**Success as a Small Retail Store Entrepreneur**

**What it Takes to Become an Awesome Retail Manager**

A good retail manager makes sure that employees are happy and that the store is running efficiently. He or she needs to understand how the retail world works. A good retail manager knows how to manage the floor, make sure the store displays are vibrant and inviting, keep inventory counts in check and successfully [schedule staff](https://www.humanity.com/schedule) for optimal results.

But what does it take to be a truly great retail manager? To become an awesome retail manager, you need to take the next step. Not only should your employees be content, they should be motivated to continue learning and evolving within their roles.

Having a great retail manager can make all the difference for your store. The perfect retail manager helps elevate the entire team. This results in not only a better working environment but usually in better sales and a more successful company in the long run.

Do you think that you’re an awesome retail manager? Here are some of the abilities that you must possess in order to claim such an esteemed title.

**Turning Good Employees into Great Ones**

Just as you have good retail managers and great ones, the same goes for employees. But a great retail manager should be able to get the best out of his or her staff. Not only that, the right manager will be able to properly motivate staff to strive towards becoming better at what they do.

**Set Performance Goals**

The best way to inspire employees to perform at a higher level is to set goals and to reward accomplishments. However, these goals should not be decided on just by the manager. Have a discussion with each of your employees individually and [set achievable goals](http://www.successfactors.com/en_us/lp/articles/setting-goals-effectively.html) together. It doesn’t matter what the goals are based on; whether it’s something measurable like sales or something more abstract like improving communication with customers, agree on goals that work for each employee and keep track of their progress.

Once you have set the goals, be sure to ask your employees how you can help them achieve their objectives. Setting goals is a good first step, but great retail managers also help their employees reach them.

Instead of simply letting them loose and later confronting them if they are not meeting these goals, coach them along the way. Set up achievable goals and follow your employees’ progress along the way. If they are struggling to meet these goals, investigate why that’s so. Then try to find a solution. Great managers don’t reprimand their employees for not meeting set expectations. They coach and encourage their employees to not give up on them.

**Encourage Contributions**

The best managers should not only encourage employees to better themselves, they need to create an atmosphere in which employees aren’t afraid to make recommendations that can potentially make the entire company better. The benefits of this type of approach work both ways.

You and your store are getting potentially great ideas from employees that the higher-ups would have probably never thought of, and at the same time, your employees are feeling motivated and empowered because contributing their ideas makes them feel like an integral cog working towards the company’s cumulative success.

Remember, the manager doesn’t have to be the only problem solver on the team. Use your employees’ knowledge and ask them for their input regularly. If anyone is more in tune with what could help make your store experience better, it’s the people who work there every day.

## Becoming More Than a Manager

The phase “being more than a manager” is often misinterpreted. It does not mean that you should be friends with your coworkers and start hanging out in the mall with them on weekends. Being more than a manager, more than anything, means [being a mentor](https://www.humanity.com/blog/how-to-be-a-great-workplace-mentor.html) and a leader to them.

**Be a Mentor**

Acting as a mentor to your employees is probably the most difficult, but also most integral, part of becoming an awesome retail manager. A mentor is not just someone who encourages employees to become better at what they do, a great mentor guides them through the process. If you are a retail manager, there’s a good chance that you didn’t start there. You probably started on the floor or in the stockroom and can relate to what your employees are experiencing on an everyday level.

Don’t keep all that experience to yourself; show your employees the ropes and help them deal with all the problems that you’ve learned to deal with along the way. One of the most important traits of a good mentor is not only having knowledge worth sharing, but the willingness to take the time and effort needed to share it.

**Show Interest**

There’s a big difference between showing personal interest in your employees and becoming buddies with them. Great managers don’t need to become their employees’ best friend, but letting them know that you see them as a real person and not just a part of your retail machine is going to be huge when it comes to creating a caring and positive work environment for them.

The best managers are able to recognize that their employees have lives outside of work. Some might still be in school, others might have children. Letting them know that you understand how important these things are and that you are willing to help them organize their work lives around their personal lives can be a huge motivational booster for them.

Showing that you care about them as people, not just as workers, can go a long way when it comes to employee motivation and dedication to your store. Awesome retail managers are hard to come by and employees know that. Which is why better managers also help their stores in [minimizing employee turnover rates](https://www.humanity.com/blog/5-tips-for-minimizing-employee-turnover.html).

## Handling Conflicts Well

Conflicts at work are inevitable, especially in the high-stress world of retail. Great retail managers are able to [defuse conflicts in the workplace effectively](https://www.humanity.com/blog/how-to-successfully-defuse-conflicts-at-work.html). The best retail managers are able to turn these work tensions into solutions. Usually, conflicts arise due to some aspect of the job that makes employees unhappy or uncomfortable. Being able to tackle these issues head on and work to find a solution that will defuse the situation is crucial.

