

Retail Business Operations — Workbook

This workbook turns the course into a working operating system for your own store. Move through it in order: lay out the floor and configure your POS, build the merchandising and pricing plan, stand up a shrinkage-control and cash-discipline program, then schedule labor to traffic and model your unit economics. Use the templates to schedule staff against demand, classify products by GMROI, track a daily reconciliation, and build a store P&L so every decision on the floor rests on numbers you can defend.

Store Setup, Layout, and the POS System

Design a floor that moves customers and a POS that feeds every other system accurate data.

Worksheet: Floor Layout and Traffic Plan

Sketch your store and place categories against natural traffic flow. Decide the layout type, then route customers past high-margin and impulse product on the way to staples.

Layout type chosen (grid / loop / free-flow / boutique) and why

Selling area (square feet) used to calculate sales per square foot

Decompression zone at entrance (what NOT to place there)

Front-right power wall feature (new / seasonal / hero product)

Staple/destination items placed at the back (which categories)

Perimeter (high-traffic) categories (high-margin / high-interest)

Checkout-queue impulse items (small, low-consideration)

Aisle width confirmed accessible (e.g., 36 in min clear route)

Exercise: Select Your POS System

Define your needs first, then compare two or three systems (e.g., Square, Shopify POS, Clover, Lightspeed) on total cost and fit, not just the monthly fee.

- What are your requirements: number of registers/locations, assortment size, do you also sell online, and budget?

- For each candidate, what is the TOTAL cost (software fee + hardware + processing rate ~2.5-3% + add-ons)?

- Does it provide the inventory features (real-time stock, low-stock alerts, POs, barcodes, variants) and the reports (sales by item/category/hour/employee, gross margin) you need?

- Which system best fits your stage now AND scales as you add registers, locations, or e-commerce, and what is your choice?

Checklist: POS Setup and Receiving Discipline

- Product catalog built with name, SKU/barcode, cost, and retail price for every item
- Unit cost loaded on all items so the POS reports gross margin, not just revenue
- Tax rates, payment processor, and branded receipts (with return policy) configured
- Hardware connected and test transactions run (sale, discount, return, void)
- Individual employee logins created; voids/refunds/overrides/reports restricted to managers
- Receiving rule in place: count and inspect against PO and packing slip before adding stock
- Vendor invoices reconciled to what was actually received in good condition
- Cycle-counting schedule set (high-value/fast-movers most often)

Visual Merchandising and the Selling Floor

Merchandise and price the floor to lift conversion, basket size, and sales per square foot.

Exercise: Merchandise for Conversion and Basket Size

Apply the core merchandising principles to your real floor. Walk it at eye height from the customer's point of view and fix what you find.

- Which best-selling, high-margin items are NOT at eye level (4-5 ft) but should be, and what is currently in that prime space?

- What hero/seasonal product anchors your power wall and focal display to pull customers deeper?

- Which complementary items can you cross-merchandise together to lift average basket size (name 3 pairings)?

- What problems did your customer's-eye floor walk reveal (dead spots, clutter, burned-out lighting, unclear signage) and how will you fix each?

Worksheet: Planogram and Space Allocation

For one key section, allocate space by contribution: more facings and eye-level placement to products that sell and earn more. Use the GMROI/space template alongside this.

Section / fixture being planned

Products ranked by contribution (sales x gross margin)

Eye-level zone assignment (top sellers / high margin)

Facings per product (more for winners, fewer for slow movers)

Sales per linear foot or per facing (current)

Complementary/adjacency and brand-blocking decisions

Slow movers losing facings or moving to top/bottom shelf

Restock rule so the section is reset to plan each shift

Worksheet: Pricing, Margin, and Markdown Plan

Set prices in gross-margin terms (not just markup) and define a markdown cadence so aging stock keeps moving. Confirm no promotion drops below the money-losing line.

Category and target gross margin (%)

Unit cost and required retail price = cost / (1 - target margin)

Markup vs margin check (e.g., keystone 2x cost = 100% markup = 50% margin)

Markdown cadence (e.g., -25% after N weeks, then -50%, then clearance)

Current markdown % (markdowns / sales) and target

Promotion mechanics that protect margin (bundle / BOGO overstock / spend-threshold / loyalty)

Floor price below which a sale loses money (cost + processing + handling)

Overall gross margin trend this period (rising / flat / slipping) and cause

Checklist: Selling Floor Ready

- Best sellers and high-margin items placed at eye level (4-5 ft)
- Power wall and focal displays feature new/seasonal/hero product
- Complementary items cross-merchandised to lift basket size
- Lighting, signage, and any sensory cues set to invite browsing
- Planogram built for key sections, space allocated by contribution
- Prices set to the gross margin each category needs
- Markdown cadence scheduled so aging stock keeps moving
- Promotions designed to lift basket or move target stock, not blanket-discount

Shrinkage Control and Loss Prevention

Measure shrink, attribute its sources, and deploy layered physical, procedural, and cash controls.

Worksheet: Shrinkage Measurement and Source Map

Quantify your shrink from the gap between recorded and physical stock, then estimate the mix of sources so you fix the right thing. Benchmark against the ~1.5-2% industry norm.

