

MONEY TIPS FOR RETAILERS

Whether you are new to retail or have just managed to secure a lease and are starting out, here are 5 tips to make your money last the distance.



1) Your Premises – Should You Think Big?

Your retail space along with wages is always going to be one of your biggest expenses. If you are starting out, then try and go small to begin with and attempt to get the most favourable lease you can.

Probably easier said than done.

Landlords will try and lock you in to say a 3 x 3 year lease. This is great if you are sure your product is going to work but can be a huge mistake if you choose the wrong location.

As we recover from COVID-19, you may be able to snap up that retail space you've always wanted. You may be gaining from someone's misfortune but all is fair in love and business!

2) The Paying Game!

Yes it's a game, your shelves are full of product and it's time to pay your suppliers. Always try to maintain a great relationship with your suppliers.

After all, if they don't trust you they won't supply you with product. Try to organise your finances so you can pay stock suppliers and obviously the landlord.

If you are caught short one month, part pay and keep in their good books by letting them know you will pay.

3) Keeping Track of your Money

Don't make the mistake of underestimating the importance of a good financial record keeping system.

You need to pay suppliers, staff, account for GST, taxes on wages and if you give customers credit then you need to make sure they are paying you on time.

You can't do this without accounting software and outsourcing the complexities of bookkeeping to experts. Australian tax and payroll compliance is far too complex for the average person these days.

Partner with an Advisor who is interested in helping you understand the numbers and what it means at tax time.

4) Keeping Track of your products and customers

This is too important not to mention and goes hand in hand with tip 3. You need a Point of Sale System which integrates with your accounting system and which will tell you :

- a) What you have in stock and how long you have had it in stock (preferably)**
- b) What your margin is on each product**
- c) What your customers are buying**
- d) Who your customers are so you can market to them**
- e) Ability to sell your products online (no maintaining 2 databases)**

5) Budgeting & Cashflow Tips

If you are in a retail segment which experiences seasonal fluctuations, you need to make sure that you save up for the months when business is down. You will still need to pay suppliers, landlord and sales staff.

One of the other annoying and unavoidable costs in retail are the fees you are charged by banks when customers use plastic to pay you, which is almost always these days.

Shop around for the best fees, you could save yourself hundreds of dollars.

Ensure you have a budget! Retailing is a tough game and not planning for it money wise is playing Russian roulette with your finances. If you have a budget you can anticipate when cash will be scarce and be able to take appropriate action.

For example, non bank merchants can lend money based on the card takings at the till and as you make more sales they automatically draw down on their loan. Could be the only way you could say buy new shop fittings, purchase more stock or upgrade your POS system.

