory data from anywhere. This makes store management a lot easier, especially if you're running multiple locations. You can, for example, order products for store #2 even when you're manning store #1. You can also check in on any of your stores even if you're on your commute or out on a business trip.



### **It offers digital receipts and loyalty cards.**

Physical documents such as receipts, loyalty cards, and customer forms can make admin more cumbersome for you and your staff. They also add time and friction to the checkout process.

Fortunately, most POS solutions in today's market have digital receipts and loyalty programs that help you minimize paperwork and streamline checkout.

Not to mention, these solutions can offer tremendous insights into your customers. Loyalty programs and digital receipts give you the opportunity to gather customer contact information in your customer relationship management system (CRM) so you can learn more about shoppers market to them more effectively — more on this in the next chapter.

### **Use accounting software to stay on top of business finances.**

Business finances and taxes can get complicated. Make things easier for you and your accountant by using accounting software — preferably one that's cloud-based so you can track your finances no matter where you are.

These accounting solutions enable you to create, approve, and send invoices digitally and to upload receipts and track expenses, so you always know how much money is coming in and going out of your business. And if you integrate your accounting solution with your POS software, you can sync transactions and automate tasks such as account reconciliation. (More on this later on.)

### **Consider an employee management app to help you stay on top of staffing.**

Replace paper time sheets and manual staffing to-dos (e.g. approving time off and scheduling shifts) with a nifty employee management app that can digitize all those tasks for you.

Again, it's best to choose a solution that runs in the cloud, so you can do things like process time-off requests or check on employee attendance even when you're not in the store.



### Get your solutions to work together.

Using apps and retail platforms to run your business is just the beginning. For best results, integrate your apps and allow them to share information in real-time. This will eliminate the hassle of having to update information on separate programs. In retail, the most common types of integrations are:

#### Integrated payments

Point of sale integrated payments allow sales to flow directly from your point of sale system to your card reader. With integrated payments, you won't have to manually key the transaction information into the card reader. This makes it easier and faster to ring up sales and removes double entry, as well as the likelihood of human error.

Consider the case of [Grain & Vine](#), a boutique wine retailer in Brooklyn, New York. According to owner Michael Nagdimunov, when they first opened the store, they went the “non-integrated route” with payments.

**“We had a stand-alone terminal where we would process the payments, and that took longer because we had to record the same transaction in our POS. So in a sense, we were doing it twice.”**

But since moving to a payment processor that integrated with their POS, Nagdimunov said they've been able to reduce the need for double-entry and increased the speed of checkout by over 50%.

In addition to cutting down checkout time, integrated payments can also save you money, as POS and payment processors sometimes provide special rates for those who take advantage of their integration.



PREP Cosmetics is one example of a retailer that saves a tremendous amount of time and money by integrating their payments and POS. **“I’m saving \$500 and 4 hours admin a month,”** says founder Kelly Barker. **“But it’s more than just the time and money. We offer the most beautiful customer experience while knowing the technology just works!”**

### Retail management and accounting

A retailer’s financials can get complicated. In addition to product sales, you need to stay on top of cash movements, stock orders, cost of goods sold, and accounts payable, among other things.

That’s why it’s important for your point of sale and accounting software to “talk” to each other. You want these two systems to be tightly integrated so they can sync all the necessary financial information — ideally in real-time.

This will make things like bank reconciliations and taxes much easier, and you won’t have to worry about managing your financials using two separate systems.

Consider PREP Cosmetics, which connected their POS and accounting systems. Because of this integration, PREP can efficiently stay on top of different aspects of the business, including sales, shipping, and stock control. PREP’s POS and accounting solutions (both of which are cloud-based) sync all the information in real-time, allowing Kelly to always have a handle on what’s going on in the business.

### Point of sale and staffing

Integrating your POS and staffing software can make employee scheduling much simpler. Many staff management solutions can use POS data to determine store trends, enabling you to schedule employees and assign shifts based on real-time sales data.



## Multiple sales channels

If you're selling on multiple channels (i.e. brick and mortar, ecommerce, pop-up stores, events, mobile, social), you need to ensure that all your sales platforms are tightly connected. If you're selling both online and offline, for example, you want your inventory to be synced in real-time across both channels. That way, when you sell something online, your offline store's inventory will automatically update.

Usually, the easiest way to do this is to use just one program to manage all your sales channels. If your sales, inventory, and customer data live in one system, then you won't have to worry about syncing or integrating solutions.

That said, for some businesses, having one solution isn't an option. For example, if you need advanced features or capabilities that a single platform can't offer, then it makes more sense to use different solutions and integrate the programs.

