

WholeFoods Magazine
Tip of the Month
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PEOPLE – YOUR BIGGEST EXPENSE – *USE THEM!*

By Jay Jacobowitz

Our ruling-class politicians have ordered us to increase starting wages, and let's not kid ourselves, our largest competitors, such as Walmart and Amazon, are smiling as they gladly digest these costs, knowing their smaller rivals—you!—are more likely to choke while trying to.

Let's also understand that a retailer's largest expense isn't inventory—which you exchange with your customers for profit—it's your *people*.

And, let's soberly assess our chances of surviving shoppers' sudden, and seemingly universal, preference for receiving every sort of consumable on their doorsteps with the click of a mouse.

You need an edge, an advantage, an ace up your sleeve. What's it going to be? Your product mix? Well, sourcing hard-to-find natural and organic remedies is certainly part of the picture. Your physical store? Umm...let's just say, if your refrigerators, freezers, flooring, ceiling, lighting, décor, and fixtures (a clean, modern restroom *is* a destination), are vintage 20th Century, you are being outclassed by every other retail channel now offering the same products as you. Today, superior product and attractive place are just table stakes; a precondition of survival.

TARGET GETS IT

Target, the big-box U.S. retailer with 1,850 stores, recently reported 3.4% comparable store growth vs. the year-ago second quarter, made up mostly by increased customer visits to physical stores. And, while Target has the deep pockets to invest in digital; including delivery, pick-up, and drive-up—which grew 34% in the quarter—management isn't ignoring the physical stores.

Here's John Mulligan, chief operating officer, describing Target's investment strategy: "So clearly, we have done a lot to support our digital growth but we shouldn't forget about store sales, which continue to account for more than 90% of our total volume. As we have been saying for years, we believe that in-store shopping will continue to be important and account for the vast majority of retail sales for many years to come. However, in a world where consumers have more choices than ever, inferior brick-and-mortar experiences will go away. That's why we are investing heavily in both our store assets and in the experience our team provides... And while guests are enjoying the upgraded look and feel of their new store, *they are also experiencing a change in the way our team serves them*. That's because over the last few years, we have been rolling out a completely new operating model for our store team. *This new model is simpler and focused on our guests rather than accomplishing tasks*. We have also created more specialized roles in which team members bring their expertise to categories like food..." [Italics mine.]

IF TARGET CAN BE A PEOPLE BUSINESS, YOU CAN, TOO

If you've got highly-paid, knowledgeable employees buried in your back room placing orders all day, think about how you can streamline the rote part of these tasks so that, at least part of every day, your most valuable assets—your people—are available to your customers on the retail floor. Your survival depends on it. **JJ**