RETAIL Mavens
more profit & better sleep

FASTEST PATH TO Cash & Calm

INCREASE CASH FLOW NOW

Presented by Cathy Donovan Wagner

Cash Flow vs Profit

- Cash flow is the money that flows in and out of a store
- Profit is what is left over from sales after all the expenses have been deducted
- The biggest difference between cash flow and profit is the difference between success and bankruptcy
- They certainly don't always match up

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There's More to Improving Your Cash Flow than INCREASING INCOME & REDUCING EXPENSES

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CREATING A CASH FLOW PROJECTION

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CREATING A CASH FLOW PROJECTION GIVES YOU TIME TO BE PROACTIVE

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Calculating Monthly Cash Flow

- **Sales or Revenue** – a conservative estimate
- **Operating Expenses** – the average of what you actually PAY OUT every month
- **Inventory Received** – this is your inventory cost. You can use this to help determine what your budget should be.
- **Cash Flow** – for each individual month
- **Cum Cash Flow** – the cumulative cash flow
- ASSUMES COD TERMS

	Jan	Feb
Revenue	$32,000	$27,000
Operating Expenses	$22,792	$22,792
Inventory Received	$16,000	$12,000
Cash Flow	($6,792)	($7,792)
Cum Cash Flow	($6,792)	($14,584)

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THE MOST UNDERESTIMATED NUMBER OF RETAIL

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Initial MarkUp = IMU

Always expressed as a %
A 50% IMU means that 50% of the price is the initial markup

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Store 1	Store 2
Spends $250,000 on inventory	Spends $250,000 on inventory
Takes a 50% **IMU**	Takes a 55% **IMU**
= $500,000 retail	**= $555,555 retail**

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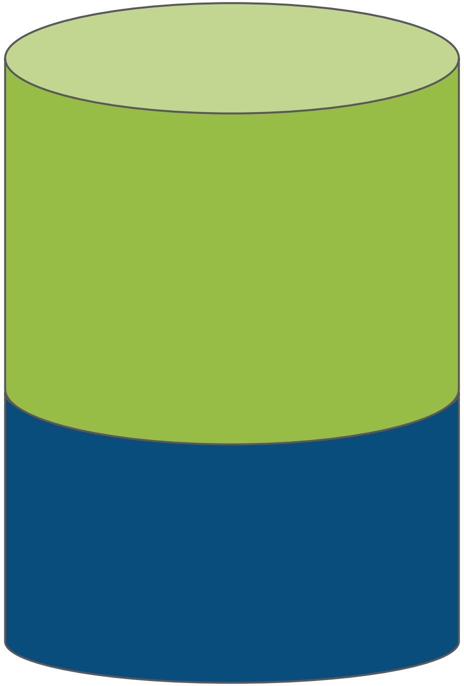
The Pieces of Pricing

IMU = $30

IMU = 55%



COST = $25

COST = 45%

RETAIL PRICE: $55

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$10 ⇒ ~~$20~~ $23

$25 ⇒ ~~$50~~ $55

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$$\frac{\text{Inventory at RETAIL} - \text{Inventory at COST}}{\text{Inventory at RETAIL}} \times 100 = \textbf{IMU \%}$$

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$$\frac{\$349{,}000 \text{ RETAIL} - \$149{,}000 \text{ COST}}{\$349{,}000} = 0.57$$

