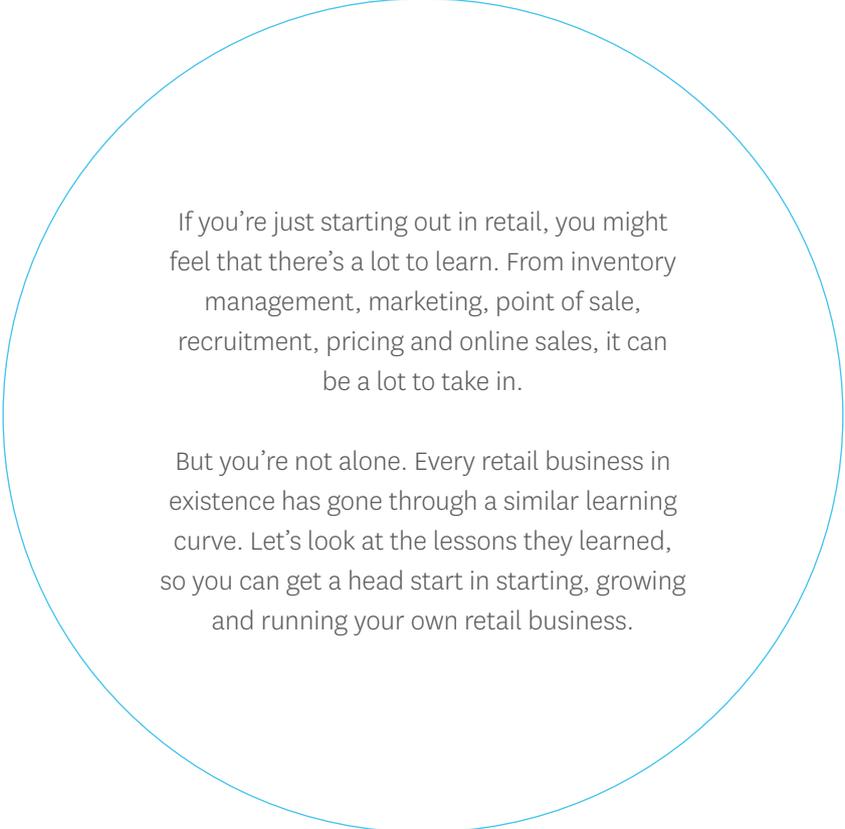




Beautiful accounting software

Start, grow
and run your
retail business



If you're just starting out in retail, you might feel that there's a lot to learn. From inventory management, marketing, point of sale, recruitment, pricing and online sales, it can be a lot to take in.