Recorded inventory value vs physical count value (\$)

Shrinkage dollars (recorded minus actual)

Total sales for the period (\$)

Shrinkage rate = shrink \$ / sales (%) vs ~1.5-2% benchmark

Estimated external theft (shoplifting/ORC) share

Estimated internal theft (employee) share

Estimated administrative/process error share

Estimated vendor fraud/supplier error share

Highest-theft categories or SKUs identified

Exercise: Design Your Layered Loss-Prevention Program

Build controls for all three loss sources at once. Match the toughest protection to your highest-risk merchandise without fortifying the whole store.

- External theft: what visibility, attentive-service, EAS tagging, locked cases, and camera/signage controls will you deploy, and on which high-risk items?
 - Internal theft: what register accountability (individual logins, manager-approved voids/refunds, exception-report review) and cash controls (blind counts, surprise audits, separation of duties) will you implement?
 - Process error: how will receiving verification, cycle counting, and price/barcode discipline reduce administrative shrink?
 - Culture: how will you train every employee on shrink, treat the team well, and make loss prevention everyone's job?
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Checklist: Cash Handling and Transaction Integrity

- Drawers open with a counted, fixed float
- One cashier assigned per drawer per shift (discrepancies are traceable)
- Excess cash dropped to a safe during shifts
- Drawers closed with a BLIND count, then compared to POS
- Over/short logged every shift and patterns investigated
- Manager authorization required for refunds, voids, overrides, and no-sales
- Receipt or ID required for returns
- POS exception report reviewed regularly for abnormal voids/refunds/discounts by employee
- Daily reconciliation: cash + card settlements + POS sales must match

Staffing, Scheduling, and Retail Unit Economics

Schedule labor to traffic, track the KPIs that run the store, and model whether it makes money.

Exercise: Schedule Staff to the Traffic Curve

Use the staff schedule template to match labor to demand by hour and keep labor percent in range. Staff up for peaks, lean out the dead hours.

- From sales/traffic history, what are your busiest and slowest hours by day of week (and any seasonal spikes)?
 - What minimum coverage is required for safety, service, and cash control at open, close, and peak?
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- When you schedule to the curve, what is total scheduled hours and cost, and does labor land in your target (~10-20% of sales)?
- Does every shift cover the needed roles (keyholder, manager, register coverage) and comply with break/minor/overtime and any fair-workweek advance-notice laws?

Worksheet: Retail KPI Dashboard

Populate your core retail metrics for the period so impressions become numbers. Use the GMROI template to compute return on inventory by category.

Foot traffic (visitors) and conversion rate = transactions / visitors (%)

Average transaction value (ATV) and units per transaction (UPT)

Sales per square foot = total sales / selling area

Sales per labor hour = sales / hours worked

Labor cost percentage = payroll / sales (%)

Inventory turnover and sell-through (%)

Gross margin (%) and shrink rate (%)

GMROI by category = gross margin \$ / average inventory cost

Worksheet: Store Unit Economics and Break-Even

Build a simple store P&L and find the sales needed to cover all costs. Compare each cost line to its benchmark and identify the highest-payoff lever.

Annual (or monthly) sales (\$)

Cost of goods sold and resulting gross margin (\$ and %)

Rent/occupancy (\$ and % of sales) vs ~5-10% benchmark

Labor/payroll (\$ and % of sales) vs ~10-20% benchmark

Shrinkage (\$ and % of sales) vs ~1.5-2% benchmark

Other operating costs (utilities, marketing, processing fees, supplies, insurance)

Operating profit (\$ and % of sales)

Break-even sales = total fixed/operating costs / gross margin %

Highest-payoff lever (margin / sales per sq ft / shrink / labor)

Checklist: Operating Rhythm Locked In

- Daily: reconcile cash/card/POS, check exception flags, replenish and walk the floor
- Weekly: review sales vs plan, conversion, ATV, traffic; build next week's schedule to the curve; check labor %
- Weekly: refresh key displays and promotions
- Monthly: review gross margin, markdown %, turnover, GMROI, and shrink trend
- Monthly: reset planograms/space by contribution and reorder against the data
- Quarterly/seasonal: full or reconciled inventory count, rationalize dead SKUs, refresh seasonal layout, revisit pricing and unit economics
- Ongoing: protect the receiving door, keep inventory accurate, watch occupancy/labor/shrink vs benchmarks

Your Action Plan

1. Choose a layout and map your floor so traffic flows past high-margin and impulse product to reach staples.
2. Select and fully configure a POS with real item costs, tight permissions, and clean categories so it feeds every other system.
3. Lock in controlled receiving and a cycle-counting schedule so inventory data stays accurate.
4. Merchandise the floor (eye level, power wall, cross-merchandising) and build planograms that allocate space by contribution.
5. Set prices in gross-margin terms and define a markdown cadence and margin-safe promotions.
6. Measure your shrink rate and source mix, then deploy layered loss-prevention and tight cash/transaction controls.
7. Map demand by hour and build staff schedules to the traffic curve, keeping labor in its target percent of sales.
8. Stand up a weekly KPI dashboard (traffic, conversion, ATV, sales per square foot, GMROI, shrink).
9. Build your store unit-economics model and break-even, and benchmark rent, labor, and shrink against their ranges.
10. Run the daily/weekly/monthly/seasonal operating rhythm and double down on the highest-payoff profit lever.

