

Financial training For non financial staff



The financial training specialists

Buying clothes (profit)

We have talked in an earlier episode about the profitability of the product mix – how we need to focus on the profit on the items we sell, not just the sales price.

A more fundamental issue however, is making sales in the first place. If we don't make the sale, we don't make the profit.

Which brings me to buying clothes in M&S. As a man I spend as little time shopping as possible. When buying clothes I aim to choose, buy and leave as quickly as possible. I've been clothes shopping twice in M&S recently – on one foray I bought one shirt, in the second, one jumper.

However, in each case I would have bought much more, except that M&S have a policy of only stocking a few items in small sizes, and these always sell out quickly. There was plenty of stock in medium, large and extra large, but none in small. On investigation this stock policy turned out to have come down from head office.

That set me thinking about business in general. How often do we limit our sales by not having available the things that sell? How often do we decide what our customers do (or don't) want to buy, rather than listening to them. How many new products are driven by what we want to do, rather than what our customers want us to supply?

Remember, more sales should help generate more profit – which is the business's ultimate aim.