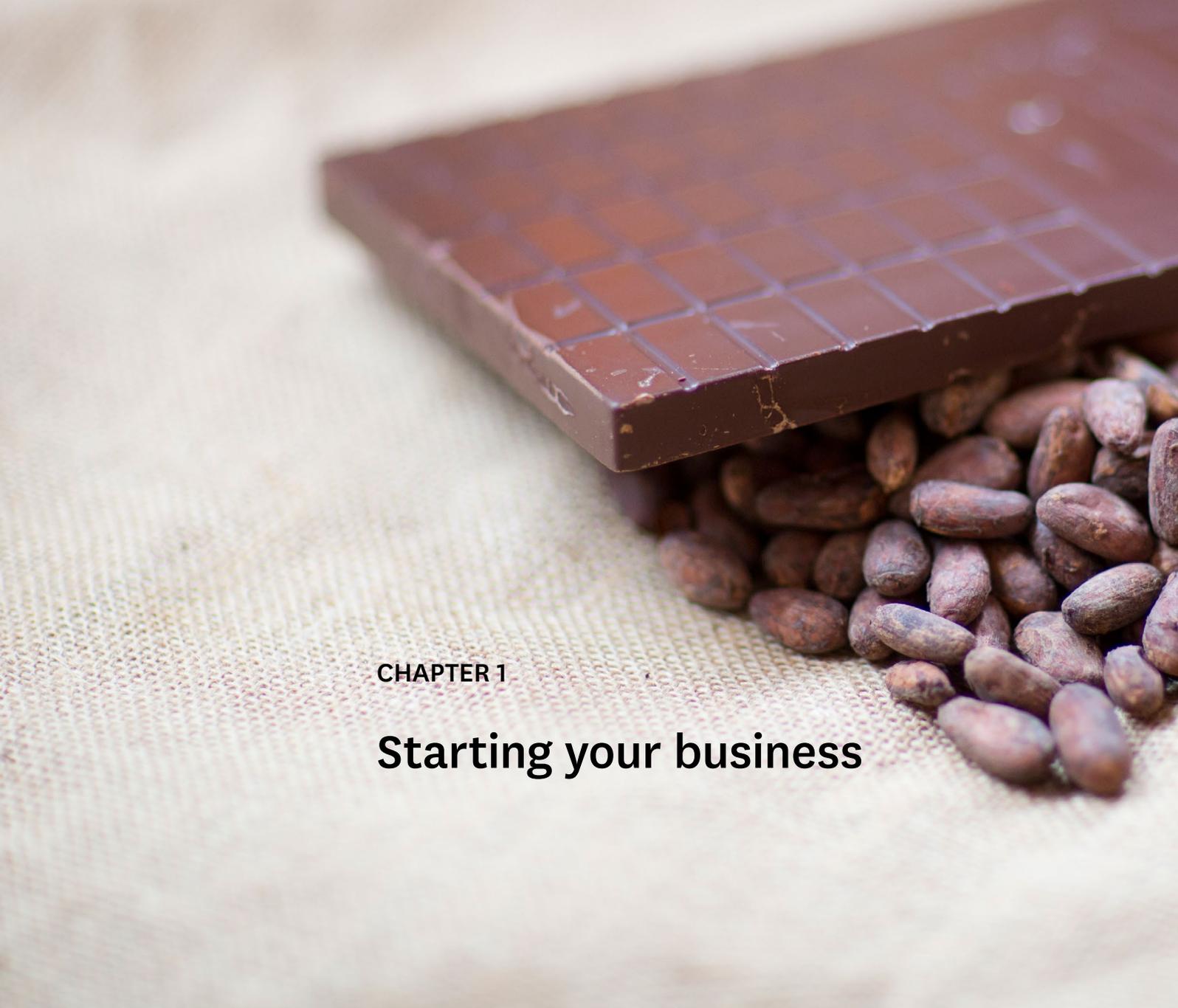
But you're not alone. Every retail business in existence has gone through a similar learning curve. Let's look at the lessons they learned, so you can get a head start in starting, growing and running your own retail business.

Steps to retail success

We've pulled together useful retail business tips and information into three chapters. In the first chapter, we explain how to start your business.

In the second, we give you some ideas about growing your business and competing with big retailers. And in the third chapter, we look at moving to the 'business as usual' stage, helping you run your retail business smoothly.

Nobody can run your business for you – only you can make it a success. But this ebook will help you make the right decisions at each step.



CHAPTER 1

Starting your business

Every business starts with an idea, and that's where the hard work also begins. Once you've had an idea for a retail business, you need to test it and build on it. Here are some useful tips to help you get your business idea out of your head and into reality.