**Be the Voice of Reason**

Remember, you are representing the company. Make sure that you are neutral throughout the conflict and all of your decisions are being guided solely with the best interests of the store in mind.

How you handle disagreements is crucial to how your employees see you as a leader. It’s important to be level-headed. No matter how frustrating the circumstances, be as calm, cool and collected as possible when working through these issues. Great managers rise to the occasion and lead the team through the turbulence with grace and strength.

**Listen**

The best way to make the right decisions when it comes to ending workplace conflicts is to make sure that you are fully informed before you start trying to find a solution. It might be a cliche, but communication really is a two-way street.

Talk to the two parties in conflict first. It’s also a good idea to hold separate talks to decrease the chance of further escalations. Make sure that you take notes and then repeat to each employee what you have heard, allowing them to clear up any misapprehensions.

You should not only be asking your employees about the problem, ask them what they believe the solution should be as well before you start trying to mend it.

## Leading By Example

A great retail manager is a role model. The best managers inspire their employees on an everyday basis. It’s not what you say, it’s what you do.

Are you in the store every day working with your staff or are you only checking in on them periodically? Are you taking two-hour lunch breaks while they only get a half hour to eat? If you behave in a professional manner and lead by example, your employees will follow you. If your actions are demonstrating a lack of interest for what’s going on in the store, their interest will wane as well.

**Exude Professionalism**

A big part of being a role model to your employees is demonstrating your dedication to them and to the store. A great manager puts in the long hours along with his or her team. If an employee does something that helps the entire store or presents a great idea, you need to give credit where credit is due. If you expect your team members to come to work on time and to never miss a meeting, then you should be doing the same.

The level of professionalism you want to demonstrate also calls for responsible and thoughtful communication. A great manager never gets involved in the rumor mill at work. Great managers always have their eyes open and are able to notice a brewing conflict before it boils over.

In order to avoid the manifestation of negative behaviors in your store, you need to set a good example for your employees in all facets of work life.

**Inspire**

If you want to inspire your employees, enthusiasm is the secret ingredient. Show up with a smile even if you aren’t having the greatest of mornings. Muster up enthusiasm and remain cheerful and positive on an everyday basis.

An awesome retail manager always appears to be excited about making the store a better place to work. Great managers show genuine interest in the store and the people working in it.

Confidence also inspires. Demonstrate to your employees that you have a good idea of where the store needs to go and work every day to take it there. Communicate your vision clearly and let your employees know that they represent an integral part of that vision.

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**How Entrepreneurs start Small Retail Business**

Entrepreneurs wishing to start a small retail business can find it to be a lucrative venture, if they organize the operation correctly in the initial startup. Entrepreneurs should look to products they are familiar with and plan accordingly for startup costs, such as advertising, inventory, build-out, lease obligations, and permit and licensing fees (if applicable). To start a small retail business, you will need to locate store space, establish a relationship with supply vendors, get a business plan and financing, and register the business with the state and/or locality in which the business is located.

1. **Choose a product to sell in your small retail business:**

The best product to sell is one in which you are familiar with. For instance, if you are a wine enthusiast, a wine and cheese retail store would be ideal. If you like to fish, a tackle shop would be most appropriate. You want to choose a retail business that has personal appeal, a product that you are well acquainted with, and have experience in purchasing and using.

1. **Locate retail business space:**

Retail business space is most often leased as a “Triple N” or “NNN”--meaning triple net, wherein the retailer not only leases per square foot but also pays a portion of the property taxes and for the maintenance of the property. Your small retail business space should have enough room to accommodate display of your product, have an office space, and be in an accessible and high traffic area.

1. **Contact retail supply vendors:**

Finding vendors to supply your retail business is as simple as looking through trade publications and contacting like retailers in your area. Most small business owners are happy to share with entrepreneurs the vendors they use to supply product and which to avoid.

Once you have a list of potential supply vendors, phone them and ask how much their minimum opening order is and to send you any new accounts literature.

1. **Get a business plan:**

A business plan will put in context how much of an investment you will need and how your small retail business will market itself, operate and establish your profit margin. Contact a professional business plan writer and ask if it requires a pro-forma statement. A pro-forma statement is typically drafted by a CPA and makes projections about the future expenses and earnings.

1. **Register your business:**

In most states you’ll have to register your business with the Secretary of State or Division of Corporations. Your Articles of Incorporation can be written by an online legal documentation service, such as Legal Zoom or US Legal. Register your business’ fictitious name with the state and/or municipality. For instance, in Houston, businesses that operates under a name other than their personal or legal name must register with the county. You’ll also need to apply for Employer Identification Number from the IRS (See Resources). Contact your state and county commerce agencies, and inquire if there are licensing and/or permit requirements for resale of your product.

