

Best Business Practices

A few years ago, I asked 40 different industry suppliers to list their best dealers. I also asked them what characteristics made those dealers the best. Almost all vendors said that their top dealers were those who had developed best practices in a number of key areas.

Google “best business practices” and you’ll find hundreds of pages of articles on the topic. Focusing on best practices has become the latest mantra of business gurus, but the process of defining and implementing them can be complex. They vary from business to business, and they are always rooted in a company’s core values.

For instance, what would best-in-class customer service practices be for Costco, Sam’s or BJ’s? How would they differ from customer services practices at Nordstrom?

In warehouse clubs, good customer service might include ready access to shopping carts, wide aisles, neatly stacked displays and efficient check-out.

Nordstrom’s customer service is highlighted by helpful associates eager to help their customers by suggesting matching accessories, bringing additional garments into the dressing rooms and offering free alterations.

You may be asking “What are ‘best business practices’ and why are they important to me and to my business?”

Reduced to its simplest explanation, best practices are those that produce *superior* results. In merchandising, for instance, best practices ensures that you stock the fastest moving products deep enough to satisfy consumer demand while at the same time, having a wide enough selection to provide additional choices. Best practices in inventory control will result in healthy inventory turns and GMROI.

Poor practices—like weak accounting systems, HR practices or inventory control—lead to diminished profitability, increased legal risks, high employee turnover and customer dissatisfaction.

World class companies work both internally and externally to determine how to improve all of their business processes. They look to their associates, their peers, their financial partners, their suppliers and their buying groups for ways to continually improve their business practices.



Best Business Practices Continued-

You don't need to hire high-priced consultants to begin to develop a best practices program, just the commitment to look at your business as honestly and objectively as one would.

Why would you want to go to all of the effort that is necessary to define and implement best practices in these areas? Because those around you are judging you on what they consider to be "best."

Your customers gauge the experience they get from you by what they receive at other places. If they've been to Disney World, they expect you to entertain them in a spotlessly clean showroom. If their favorite waitress calls them by name the second time they come to the restaurant, they expect your associates to remember them. If their mechanic calls after they've had their car repaired, they want you to do the same.

Your financial partners compare your performance to the best dealers with whom they have established lines of credit. If the average dealer turns their inventory four or five times a year, they'll want you to turn yours at least that quickly. They'll expect you to be profitable and show positive cash flow. They'll certainly want to see that your assets far exceed your liabilities.

The best people work for the best companies. Companies like Costco and The Container Store are continually cited as being among the best places to work. You compete against the best to recruit and retain the best possible people for your business.

Your suppliers expect their dealers to be among the best. In areas where inventory is particularly scarce, like some flat screen product, suppliers will be more likely to ship to dealers who will display their products well and whose associates are trained to tell customers about the benefits of buying their products.

And if all that doesn't convince you, maybe the greatest reason to start implementing a best practices program is this: right now, your competitors are probably analyzing their business processes in an effort to improve them and get ahead of you.

World class companies set the bar on best practices. They become the ones others chase. They offer the greatest hospitality to their customers; have well-trained sales associates and highly-skilled installers; and a clear direction for their company. In return, they are growing and profitable, have loyal customers and highly engaged team members.

The reward is definitely worth the investment.



Best Business Practices Continued-

Here are some of the areas you might look at within your company and some questions you may want to ask.

Strategic Planning

- Do you have a vision for your business?
- Does your mission statement define what your business does and how customers, associates and the community benefit?
- Do your vision and mission guide your decision-making?
- Do you have clearly-stated goals?
- Are goals communicated throughout the company?
- Do you take time to evaluate your progress in meeting your goals, set new ones and celebrate your successes with your team members?

Financial Management

- Do we compile monthly financial statements including Profit and Loss, Balance Sheet and Cash Flow?
- Do we take time to analyze those reports comparing results to last month and last year?
- How does our business compare to those of our peers as reported by the NARDA or PARA Cost of Doing Business Report?
- Does our profitability enable our principals to earn a satisfactory return on our investment?
- Does our profitability provide us with the funds we need to re-invest in order to grow the company?

Merchandising

- Do you have a documented merchandising plan?
- Do you have a store plan-a-gram to guide merchandise display?
- Have you chosen the suppliers you represent based on their technology, product availability, profitability and terms?
- Does each item in your product line-up have a reason for being there?
- Are your displays clean, well-lit, and completely operational?

Operations

- Is your store located where your target customers shop?
- Is your facility clean, well-lit and inviting from parking lot to rest-rooms?
- Do you have an employee manual and job descriptions?



Best Business Practices Continued-

- Do you have a hiring plan?
- Do you have a training program for new-hires, installers, delivery personnel and veteran sales associates?
- Do you offer competitive compensation and benefits?
- Do you have an evaluation process for your team members?
- What kind of career path do your associates have?
- Do you track closing rates?

Marketing, Advertising and Promotion

- Do you have an annual marketing and advertising budget?
- Do you have a promotional calendar?
- Are your advertising and promotional materials professionally designed?
- Do you track the effectiveness of your advertising?

Customer Service

- Do you maintain a customer database and contact customers regularly?
- Do you use an outside mystery shopping service to monitor the quality of the shopping experience offered in your store?
- Do you contact customers after delivery and installation?
- How are customer complaints handled?
- Do you solicit customer input and feedback?
- Are your policies customer-friendly?
- Do sales associates create customer-focused sales presentations?

Delivery and Installation

- Do you charge for delivery and installation?
- Is the delivery/installation department profitable?
- Do delivery and installation personnel have the opportunity to add products and services that may be needed to ensure customer satisfaction?
- Do you invest enough resources in your delivery/installation department?
- Are your delivery and installation staff members professionally dressed?