This is the case for Grain & Vine. According to Nagdimunov, they chose to integrate their POS with their ecommerce solution instead of using just one platform. The reason? Grain & Vine needed advanced ecommerce capabilities that they couldn't get from their POS. Plus, Grain & Vine offers same-day delivery through several mobile apps, so they're essentially connecting three sales channels: brick and mortar, ecommerce, and mobile through third-party apps.

So how do they juggle their point of sale, ecommerce, and delivery apps? Two words: tight integrations. Grain & Vine takes advantage of the solid integration between their POS and ecommerce solutions to ensure they're on top of sales and inventory.

The two systems can "talk" to each other and share data in real-time — so when orders come in, Grain & Vine's inventory is synced across its physical and digital stores.

As for the different delivery apps, Nagdimunov says they use an XML file to sync their inventory with the apps. **"We've created an XML file that constantly pings our ecommerce platform for inventory updates. And because our online store and POS integrate almost natively, both inventories are always in sync. Those XML files are then sent to our providers [i.e. delivery apps], and they, in turn, have constant access to updated inventory. That way, we're never in a situation where they sell something we don't carry."**

## Integration best practices

The following tips will help you save time and money when integrating different solutions.

### **Go for apps with existing integrations.**

While it's certainly possible to create custom integrations for your programs, it's much easier (not to mention less expensive) to just use apps that have existing integrations or partnerships.

If you're shopping around for apps or solutions to use in your business, talk to your existing providers first to see if they integrate with other applications. For example, if you're looking for an accounting system, talk to your POS vendor and ask if they can recommend accounting apps that are compatible with their software.

### **Know what information will be synced (and what won't).**

When you're thinking about integrating different systems, make sure you know exactly what types of information will be synced between the two solutions so you can set up your processes accordingly.

If you discover that certain types of data aren't shared between the two apps, then you can either create a workaround to address the issue or find a solution with a better integration.

### **Ask your provider about any special offers.**

Apps with existing partnerships sometimes provide special offers for businesses that decide to take advantage of their integrations. For instance, when it comes to integrated payments, processors may choose to give you a better rate if you sign up through one of their preferred POS vendors.

### **Get help from the pros.**

Need help wrangling your apps? Seek help from cloud integrators or retail software professionals. Ask your vendors if they can recommend experts or partners who can help you set up your systems.



# 02

## Use data for analysis and planning.

Being more productive isn't just about getting things done efficiently. It's also about *making sure you're doing the right things*. That's where data comes in. Having the right information and insights can help you identify the best use of your time and resources, ensuring that your efforts are channeled towards the right things. Let's look at some of the ways you can use data to improve your productivity.

### **Be aware of your peak hours, and optimize employee schedules accordingly.**

Your workforce is one of your most important resources, so see to it that you're allocating your employees' time well.

The best way to do this is to look at your sales data. Use your point of sale or retail management system to drill down on sales per hour so you can determine your peak times and schedule shifts accordingly.

### **Know your sales and inventory numbers so you can make better business decisions.**

Knowing how your sales and products are performing is critical to retail decision-making. Having the right data around sales and inventory will help you decide where and how to spend your time and money. Not sure what to track and how to do it? Start with the following 6 metrics:

## 1. Sales per square foot

Sales per square foot is your store's average revenue for every foot of sales space. (Note: this should not include non-selling space such as your stock room, fitting room, and receiving areas.)

Barbara Thau, a contributing writer at [Forbes.com](https://www.forbes.com), says that this metric is a crucial one for stores. **“Sales per square foot remains a key metric for brick and mortar retailers. And while legacy retailers are chasing Amazon, the more important pursuit is nailing down a sustainable profit model for fulfilling online and mobile orders, which is hurting margins at legacy chains. A hefty 18 cents of every retail dollar earned is spent on fulfilling online orders, according to a survey by Aptos and EKN research.”**

Yes, sales per square foot is an important metric for retailers, and it's something you should continuously monitor and improve.

To calculate it, simply divide your sales by the store's total square feet of sales space. So if, say, a gift shop sold \$150,000 worth of merchandise in its 500 sq. ft shop, that retailer's sales per square foot would be:

$$\$150,000 / 500 \text{ sq. ft.} = \$300 \text{ per square foot}$$

Your sales per square foot tells you how efficient you are with the use of sales space and store assets, and it helps you make smarter merchandising, inventory, and sales decisions.



## 2. Conversion rate

The conversion rate is the proportion of store visits to the number of shoppers who make a purchase. To calculate it, simply divide the number of sales transactions by gross traffic. Say your store got 100 visits and 25 of those shoppers completed a purchase. This means your store's conversion rate is 25%.

