

Financial training For non financial staff



The financial training specialists

Selling books or making sales? (profit)

I'm writing this in Waterstones' coffee shop. My wife overheard two staff talking about "RP sales" in the Craft section.

"Excuse me, what's RP?"

It's related products. You buy a book on growing herbs, and also buy a herb growing kit. An ideal (and now complete) gift for a friend!

So is this the end of Waterstones as a bookshop? Or is it Waterstones asking "What else do our customers want, and can we provide it?"

It's an interesting quandary, with several financial ramifications.

First, we need to know what our customers want from us, and whether we can provide it. Otherwise we'll end up providing goods and services customers don't want, or doing things badly and damaging our reputation.

What do your customers want from you, and what do they trust you to provide?

Second, are Waterstones' related products as profitable as book sales? Waterstones want to improve profits, not just make more sales.

What's the relative profitability of your goods and services?

Thirdly, there's our reputation as specialists. As we do more, we can lose our specialist niche in the market. Woolworths, when it failed, was unique in the Pick'n'mix market – a small niche for a big chain! As restrictions on who can practice law relax, more organisations can provide legal services. But would you trust Tesco to handle your house sale or the probate on your parents' will?

What do your customers trust as your core expertise, and are you translating that expertise into a premium price?