

Smart Talk

Insights from entrepreneurs

MICHAEL SHERLOCK ON MAKING A DIFFERENCE



Smart Talk is a weekly column by successful entrepreneurs about their daily challenges. This week Michael Sherlock, co-founder and former CEO of Brumby's Bakeries and co-author of *Jumpshift!*, talks about some simple ways of lifting sales.

● Every day the press reports that retail chains are doing it extremely tough and increasing numbers are failing in this unprecedented environment. The outgoing Woolworths CEO Michael Luscombe was quoted saying that retail faces its most challenging year for decades and that he doesn't see much good news ahead. Luscombe added that those retailers who want to survive had to be on their best game.

The contributing factors are usually described as waning consumer confidence, consequent saving rather than spending, and online competitors. In the past, consumers may have been reluctant to use online retailing sites because of concerns about the security, the value of the Australian dollar and some uncertainty over the size, look and feel of products.

These drawbacks have mostly been overcome because:

1. Consumers are regularly using credit cards for internet purchases on sites such as eBay, Groupon and Catch of the Day;
2. The rising Australian dollar has made purchases more attractive and goods and services tax is not applied for lower-cost purchases; and
3. The latest trend is that consumers are going into department stores and fashion retailers, getting the look and feel of products and then using their iPhones or iPad apps to find the same product at a substantially lower price on the internet.

Consumers usually buy with three elements in mind – quality, service and price. With the greater uptake of online purchasing, shop-based retailers find it hard to compete on quality and price, which leaves service as their key offering in the fight against online competitors.

To compete on service, retailers have to provide an exceptional environment. If consumers are treated like robots, they might as well shop online ... your call may be recorded for training purposes!

Remember also that the best customers are the ones you already have. Retailers need to look after existing customers so they readily spread the word about their good experience with your business.



The training of front-line team members is the best investment any retailer can make

Retailers need to go back to the basics of the theatre of retail; that is, providing the experience of connecting with a human. In retail today it is rare to experience a smile, eye contact and a genuine appreciation for your patronage.

In my experience in retail, the training of front-line team members is the best investment any retailer can make. Many retailers shy away from training because of the expense, but they need to look at the real cost that ignorance plays in diminishing their business.

I have developed a simple, easy-to-follow customer engagement process called SEE-ME that can be used in any retail organisation:

S = Smile (at the customer in front of you and to all the people in the queue);

E = Eye contact (look the customers in the eye);

E = Enthusiastic greeting ("Good morning, how can I help you?" Speak to all in the queue to reassure them that you will attend to them shortly);

M = Meaningful response (listen to the customer's response, refine the order and then up-sell. One in four people asked will say yes – So you're having a party? Would you like something sweet for later?);

E = Evermore (offer to stamp their loyalty card, the "sign off" delivered – you want to keep your customers for "evermore").

The first three steps are the main drivers in any retail organisation. If the serving person's first contact with the customer is to give them a warm smile and make eye contact with a greeting, the customer experience is enhanced.

Next time you're in a shop, check how long it takes for a smile and eye contact and how much more relaxed you are as a customer if these are genuinely provided. On so many occasions the people who are serving are so busy with other aspects of their job that they avoid greeting the customer (who is almost a nuisance and an interruption to their routine). However, as soon as eye contact is made, the commitment to purchase has been strengthened.

When interviewing potential front-line staff, see if they can smile and make eye contact in the first 10 seconds of the interview. Even though they are in a pressured environment, if they cannot smile or make eye contact with you, they are unlikely to do so with customers. **BRW**

Next week: Kogan founder and Milan Driect co-founder Ruslan Kogan