Knowing your conversion rate will help you fine-tune your sales, marketing, and even staff training strategies. Example: want to know if you should keep running a particular promotion? Measure its conversion rate, and compare it with a non-promotional period to gauge its effectiveness.

You can also drill down on conversion rates per category or area of the store. Doing so will give you more specific insights into your products and customers.

**“It's important not only to track how many customers are entering your store but also the conversion rate of those customers, as well as where in the store those customers are spending time,”** says Jasmine Glasheen, Writer and Generational Marketer at [Retail Minded](#). **“Once you know if and where your customers are buying, it's easy to identify what's working for your demographic.”**

## 3. Sell-through rate

This is the percentage of units sold versus the number of units that were available to be sold. To calculate for this metric, use the formula:

$$\text{number of units sold} / \text{beginning inventory} \times 100$$

You can use sell-through to evaluate a product's performance and to determine if you should continue investing time and money selling it or whether it's something you should only carry in certain seasons.

## 4. Gross Margin Return On Investment (GMROI)

GMROI measures your profit return on the funds invested in stock. It answers the questions, “How many gross margin dollars did I make from my inventory investment?” or “For every dollar invested in inventory, how many dollars did I get back?” The formula for figuring out your GMROI is:

$$\text{gross margin} / \text{average inventory cost.}$$

So, let's say a retail store has a gross margin of \$55,000 and an average inventory cost of \$30,000. Its GMROI is 1.83, which means the store earns \$1.83 for every dollar in inventory.

Like sell-through, GMROI is a good indicator of product performance, and it can help you make decisions around product marketing, ordering, and sales. (i.e. Should you reorder that product? Should you put it on sale? Do you need to spend more time and effort marketing it?)

## 5. Stock turn/inventory turnover

Also known as inventory turnover, stock turn is the number of times stock is sold through or used in a given time period. In most cases, the higher the stock turn, the better it is for your store, because it means you're selling a lot of merchandise without stocking too much inventory. The stock turn formula is:

$$\text{cost of goods sold} / \text{average inventory.}$$

Let's say an apparel store's average inventory is \$50,000, and the cost of goods it sold in a 12-month period is \$200,000. Its inventory turnover is 4.0, which means the store sold out of its inventory four times that year.

Having data on inventory turnover will help you evaluate your product and sales strategies so you can make better decisions when it comes to things like which products to stock and how to showcase them in-store.

## 6. Sales per category/employee/department

If possible, drill down on your sales per category, employee, and department. Doing this will give you a more specific view of what's generating sales and what isn't.

For example, having insights into your top categories or departments might help you make decisions around purchasing and marketing. On the other hand, knowing who your top-performing associates are can help you better assign shifts or improve on staff training.

### **For best results, automate data collection and analysis.**

Knowing the formulas behind the above-mentioned retail metrics will certainly come in handy when you need to make some back-of-the-napkin calculations — but if you really want to save time, you need to find ways to automate how information is gathered and analyzed in your business.

The good news? This is quite doable if you're using a good point of sale or retail management system. Most new retail solutions in the market come with reporting and analytics, so you can quickly get the data you need, whenever you need it — without any manual calculations.

So before you run off to crunch the numbers, take a closer look at your POS system to see if it can help you get the data you need.



### 3. Use sales and customer data to plan your marketing.

You likely spend a fair amount of resources marketing your products, so you want to make sure your campaigns are getting in front of the right people. Sending irrelevant promotions or offers doesn't just waste your time; it wastes your customers' time and erodes brand perception.

Fortunately, you can avoid all that by paying attention to your sales and customer data (i.e. purchase history, location, previous brand interactions). Here are a few suggestions:

#### **Don't forget about customer retention.**

While it's always exciting to get new customers and to put your brand in front of more people, don't let customer retention fall to the wayside. Repeat customers can add tremendous value to your bottom line.

Bain & Company found that existing customers tend to spend more compared to first-time shoppers. [According to the study](#), for apparel retailers, "the average repeat customer spent 67 percent more in months 31-36 of his or her shopping relationship than in months zero-to-six. And in groceries, customers spent 23 percent more in months 31-36 than in months zero-to-six.

And here's the thing: aside from spending more, repeat customers are easier to sell to; after all, you've already convinced them to buy from you once. And if you collect your customers' contact information and purchase histories, you'll find it much easier to personalize your initiatives and encourage them to keep buying from you.