#### **Types of Retailers**

To give you an overview of the competitive marketplace, we'll take a look at the various faces and configurations of selling to the consumer. Keep in mind that all these enterprises began as a simple concept and grew to various proportions through popularity and perseverance.

* **Store retailing.** The retail scene is a dazzling array of independent shops, department stores, discount and off-price enterprises, convenience stores, membership warehouse clubs, national and regional chains, conventional supermarkets, and other large-scale enterprises that seem to dominate the retail sector.

Store retailers operate fixed point-of-sale locations designed to attract a high volume of walk-in customers. In general, stores have extensive merchandise displays and use mass-media advertising to attract customers. They typically sell merchandise to the general public for personal or household consumption, but some also serve business and institutional clients. These include establishments such as office supply stores, computer and software stores, building materials dealers, and plumbing and electrical supply stores.

* **Specialty retailing.** While power retailers like Wal-Mart tend to sell "needs," specialty retailers tend to sell "wants." They focus more on neighborhood convenience, the richness of the shopping experience, and inventory that meets the needs of their target customer on a personalized basis. Small stores show surprising strength and resilience in the face of competition from large-scale retailers and e-commerce outlets. They offer the consumer a warmer atmosphere, and perhaps a broader and deeper selection of merchandise.

Many stores can be owned and operated by one person with minimal assistance. Compared to manufacturing operations, specialty retail outfits are relatively easy to start both financially and operationally. However, a number of failures are due to undercapitalization, poor location and insufficient market analysis.

* **Non store retailing.** When you look at the array of business opportunities in retailing, be sure and include the $123 billion non store retailing sector. These businesses are primarily engaged in the retail sale of products through television, electronic shopping, paper and electronic catalogs, door-to-door selling, in-home demonstration, portable stalls, vending machines, and mail order. With the exception of vending, these businesses do not ordinarily maintain stock for sale on the premises.

There are many advantages to this type of retailing--one being that buying, maintenance and protection of a large inventory is not necessary as you contract with others to handle these matters.

* **Mail order.** From glossy wish books to basic brochures, catalogs are popular with those who live far from shopping areas, the elderly, those seeking the unusual and those who simply hate to shop. With direct mail, sales materials can be sent to thousands of potential customers at one time to either make a sale or generate a sales lead.

Mail order enterprises include general merchandise businesses, companies that sell specialty goods of all kinds, novelty firms, various types of clubs (CDs, DVDs, books) and so on. In most cases, catalogs are sent to consumers in defined niches on a regular basis. You can work out of your home, a warehouse or a brick-and-mortar store. An up-to-date mailing list is the key to direct-mail profits with back-end fulfillment and relational database support.

* **The internet.** The internet has changed the retail landscape, connecting companies, markets and individual consumers. "The retailer who does not understand the impact of the internet on its store and catalog channels is likely to under invest in the Internet, missing opportunities to capture incremental sales in all channels," according to Ken Cassar, a senior analyst with Jupiter Communications.

Regardless of the type of retail business you want to start, you cannot ignore the Internet. Don't let it discourage you, either. Each type of retailing has strengths and weaknesses, so you decide which approaches you want to use in your business.

* **Vending machines.** Automatic merchandising--or vending machine retailing--has been a proven business concept for more than a century. *Vending Times*, the industry's trade magazine, reports that snacks and soda sales alone totaled more than $20 billion in 1999. As with any other sales venture, having the right product in the right place at the right time is key. This business is highly appealing because of the low startup cost, low working capital and low overhead. This is a cash business, with you collecting the money when you replenish supplies.

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#### **Buying a Business**

The kinds of businesses you can purchase include franchises, business opportunities, network marketing systems, and existing independent businesses. Here are some facts and figures you can factor into your decision-making process.

* **Franchises.** Essentially, a franchisee pays an initial fee and ongoing royalties to a franchisor. In return, the franchisee gains the use of a trademark, ongoing support from the franchisor, and the right to use the franchisor's system of doing business and sell its products or services.

In addition to a well-known brand name, buying a franchise offers many other advantages that aren't available to the entrepreneur starting a business from scratch. Perhaps the most significant is that you get a proven system of operation and training in how to use it. New franchisees can avoid a lot of the mistakes start-up entrepreneurs typically make because the franchisor has already perfected daily operations through trial and error.