$$0.57 \times 100 = \mathbf{57\%\ IMU}$$

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Do it- The Math of IMU

55% IMU = 0.45
60% IMU = 0.40

$$\frac{\text{COST}}{0.45} = \text{PRICE}$$

$$\frac{\$25}{0.45} = \$55$$

$$\frac{\$25}{0.40} = \$62.50$$

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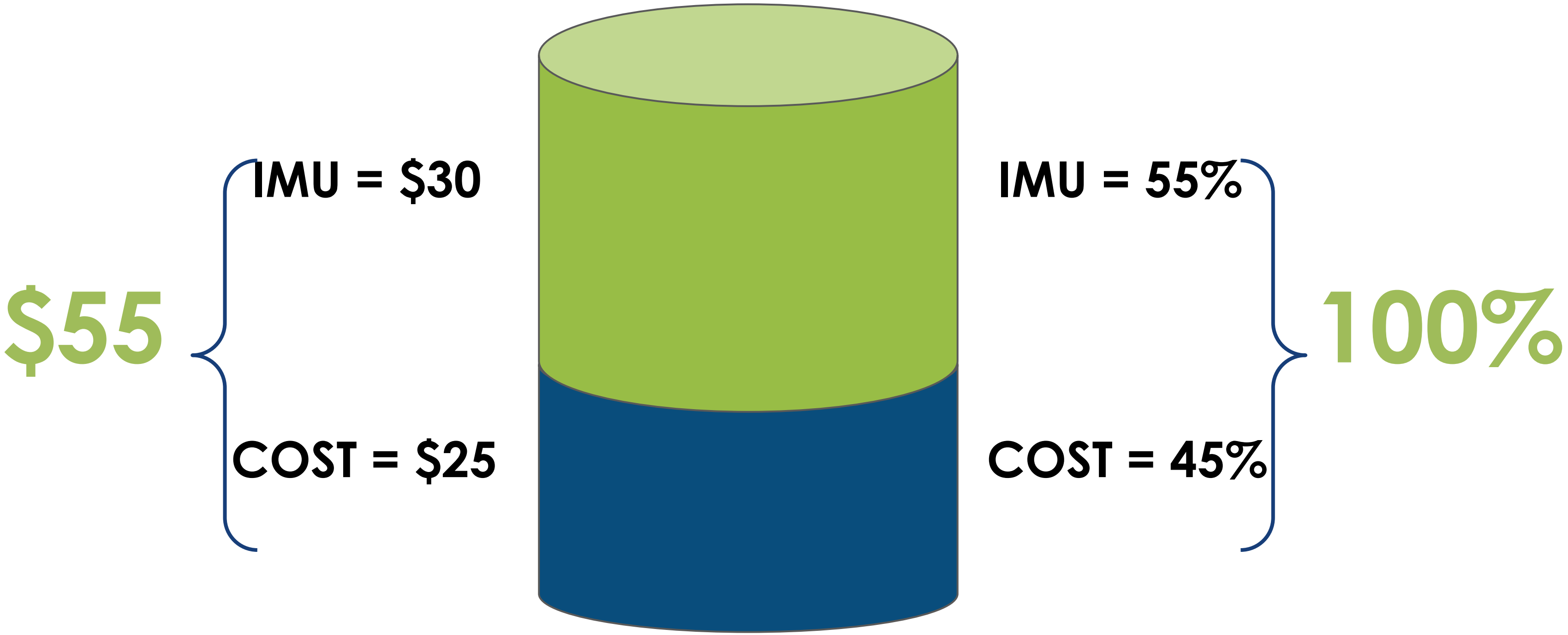
The Pieces of Pricing



RETAIL PRICE: $55

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ORIGINALLY	PROFIT PRICING	NOTES
0 – $3.00	Use only the .50 or the .00	In most situations it didn't impact the customers decision to buy. If an item is priced 2.25 - move it to $2.50. If an items is priced at $2.75 - move it to $3
$4.00 – $5.00	$5.00	A customer considers a $4 item to really be a $5 item anyway
$6.00 – $8.00	$8.00	Use only when you have to – think hard and consider if the value of the item is really $10
$9.00 – $10.00	$10.00	The science of pricing tells us that a customer considers a $9 item to be worth $10.
$11.00 – $12.00	$12.00	An $11 looks like it should have been $10. Pricing it at $12 works fine. Unless it is an item that people regularly buy more than 1 at a time, and you get a 55% IMU at $10, then consider leaving it there.
$13.00 – $15.00	$15.00	People like to think in 5's. If it is $13 or $14, it might as well be $15
$16.00 – $20.00	$20.00	As the prices get higher, I find the extra dollar or two or three won't stop a customer from buying
$21.00 – $22.00	$22.00	A $21 item looks like it should be $20. At $22 a customer will perceive it at a higher value
$23.00 – $25.00	$25.00	A customer doesn't consider there to be enough of a difference from $23-25. Raising the price to $25 won't stop them from buying.
Above $25.00	Increase by $5 up to $100	Use the rule of 5s here as well!
Above $100	Price in $25.00 increments	Consumer psychology supports pricing in increments of $25 in this price range

retailmavens.com/pricing

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An **IMU** increase of just a few percentage points mea increased revenue with each transaction

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7 STEPS TO IMPROVE YOUR CASH FLOW

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Cash Flow Step #1

Open Up a Sales Tax Account

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Cash Flow Step #2

Group Operational Bills Together

1st, 15th, 20th of each month

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Cash Flow Step #3

Change Credit Card Due Dates

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Cash Flow Step #4

Manage Cash Consistently

Celebrate Money Mondays!

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You are NOT Your Numbers

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Cash Flow Step #5

Check Credit Card Interest Rates Regularly

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Cash Flow Step #6

Check Insurance Rates & Credit Card Processing Fees

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Cash Flow Step #7

Can't Pay? Call Your Vendor!

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PROFIT ACTIVATOR 1:1 COACHING

$997 VALUE

- Find hidden cash opportunities available uniquely to you
- Get rid of conf…

…pplier

…ith **your very own Profit Plan** - at least 3 specific steps for you!

FREE WHEN YOU BOOK TODAY!

