

SR Panel: Our Most Important Numbers

Specific metrics that have helped our panelists

ATTENDING CLASSES AT THE 2016 IPSPE SHOW reaffirmed that numbers should be very important to all owners and managers if we want to be informed, competitive and successful. Sometimes small-business owners don't allow department managers to see how their accountant logs information to prepare reports and taxes for them. Department managers need to know more than whether they made a profit or loss. On my own, I compile as much information as I can for my own use along with keeping my owners better informed. I job cost. I measure my daily business hourly, weekly, monthly and yearly to plan for staffing, percentage of gross profit of merchandise, sales and closing ratios. We also need to measure the effectiveness of items on our store floor for the floor space designated. My numbers have caused our owners to look at things in a different light. I hope to set a precedent for our other department managers to follow suit.

—**BRENDA SMITH, store manager**



Luther Stem Pools & Spas, Fort Smith, Arkansas

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ABOUT TWO YEARS AGO, WE HIRED A BUSINESS ANALYST to help us move the needle in terms of cash flow, margin and overall profitability. One of the biggest takeaways from this for me was how reducing the number of days in turning inventory had an effect on cash flow.

He calculated that every day we reduced inventory turn would add about \$23,000 to available cash. Based on this info, I went to work reviewing what we were doing in terms of ordering hot tubs, saunas, accessories, water care and parts. I also changed the way we were doing business on our e-store, implementing more free-ship days and incentivizing customers to buy during certain periods with either “buy one get one free” promos to move slower turning product/overstock, or a gift with purchase promos.

In the last 18 months, we've reduced our inventory turn time by 20 days. If you do the math, this change has helped us realize an extra \$460,000 in available cash to the bottom line. It has certainly helped us feel much more financially stable, as well as allow us to be more nimble to take advantage of purchase incentives from our suppliers.

—**DON RILING, owner**



Olympic Hot Tub, Seattle

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AT THE HOT TUB STORE, WE SELL THE HIGHEST

quality hot tub packages from Hot Spring Spas. It is important for us to provide the best customer experience possible.

Our management team pays close attention to the average sales price of each hot tub package sold. We focus on these numbers for the company as a whole, for each location, as well as for each of our sales professionals. The mix of models being sold dramatically alters the average sales price, while not affecting the number of units sold. We encourage our sales professionals to move people up the ladder to higher-quality models not only for the health of our business, but also for the better experience that the customer will have for years to come.

Over the past two years, our sales professionals have increased the average sales price by more than \$1,000 per unit sold. By focusing on [this], our sellers have improved their presentations to educate people about the benefits of buying a higher-quality hot tub model. When our customers purchase these higher-priced and better-quality models, their entire experience as a hot tubber is improved, and the likelihood of them referring their friends to The Hot Tub Store is also increased, allowing us to sell more units and get more people hot tubbing.

With the increased average sales price, The Hot Tub Store has grown our team and offered our team members high-quality employment. We have also improved our showrooms to better showcase the hot tubs we sell. Most importantly, by selling higher-quality models to more people, we have noticed greater customer satisfaction and more positive reviews.

—**Sky Matula, president and CEO**



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