#### **Use shopper data to make customers feel like you're talking specifically to them.**

Let's say you're sending out your annual holiday gift guide. Rather than using a batch and blast email, why not tailor the subject line and content of your messages to different customer segments?

Or, if you have some new arrivals from a particular brand or designer, why not implement a marketing campaign specifically targeting shoppers who've bought products from that designer?

Another idea: send people a special offer on their birthday. It's not that difficult, and it's highly effective. [Research has shown](#) that birthday emails have open rates and redemptions more than 2.5 times higher than the average across all types of email campaigns.

Whatever you decide, be sure to use data to evaluate your campaigns. Pay attention to how your customers are interacting with your brand and what they're purchasing, and then leverage that information to serve and market to them better.



### Determine the best marketing channels.

You also need to think about which marketing channels to use for your campaigns. Some of the common ones in retail include:

- Email
- Social media (Facebook, Instagram, Twitter, Snapchat, Pinterest)
- Search
- Mobile
- Print

So, should you go with email? Is it worth investing in Facebook and Instagram ads? What about Google search and offline media? To answer these questions, you need to figure out which channels your shoppers are using and *how* they're using them. You can do this by looking at industry trends and statistics. Or, you can go straight to the source. Talk to your customers about their shopping habits and paths to purchase, and from there, craft your campaigns and messaging accordingly.

And when in doubt, *test your assumptions and campaigns*. Test different types of messages and channels, and then look at the data to determine what delivers the best results. Taking this step may require a bit of time at first, but once you get it right, you'll be able to run much more efficient — and effective — marketing campaigns.

# Retail Productivity Checklist

We want to make sure you implement the action steps in this guide, so we've put together a productivity checklist outlining the things we discussed in this resource. Go through the steps below to see what you can put into action in your business.

## Tap into the power of automation.

### 1. Identify manual or time consuming tasks in your business including:

- Anything that requires a pen and paper
- Tasks that require double entry

### 2. Find solutions/apps that can automate those manual and double-entry tasks. In retail, these typically include:

- POS
- Accounting
- Staffing
- Inventory management

### 3. Already using some applications? Make sure they're tightly integrated. Consider the following:

- Integrated payments
- POS and accounting integration
- POS and staff management integration
- Integration of different sales channels

### 4. You want your integrations to function without a hitch. Here are ways to ensure that happens:

- Use apps with existing integrations.
- Ask your vendors about the apps that are compatible with their solutions and how to connect them.
- Get help from cloud integrators/experts if necessary.

## Leverage data for smarter performance analysis and planning.

### 5. Be smart with allocating your staff's time. Know your peak hours and schedule shifts accordingly.

### 6. Make data-backed decisions. Track the following metrics, and use them to determine the best course of action in your business.

- Sales per square foot (sales / square footage of sales space)
- Conversion rate (# of sales / gross traffic x 100)
- Sell-through (number of units sold / beginning inventory x 100)
- GMROI (gross margin / average inventory cost)
- Stock turn (cost of goods sold / average inventory)
- Sales per category / employee / department (sales / category / employee / department)

### 7. Be more efficient and targeted with your marketing by running campaigns based on sales and customer data.

### 8. Once you figure out what your shoppers want, use those insights to personalize your offers and communications accordingly.

### TIP

Need recommendations for apps you can use in your business? Consider the following:

**Deputy:** Deputy lets you create, update, cancel, and set shifts using your computer or mobile device. Messages are sent via text, email, or the web, so employees can get scheduling updates and notifications wherever they are. Deputy also includes additional features like time tracking, communication, tasking and performance management for an end-to-end employee management solution.

[www.deputy.com](http://www.deputy.com)

**Xero:** Need to stay on top of your company's finances wherever you are? Xero's got your back. Aside from allowing you to create, approve, and send invoices using your mobile device, Xero lets you upload receipts and track expenses, so you always know how much money is coming in and going out of your business.

[www.xero.com](http://www.xero.com)

## Conclusion

Running a productive and profitable business isn't just about having the right products or people. How you manage those resources is just as important. That's why if you don't have the right store processes or if you lack the data you need to make smart decisions, it's high time to invest in the tools and solutions that'll enable you to do so. Good luck!



## Ready to run a more productive retail business?

Use Vend and Square to take payments and manage your business both in store and on the go. Together, these two solutions help simplify your operations, speed up checkout, and provide a better experience for your customers.

Vend and Square integrate seamlessly making it easy to get started. Grab your iPad and Square hardware, download the Vend app, and select Square as your payment processor at signup.



Interested? Get in touch with us to learn more or head to:  
[www.vendhq.com/square](http://www.vendhq.com/square)