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PROFIT ACTIVATOR: CASE STUDY #1

$997 VALUE

- → Cadence struggled with getting a consistent paycheck
- → Call resulted in identifying key opportunities that she was missing!
- → She learned her payroll vs. sales ratio
- → Now her sales are 3X more then when we started!

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PROFIT ACTIVATOR: CASE STUDY #2

$997 VALUE

→Tanja struggled with a loss of passion

→Call resulted in determining she was ready to walk away

→She decided to close and move forward into life after retail!

→We help store owners do this successfully & profitably!

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PROFIT ACTIVATOR: CASE STUDY #3

$997 VALUE

- → Bree & Meme never had enough money
- → Call revealed that in spite of trying to make the right financial decisions, their cash flow was hurting
- → They decided to join our Profit First for retailers program and now the money they need is always there - including their own payroll

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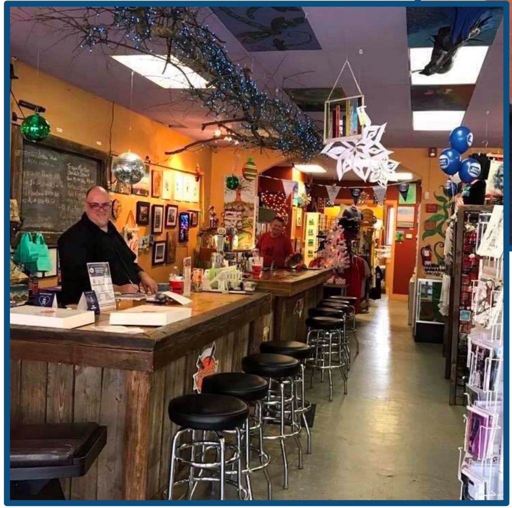
PROFIT ACTIVATOR: CASE STUDY #4

$997 VALUE



- → Rusty struggled with knowing the right benchmarks to look at
- → One was inventory - Call revealed that they actually were *under* inventoried
- → Rusty thought he was *saving money* - when in fact he was *missing sales*

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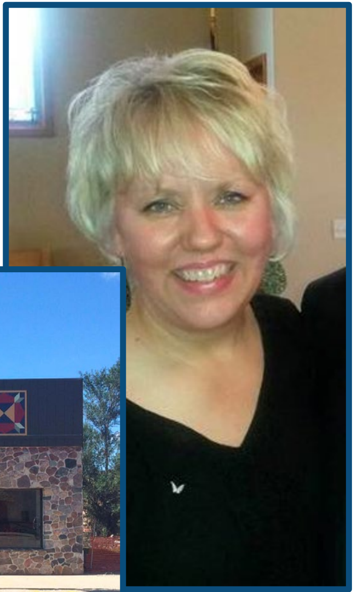
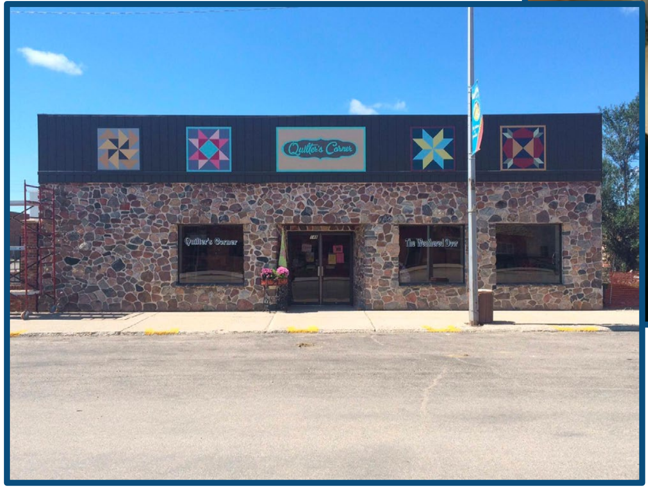
PROFIT ACTIVATOR: CASE STUDY #5

$997 VALUE

- →Lori struggled with setting goals and identifying strategies
- →Call discovered the strategies that would have the biggest impact, and clarified goals
- →As a result, Lori's sales have increased 22%





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PROFIT ACTIVATOR: CASE STUDY #6

$997 VALUE

- Sylvia struggled with having too much inventory and not being able to move it out
- Call resulted in specific merchandising, inventory & marketing ideas for the old inventory
- With these tips Sylvia was able to turn old inventory into cash for new, fresh inventory. Her business has doubled!

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WE'VE DECIDED TO OFFER IT FOR

FREE

First Come, First Served

- Have you been feeling stuck in the cash flow crunch for a while?
- Are you open to receive guidance and suggestions about the opportunities available to you?
- Are you ready to make a change in the next year?

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BONUS

Cash Flow Projection Template

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ON THE NEXT SLIDE, I'M SHARING

THE LINK TO BOOK

First Come, First Served

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TO BOOK YOUR FREE 1:1 COACHING CALL

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