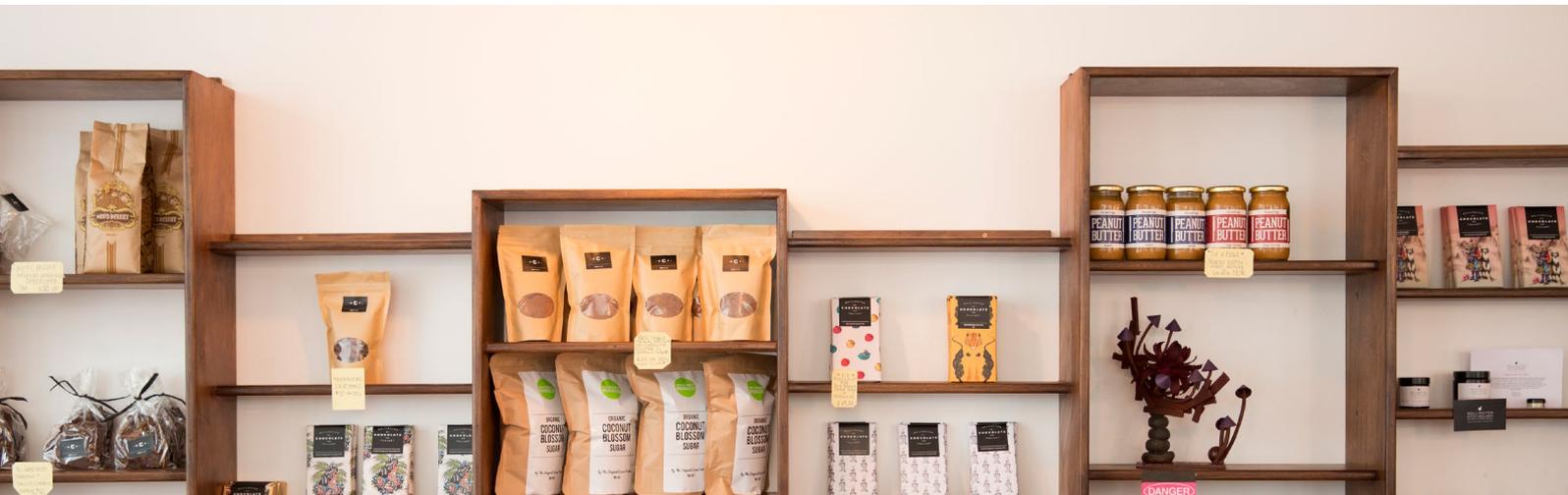
Start with a business plan

Every new business idea needs a draft business plan. Once you write down an idea, it takes on a life of its own. You'll start to see what might work and what won't. You'll notice opportunities for extra revenue. You'll find areas where you can use existing assets – especially knowledge and people.

At this stage you don't need to go into great detail. You're not trying to convince people to invest in your idea – yet. What you need is a framework that explains your core business idea and helps how you plan to achieve your goals.

When your draft business plan is finished, show it to people you trust and respect. Remember to take all suggestions with a grain of salt. In particular, don't be put off by people who have a negative attitude to life and business. And of course, be wary about the opinion of your potential competitors.

Treat everybody's opinion with respect, but remember that they are only opinions. Ultimately, the person who must make the final decision about your business idea is you.



Work on the numbers

So you've had an idea for a retail business and asked for other people's opinions. Let's say the results were largely positive – with maybe a few valid concerns. It's likely that some of the feedback will have helped you improve your idea, making it more viable. Now you're ready for the next stage.

Costs and revenue forecasts will have been part of your basic business plan. But now it's time to dig a little deeper. Get some decent accounting software and start to play with the numbers.

There are lots of things to consider here, including:

- Is your retail business bricks and mortar, online only, or both?
- How will store location will affect traffic? Better locations cost more but have more potential customers.
- What are your potential sources of funding?
- How much do you need to pay your staff and how many staff will you need?
- What are your projected sales for the first couple of years, broken down into quarters?
- Where and how do you want to source your stock, and what it will cost?
- How much do you want to budget for marketing, and in which areas?

These are just a few of the question to ask yourself. Talk to a business advisor about other topics, such as business rates and taxes. And find out who your competitors are. Study them carefully. Look at what they do well, and think about where there's room for improvement.

Use this knowledge to prepare a finished business plan. Again, ask a financial advisor or business advisor for help here, because this time you'll be looking for funding too.

Once that's done, get out there and talk to an accountant. They'll help you set up your company and advise you about the best way to start raising funds for your business. And take heart – there's probably never been a better environment for funding a new retail businesses. If your idea has potential, you stand a good chance of getting the funds you need.

