STRETCHLEARN · WORKBOOK

Retail Store Operations — Workbook

This workbook turns the course into the actual numbers and systems you need to run a profitable brick-and-mortar store. Work through each section as you progress: calculate your turnover and GMROI, build an open-to-buy plan, audit your shrinkage, schedule labor against your real traffic curve, and benchmark your P&L. The templates are built to be filled with your own store's figures and reused every week and every month.

How a Retail Store Makes Money

Separate the margin you set from the margin you keep, and prove your space and traffic are productive before you blame the location.

Exercise: Find Your Real Maintained Margin

Take one product category from last season and trace it from cost to what you actually kept after every reduction. This reveals how much of your initial markup is quietly leaking away.

• What was your average cost and your original ticketed retail price for the category, and what initial markup percentage does that represent?

• What did you give back in markdowns, employee and promotional discounts, and damaged or shrunk units over the season?

• What was your maintained margin in dollars and as a percent of what you actually sold, and how far below the initial markup did it land?

• If you needed a 50 percent maintained margin, what initial markup should you have set to get there after those reductions?

Worksheet: Sales-per-Square-Foot Diagnostic

Calculate your master productivity metric and break it into its drivers so you know which lever to pull. Use real annual or annualized figures.

Annual (or annualized) net sales (dollars)

Selling square footage

Sales per square foot (sales divided by square footage)

Annual door traffic (from people counter or estimate)

Number of transactions

Conversion rate (transactions divided by traffic)

Average transaction value / ATV (sales divided by transactions)

Units per transaction / UPT

Weakest driver to attack first (traffic / conversion / ATV / UPT)

Checklist: Core KPI Discipline Check

[ ] I separate initial markup from maintained margin and price for the margin I keep
[ ] I know my sales per square foot and compare it to the 200 to 400 range for specialty retail
[ ] I have a way to count door traffic so conversion is a managed number, not a guess
[ ] I track conversion, average transaction value, and units per transaction weekly
[ ] I track inventory turnover and GMROI, not just sales
[ ] Every KPI is compared to last week, last month, and the same week last year

Inventory Management and Open-to-Buy

Treat inventory as cash: measure how hard it works, plan purchases to a budget, and clear slow stock on a schedule.

Exercise: Rank Two Categories by GMROI

Pick a high-margin slow category and a lower-margin fast category and compare them on GMROI to see which is really working harder for your cash. This usually surprises people.

• For each category, what is the gross margin percentage and the average inventory at cost?

• What is each category's inventory turnover (cost of goods sold divided by average inventory at cost)?

• Calculate GMROI for each (gross margin dollars divided by average inventory cost). Which returns more margin per dollar of stock?

• Which category looked better on margin alone, and which is actually more productive once turnover is included? What will you do about it?

Worksheet: Open-to-Buy Calculator

Build the buying budget for one category for next month so you never overbuy on a vendor's pitch. Work in retail or cost dollars consistently.

Category and month

Planned end-of-month inventory (dollars)

Planned sales for the month (dollars)

Planned markdowns for the month (dollars)

Beginning-of-month inventory (dollars)

Inventory already on order (dollars)

Open-to-buy = end inventory + sales + markdowns - beginning inventory - on order

Open-to-buy result (dollars you may still commit)

Reserve held back to chase best sellers (yes / no / how much)

Worksheet: Aged Inventory and Markdown Plan

List your oldest stock by receipt date and assign each line a markdown action so dead inventory turns back into cash instead of blocking the floor.

Style / SKU

Receipt date and age in weeks

Units received and units remaining

Sell-through to date (percent)

Current markdown stage (none / first / second / clearance)

Recommended next markdown (percent) and trigger date

Move to clearance zone? (yes / no)

Checklist: Inventory and Buying Standards

[ ] I calculate inventory turnover and GMROI by category, not just store-wide
[ ] I watch sell-through on new arrivals as my early demand signal
[ ] Every category and month has an open-to-buy ceiling I do not exceed
[ ] I hold back open-to-buy to chase proven best sellers
[ ] I run an aged-inventory report by receipt date at least monthly
[ ] I take the first markdown on a schedule instead of waiting for a miracle

Shrinkage Control and Loss Prevention

Find where inventory disappears, install controls against theft and error, and verify the result with disciplined counting.

Exercise: Calculate and Source Your Shrinkage

Compare your book inventory to your last physical count to find your true shrink number, then estimate how it splits across the four sources so you know where to act.

• What did your book inventory say you should have, and what did the physical count actually find, valued at cost?

• What is your shrinkage as a percentage of sales for the period, and how does it compare to the 1.5 percent average?

• Roughly how do you think your shrink splits across external theft, internal theft, administrative error, and vendor fraud?

• Which single source do you suspect is largest, and what is one control you could add this month to attack it?

Worksheet: Loss-Prevention Controls Audit

Inventory the controls you actually have in place across all four shrink sources, so you can see your biggest gap rather than guessing.