* **Business opportunities.** A business opportunity is similar to a franchise in that you get to market a known product or service, but you don't open your business as an extension of the franchise. This is less expensive than buying a franchise. Some business opportunities have no startup fees. Hallmark stores and Stride Rite children's shoe stores are examples of licensed dealerships. You get national marketing support and use the product signs and logo of the parent company, but you operate as your own business. Some business opportunities offer a turnkey business package that gives the buyer a business plan and operations support.
* **Network marketing systems.** The third form of business you can buy into is a multilevel marketing company (or network marketing system). These are direct-selling companies in which you sell specific products provided by the company based on your personal contacts rather than on the reputation of the brand. With network marketing systems, you get a percentage of the sales of all the new salespeople you bring into the distribution system. The buy-in is usually just a stock of inventory, and there generally is no equipment. But you probably won't receive support in the way of protected territory, product promotion or operations training. Some network marketing systems offer sales and motivational seminars and will sell you videos, audiotapes and marketing materials.
* **Existing independent businesses.** Acquiring an established business requires a greater financial outlay than starting one from scratch, but buying a business allows you to realize profits faster and receive a quicker return on your initial investment. A major advantage to this approach is that the business you're considering spending a chunk of money on has a track record to review. Obtaining outside financing may be easy, and projections should be more accurate because of known historical trends. The business already has its financial and marketing plans in action. You are paying for it having an established location, inventory, customer base and trained staff.

#### **Commercial Locations**

The best retail location combines visibility, affordability and lease terms you can live with. Brick-and-mortar retailers need to be where the action is, so deciding where to put your business is every bit as important as the business you decide to go into.

Take the time to analyze the areas that appeal to you. There are three phases of choosing a location for your retail business: selection of a city, choice of an area or type of location within a city, and identification of a specific site.

In choosing a city, investigate these main factors:

* Size of the city's trading area
* Population and population trends
* Total purchasing power
* Total retail trade potential for different lines of trade
* Number and size of competition
* Quality and aggressiveness of competition

Once you have a general idea of what city you like, choose an area or type of location within a city by evaluating these:

* Customer attraction power
* The nature of competition
* Availability of access routes to the stores
* Zoning regulations
* Geographic direction of the city's expansion
* General appearance of the area
* Sales and traffic growth prospects of the trade area
* Demographics of neighborhoods

These are factors in narrowing down your site choices:

* Traffic flow
* Complementary nature of neighboring stores
* Adequacy of parking
* Vulnerability to competition
* Cost of the site

**Zoning and Planning**

Your town's zoning commission can give you the latest mapping of the retail location and surrounding areas that you are considering. Here are some questions to think about:

* Are there restrictions that will limit your operations?
* Will construction or changes in city traffic or new highways present barriers to your store?
* Will any competitive advantages you currently find at the location you're considering be diminished by zoning changes that will be advantageous for competitors or even allow new competitors to enter your trade area?

Most zoning boards and economic/regional development committees plan several years in advance. They can probably provide you with valuable insights to help you decide among retail locations.

#### **7 Principles Of Space Allocation**

Once you've decided on a layout for your business, turn your attention to space allocation. Seven fundamental principles should guide you:

**1. Show all merchandise to all customers.** The more merchandise customers see, the more they will buy. You want to design your store to entice customers to visit all departments or at least to see what the store has and return another time. You can accomplish this objective through strategic location of signs, special values, escalators, stairs, dressing rooms and certain merchandise. (Many supermarkets place convenience items such as bread and milk at the rear of the store to drive traffic storewide.)

**2. Give choice locations, where inside customer traffic is heavy, to the most profitable items.** High-markup and impulse items should be very visible.

**3. Discourage shoplifting.** Keep small, expensive items under lock and key, use convex mirrors where blind spots cannot be eliminated, and install video monitors. By keeping everything wide open, salespeople can observe everyone in the store.

**4. Experiment to stay exciting.** To accommodate changes in layout and merchandise displays, you need to have fixtures that are movable and adjustable, so keep this in mind when you're buying cabinets, shelving, lighting and other furnishings.

**5. Locate related lines next to each other.** Ties should be located close to dress shirts, printers next to computers, vases next to flowers, and so forth.

**6. Locate related departments next to each other.** Fashion departments complement each other. Cosmetics, accessories and jewelry often go well together. Cookbooks and gourmet utensils stimulate interest in one another. Departments and merchandise categories should be coordinated as much as possible for customer convenience and cross-selling.

**7. Give the most important lines the best locations in your store.** Play the winners. Anything that is moving fast should be exploited in every way.

#### **How Many People Is Enough?**

The quick answer is as many as it takes to ensure complete customer satisfaction. In reality, simple economics preclude this. There are as many answers to personnel needs as there are types of retail businesses. Nonetheless, here are a few points to consider in deciding how many staff members your business requires:

* **Size:** A single-floor firm will need fewer staff than a multi floor store of the same size.
* **Type of product:** The higher the price and complexity of the product, the more personal selling is required. More personal selling means more people.
* **Opening hours:** The number of work days and the hours of business may require shifts and flexible work times. Changes in holiday business will also affect staffing.
* **Patterns of trade:** The concentration of sales at certain times of the day or on certain days of the week will affect staffing needs.
* **Sales density:** The higher the sales per square foot, the more staff you'll need.
* **Business location:** A homebased business increases its chances of experiencing zoning problems with every employee it adds.