“

Find out who your competitors are. Study them carefully. Look at what they do well, and think about where there's room for improvement.

How retail accounting software can help

Accounting software isn't just for balancing the books. Today's accounting software can be integrated with lots of other programs. These include inventory management, point of sale (POS) and payroll. That gives you hundreds of potential options to help you manage your retail business. It's a great way to get started.

When deciding which accounting software to buy for your new business, here are a few points to consider:

- **Was it designed with retail in mind?**
Does the software work well for retailers? Read online forums and specifications carefully. Talk to other retail entrepreneurs. And always ask questions!

- **Does it have multiple access levels?**

It's best to have different levels of permissions for owners, managers and other users. Not everyone on the shop floor needs full access to your accounts. But the right people with the right information at the right time can make the difference between a sale and a customer walking away.

- **Can it record transactions and manage payroll?**

Nearly all accounting software handles transactions. But payroll might only be available as an upgrade. Check before you buy.

- **Can it track inventory?**

Some do, others don't but can be seamlessly linked to add-on tools that can. Do your research, as inventory management is a must-have for hard-goods retailers.

- **Is it online?**

If so, it'll give you access to your accounts from anywhere at any time. It should give you lower support costs, automatic backup and easy connection to other tools.

- **Is it scalable and extensible?**

Scalable means it will grow as your company does, letting you add new users when you need to. Extensible means you can add new features to the software just by purchasing new add-on business tools. This means that your accounting system can grow with your business – after all, you have customers to serve!

Whichever retail accounting software you choose, keep all your important paperwork safely archived. This includes sales records, loan statements, bank information and tax data. You'll need it all for your tax returns.



That sounds counter-intuitive but it isn't. One of the most popular business concepts at the moment is the 'fail fast' model. If your business idea isn't going to work, it's better to find out sooner rather than later.

That's especially true in retail, where the operating costs can be high. Failing fast means you'll lose less money and time. And it means you can quickly refine your business idea, improve it – and try again. Failing fast means:

- being honest with yourself – sometimes brutally honest.
- accepting constructive criticism from other people, especially people who have been there before you.
- consulting business advisors, accountants, lawyers, financial advisors, experienced retailers and other business owners.
- knowing when to push ahead, and when to step back.

Failing fast doesn't mean giving up at the first hurdle. Retail can be hard work, and even successful businesses have their ups and downs. If you need to stop, rethink and start again, it's okay.

Up and running

Use your knowledge, experience and instincts to get your business off the ground. It will take hard work and time. But you'll learn a lot as you go along, and sooner or later you should have a functioning retail business. But that's just the start.



CHAPTER 2

Growing your business

Growing your business means competing with bigger retailers. But they already have a customer base, solid marketing campaigns, good store locations and well-trained staff. So how can you compete with that? Well, there are two options – you can try to copy what they do, or you can do things differently.

Punching above your weight

If you decide to compete with larger businesses on their terms, you'll want to make your business appear bigger than it is.

Here are some ideas:

- **Build a great online presence**

It costs less to create a stunning online presence than it does to build one in the real world. Choose the best web designers, developers and content writers you can afford. Make sure you regularly post on Twitter, Facebook and other social networking sites too.

- **Let customers pay the way they want to**

Make sure you can accept a wide range of different payment methods. These include credit cards, PayPal and eChecks. Invest in a good POS (point of sale) system, preferably one that is easy to integrate with your accounting software.

- **Interior design matters**

You can create a professional-looking store environment on a small budget. If funds are tight, consider the minimalist look. Get fresh ideas from design magazines, blogs and other stores.

- **Presentation, presentation, presentation**

Make sure everything you present is done to the highest standard. You and your staff should be well dressed, professional, polite and helpful. Make sure your brand is visible everywhere. Packaging, wrapping and bags you give to your customers are all great places to add your logo.

“

Your goal should be to get inside your customers' heads and understand what they want from a small retail business.

Small can be beautiful

Instead of pretending to be bigger than you are, you could make a virtue of your size and turn it into a selling point. These days products from smaller, local, community-based stores are often more desired than ones from larger businesses.

