Newsletter draft Feb 2007

OLD DOG LEARNS NEW TRICKS. While Cole and I were in Buenos Aires we paid Michelle to oversee and do a revamp on the store. While we were learning Spanish and the Tango, Michelle was cutting cost, clearing racks, and catching up on the backlog of trade-ins and putting out the rest of the summer clothes we hadn't tagged before storage because we were having trouble keeping up.

First, she cleared the racks of anything that she did not want the girls to take for trade-ins (mostly we had a problem with faded and a little fuzzy). She tightened up on their trade-ins using the clearance rack (50 cents per item) as the example of what not to take. She shifted one of the front counter trade-in pre-sorter back to the processing area where we had the backlog. She fired the "fluff" new hires that weren't able to keep up with the pace or failed to call in on the shift they were missing. She wrote down the new policies regarding the need to "cover" the shift themselves with another worker and other important aspects in regard to their employment. Each worker had to sign the policy. (See enclosed)

Next she revamped our clothespin system so that we had plenty of pins from $.99 to $6.99. (Most of us have dropped the .49 / .69 clothespins since we use the short cuts on the register for quick ring ups for numbers ending in .99. K2=2.99, K6=6.99 etc.) After 6.99 she uses add-on pens to the 6.99 pen. For example: $6.99 pin plus a $1.99 pin is used for an item that will be priced at $8.99. $6.99 pin plus a $5.99 pin would be used for an item priced at $12.99. To avoid confusion and slowing down to add, she put a price sticker off to the side of the small pin holding bins that shows what the price would be if that particular color was added to the $6.99 pin. On the $1.99 pin container it is clearly labeled $1.99 and off to the side $8.99. This avoids having to "fish" for higher price clothespins during the pricing process. The pricers and the processors each have a very clear chart of what the color combinations of pins are equal to. (See enclosed) She also made sure that every out of season, Halloween costumes, or white-tagged item. (Misc. or new) had the properly colored tag slipped under the clothes pin as the pricer put the pin on the item. This careful pinning of the priced items resulted in the processors being able to quickly tag and process the items without much effort or thought as to the price or the color of the item. It also increased the consistence of the prices and avoided a lot of retagging of wrong-colored tags.

In addition, she taped hangers to the processing counter with the sizes of clothing that would go on that hanger: smallest hanger 0-6 months, next size 12m to 18mo. (have mish fill this in?????) This helped the employees both new and old form quick piles for hanging with the proper hanger. It resulted in a lot less picking up of clothing off the floor of clothes that had been placed on too small of a hanger and hanger breakage from clothes being put on too large of a hanger.

She implemented a payroll formula to calculate staffing needs. She calculated our percent growth by comparing last year to the start of this year. (In your case you might compare your growth rate by comparing two years ago to last year-but we were too new and or store doubled in a short time) This year for us it looks like we are going to grow about 14% if we divide the combo of Jan and Feb of last year by Jan and Feb of this year. ??? check with mish) To be on the safe side she used a growth rate for 10% added to last year's monthly figure. Next she took the expected gross sales for each month separately. Using the March adjusted growth sales for this year for example, she multiplied that figure times .20 (20%). This would be all of the money available for salaries for a healthy store operation including the storeowner draws or pay. So subtracting out the owners pay from that 20% of sales, would leave the amount of payroll dollars left over for employees for the month. Divide that number by 4.25 to come up with how much is available on a weekly basis. Take the weekly dollars and divided by the average pay rate (in our case $8.00/hour). Then that will tell you how many hours you have to schedule for the week.

During high season in fall and spring you made need seasonal temporary help to fill up the hours needed with people.

The overall all result of all of this effciency and tightening was a huge savings in payroll, a cost of goods savings buy taking 25% less clothing in, and since there was less clothing being processed more efficiently, the work not only stayed caught up every day, but they were able to get out the backlog of work that had piled up with fewer employee hours---not to mention the store looks fabulous. Thanks Michelle, great job!