EAS tags / gates in use (Sensormatic / Checkpoint / none)

Camera coverage and blind-spot check (yes / partial / no)

High-theft items locked or tethered (yes / no)

Active customer greeting policy enforced (yes / no)

Manager-reviewed void and refund exception reports (yes / no, how often)

Dual control on cash drops and deposits (yes / no)

Receiving scanned and counted against packing slip before sign-off (yes / no)

Price changes restricted to managers in the POS (yes / no)

Anonymous tip line and written LP policy (yes / no)

Worksheet: Cycle Count Schedule (ABC)

Classify your stock by value and theft risk and set a counting frequency for each class so scarce counting labor lands where shrink hides.

A items (high value / high theft): list categories and count frequency (e.g. weekly)

B items (moderate): list categories and count frequency (e.g. monthly)

C items (low value / bulky): list categories and count frequency (e.g. quarterly)

Full physical inventory date and method (in-house / RGIS / WIS)

Who reconciles variances and how fast

Rule: investigate the cause before adjusting the system (yes / no)

Checklist: Shrink and Counting Standards

[ ] I measure shrinkage as a number against a target, not as an unavoidable cost
[ ] I have controls in place against all four sources: external, internal, administrative, vendor
[ ] Void, refund, and discount exception reports are reviewed every week
[ ] Receiving is scanned and counted against the packing slip before sign-off
[ ] High-value and high-theft items are cycle-counted frequently using ABC
[ ] Every count variance is investigated for cause, not just adjusted away

Staffing, Merchandising, and the Profit Statement

Schedule labor to real traffic, merchandise the floor for sales per square foot, and benchmark the P&L so the margin survives to the bottom line.

Exercise: Map Your Traffic Curve and Fix the Schedule

Pull hourly sales by day of week from your POS and use it to find where your current schedule is misaligned with when customers actually arrive.

• By hour and day of week, when are your real peaks and your dead periods?

• Where is your current schedule overstaffed in a valley, and where is it understaffed in a peak?

• What is your sales per labor hour overall, and how does it differ between a peak hour and a slow hour?

• What two specific schedule changes (add coverage where, cut coverage where) will you make next week?

Worksheet: Labor Plan vs. Traffic

Build a one-week labor plan that puts hours where the customers are and check it against your labor-percent and sales-per-labor-hour targets.

Day of week

Peak hours (from traffic curve)

Planned staff on the floor during peak

Planned staff during slow periods

Total scheduled labor hours for the day

Forecast sales for the day

Sales per labor hour (forecast sales divided by hours)

Labor cost as a percent of forecast sales (target 12 to 15)

Scheduling tool in use (Deputy / When I Work / Homebase / 7shifts / other)

Worksheet: Floor Layout and Merchandising Plan

Plan the selling power of your floor zone by zone so layout and display actively lift conversion and basket size.

Layout type (grid / loop-racetrack / free-flow)

Decompression zone and power wall: what hero product goes there this season

Eye-level placement: which high-margin or best-selling items get prime height

Cross-merchandising pairs (product A placed next to product B)

Checkout queue impulse items (high-margin add-ons)

Sightline check: can staff and customers see across the floor (yes / no)

Display refresh cadence (how often the power wall and focal displays change)

Checklist: Labor, Floor, and P&L Standards

[ ] I schedule against an hourly traffic curve, not a flat open-to-close shift
[ ] I track sales per labor hour and keep store labor near 12 to 15 percent of sales
[ ] My strongest, highest-margin goods lead the power wall and sit at eye level
[ ] I cross-merchandise related products and use the checkout queue for impulse buys
[ ] I read the P&L monthly against benchmarks and against the same month last year
[ ] I keep occupancy under about 15 percent and shrink near or below 1.5 percent

Your Action Plan

1. Calculate your true maintained margin on one category and reset initial markup high enough to keep the margin you actually need after markdowns and shrink.
2. Compute sales per square foot and break it into traffic, conversion, ATV, and UPT to find your cheapest lever, then install a way to count door traffic.
3. Rank your categories by GMROI, not margin, and shift open-to-buy toward the inventory that returns the most margin per dollar of cash.
4. Build an open-to-buy budget by category and month and hold back a reserve to chase proven best sellers instead of overbuying slow goods.
5. Run an aged-inventory report by receipt date and commit to a markdown cadence: first cut at 8 to 12 weeks, deeper at 16, clearance to liquidate.
6. Measure shrinkage against your last physical count, identify the largest of the four sources, and add one targeted control this month.
7. Tighten receiving and pricing controls and start ABC cycle counting so high-value and high-theft items are verified frequently year-round.
8. Pull hourly sales by day of week, build your traffic curve, and reschedule labor to put hours on the peaks and the minimum safe coverage in the valleys.
9. Re-merchandise the floor: lead the power wall with strong margin, put best sellers at eye level, and cross-merchandise to lift units per transaction.
10. Read your monthly P&L against benchmarks (gross margin 45 to 55 percent, labor 12 to 15, occupancy under 15, shrink under 1.5) and pick the one line to fix first.