Your goal should be to get inside your customers' heads and understand what they want from a small retail business. Then you can offer it to them with clever marketing and good service.

Which approach will work best for you?

If you feel able to take on the larger retailers at their own game, then there's no harm in trying. E-commerce has certainly made it easier for smaller businesses to behave like larger ones.

But these days being “the real you” is the best policy. A lot of customers prefer dealing with smaller businesses than bigger ones.



10 ways to grow your business

1. Be agile when responding to your customers

Smaller businesses can change direction faster than larger ones. They are nimble enough to adapt quickly when market conditions change. Keep track of your customers' preferences and you'll be able to quickly anticipate their needs.

2. Don't slash your prices

Competing on price with the big players is usually a bad idea. Economies of scale mean that the larger stores have more purchasing power than you. And because of this, they can drive down their suppliers' prices.

3. Negotiate with your suppliers

You might not be able to get their prices down by much, but you could negotiate other deals. For example, you could get a range of products in your shop before the big retailers. Or you might have some product lines custom-made for you.

4. Be different

In some retail sectors it's important to be seen as stable and predictable, but in others you can have some fun. Make the most of your different perspective, get your staff involved and create quirky marketing material. This will help people remember your business.

5. Offer the personal touch

Deal with your customers on an individual basis – that's something big businesses can't easily do. Give your company a personality that customers want to interact with. Reward your employees for thinking creatively about how to serve customers.

“

Make use of your passion, drive for success, hunger for innovation and deep knowledge of the products you sell.

6. Use technology to stay in control

Choose quality accounting software, POS tools and inventory management programs to save time and money.

7. Be socially responsible

There can be a perception that big retailers aren't concerned about the environment, living wages, and local tax laws. Whatever the truth is behind those beliefs, they can work in your favour as a small business.

8. Appeal to ethically-minded consumers

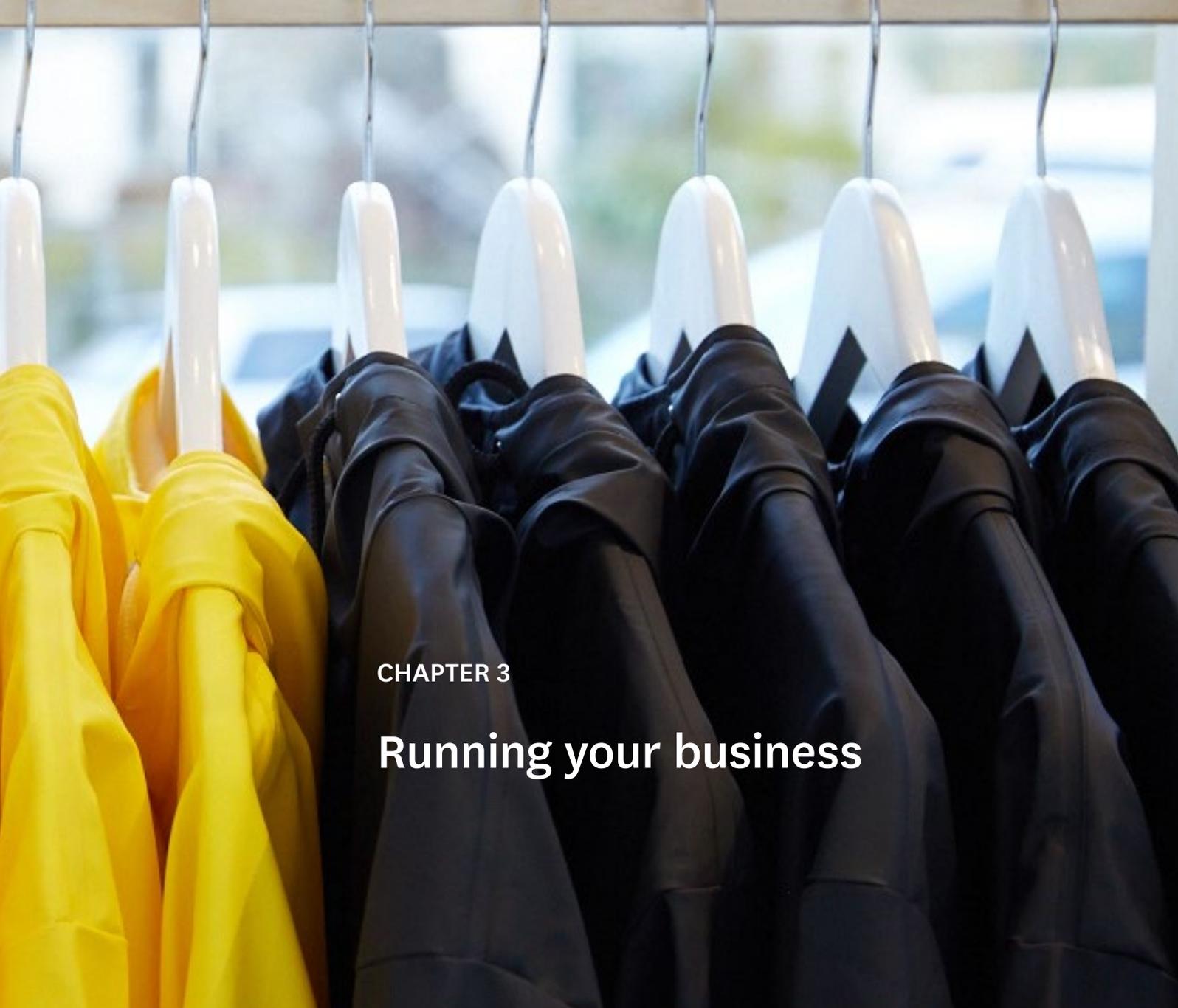
Small businesses can appeal to customers who care about sustainability, fairness and ethical trading. Think about where you source the products you sell. Look into product labelling that shows customers how ethical you are.

9. Get the best staff

Make sure you hire people who are passionate about small business and the products you sell. Many of the brightest young minds want to work in a fun, lively and challenging environment. Small businesses are best for that.

10. Get the best out of your staff

Staff at small businesses have much more influence over their company's future – if you let them contribute to it. Think about employee reward programs and get your staff involved. They'll reward you with hard work, creativity and good ideas.



CHAPTER 3

Running your business

There are many different types of retail operations, from e-commerce to direct retail and pop-up shops. As a small business owner, you might use more than one type, depending on the products you're selling.

The best retailers think carefully about how – and when – their products fit into consumers' lifestyles. They use that knowledge to select their stock, plan their location and strategy and market their products.

Running your business means keeping these thoughts in your head – and more. So here are some tips to help you run your retail business.

It's all about the numbers

You can't run a successful retail business without keeping detailed records. Using retail accounting software as part of your daily operations will help keep things under control. Here are some practical tips:

- **Keep a record of every transaction**

It's essential you record every sale, every purchase, every staff payment, and every tax bill. Record them all to build up a clear picture of your business. Easy-to-use but powerful accounting software can help you cut the time you spend record keeping. This leaves you with more time to focus on your customers.

- **Check and reconcile**

Check all transactions regularly (ideally once a day) and make sure the numbers add up. Either do this yourself or have a bookkeeper do it for you.

- **Review the difference between money coming in and going out**

Cashflow is perhaps the most important indicator about the health of your business. Keep a close eye on this to see how your business is performing on a day-to-day basis to avoid unpleasant surprises.

- **Collect all required tax information**

Check local laws for the information you're required to hold for tax and payroll purposes. Make sure it's stored securely.

- **Get an outside perspective**

Have your financial advisor or accountant review your ledger once a week or once a month. It's important to identify discrepancies or a shortage of cashflow as soon as possible.

- **Get regular reports**

Leverage your accounting software's powerful reporting features. Good software can generate a variety of useful reports to help you understand how your business is running.

- **Remember to file tax returns**

Keep on top of government deadlines for tax returns, employee tax returns and all other requirements. See government websites for key dates.

“

Cashflow is perhaps the most important indicator about the health of your business.

Get technology on your side

Retail software is moving online to the cloud. That means you can access your business information from anywhere. It's as easy as logging in using a smartphone, tablet or laptop.

The core software package for retail businesses is accounting software. But good accounting software can do more than just your accounts, especially with add-on programs.



Use a great point of sale system

A good cloud-based POS system should track sales, manage inventory, empower staff, identify regular customers and get the pricing right.

In the old retail business model, people wander around your shop for things to buy – then they bring them to the counter to pay. But with good POS software and a simple plug-in scanner, a tablet or smartphone can become a mobile checkout.

This means you can rearrange your store so it's more attractive to your customers. You don't have to design it around a fixed checkout counter. Your staff can approach customers anywhere in the store and help them make their buying decisions.

The big advantage of this is psychological – your retail staff can strike while the iron is hot. Customers are more likely to make purchases on the spot, rather than take an item to the checkout. By removing that psychological barrier to purchase, you're likely to increase your sales.

Information is key to selling. A good POS system will supply in-depth information about the products you sell. It will include useful references to related items, up-selling suggestions and sales tips. This will help your employees do their jobs better.

“

You can't run a retail business without knowing everything about your inventory – all the time.

Inventory management

You can't run a retail business without knowing everything about your inventory – all the time. Here are four good reasons why that's important:

1. When customers place an order, you must be confident that you have the exact SKU or item on hand.
2. It's important to quickly identify and record orders from different sales channels – such as your physical store, your e-commerce site, or platforms such as Amazon or eBay.
3. You must be able to quickly generate an order and ship it, then create invoices or collect online payments from your POS system.
4. You don't want to run out of popular items or take too long to ship an order – because you'll disappoint your customers.

You could use spreadsheets, but they are time consuming to use and prone to being riddled with errors. Good inventory management takes the burden off the retailer and can:

- track your inventory automatically.
- make changes to inventory levels as products are sold.
- seamlessly update orders and invoices in your accounting system.

Quality cloud-based POS solutions will integrate easily with inventory management software. This should help you establish which are your best-selling (and worst-selling) products. You should be able to drill down further into the data to find out which products sell well on which days, or in which months, and at which prices.

This will let you fine-tune your inventory management process so you never run out of stock of your best sellers, or waste shelf space on items that don't sell. When tied into your cloud-based accounting software, it'll let you quickly see which product lines are the most profitable – right now, in real-time.

And it will help you adjust your pricing policy to take account of customer behaviour. This means everything you sell can be priced at the best point for you, keeping your business competitive while maintaining your profit margin.

Technology is changing retail

It's not just your business that can benefit from technology. Consumers can too:

- More people are buying using their mobile devices. That means less screen space for your web presence, so make sure your website has a mobile version – and perhaps an app too.
- Many customers are shopping with GPS, looking for shops and businesses in your area. Make sure your shop is listed on the main geo-location websites and apps.
- If you don't keep your pricing competitive, you'll lose out. Customer pricing knowledge is increasing fast thanks to comparison apps and websites.

Technology is an enabler for the consumer. They can read reviews, watch videos, find recommendations from their friends, and much more. In fact, they'll often make up their mind where to buy before they even step foot in a store. Make sure you keep up with them. If you do, you'll help keep your business running smoothly.



Use your passion to your advantage

Starting, growing and running a retail business requires passion – which you already have. You didn't start running your retail business on a whim. You started it because you feel passionate about the products you sell and your customers.

So make use of your passion, drive for success, hunger for innovation and deep knowledge of the products you sell. If you start, grow and run your business passionately, you'll have a much better chance of success.

Want more tips for running your business?
Check out xero.com/guides

Or start your free Xero trial today!
xero.com/trial



Beautiful accounting software



And, just as
passing, just the
quick observation
- I know they're not
in their way,
but they're
strong, because