

The Yawning Gap Between The Best Independent Supermarkets and The Rest

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Would you rather work for \$188,000 per year, or for \$25,000? Hardly a fair question, but the owners of some independent supermarkets in Australia are doing better - and worse - than even these figures indicate! A report available from the FMRC Benchmarking Team found precisely these differences in profits between the 'high flyers' and the least profitable firms in this industry. What's the secret?

The high profit firms are different because...

- They achieved much higher levels of personnel productivity.
- They achieved higher gross profit margins and tended to spend less on non-salary overheads.
- High profit firms had faster stock turnovers.
- The high profit firms did report higher revenue levels as one factor in the high-profit equation.
- They used relatively more staff and had the lowest number of owners.
- The high profit companies that own their premises are earning more revenue and gross profit per square metre.

What causes such wild differences? 'Management' is one of the key answers. If you could manage smarter, to improve just one of those factors by one per cent, it would add directly to your profit - your own 'pay' from the business.

Take just one example - how do you achieve higher personnel productivity?

Do you use effective in-store merchandising to help customers find stock easily?

Do you advertise your price-leader products to draw traffic to the store, then have other related products at normal margins nearby? Are your in-store merchandising activities working well for you?

Do you take plenty of care to roster your staff so that they are available at the busy times? This lets you provide quick turnaround for customers while keeping your total wages cost in check. Use the quieter time to clean, re-stock and fine-tune your merchandising.

Is your pricing structure suitable? Prices which are too low means that your people do not generate enough revenue from their current level of activity.

Do you promote the higher-margin lines more-actively? If you can skew your sales mix towards the higher margin brands or lines then your overall margin will increase and make it easier to afford your current personnel level.



Ritchies new supermarket in Griffith NSW

Any one of these areas could help you to earn more profits. Sometimes a price increase is not an option so you need to have other ways of increasing profits. Better management will help you work out which one of these is the main problem area in your business. Fix that area and see what happens to your profits!

These statistics and many more are outlined in a report called a 'Small Business Profile for Supermarkets'. The Profile also contains action checklists to help you plan ways of improving your results. A Profile costs just \$115 and could deliver hundreds or thousands of dollars extra profit in a year.

You can even send your results to FMRC Benchmarking Team and they'll confidentially compare your store results to the averages and send you a personalised comparison report showing where you can improve. No extra charge for this service!

It's like having a consultant look over your business - only the consultant is you!

You can see how your store 'stacks up' compared to others in the industry.

You can see the key indicators showing the health of your business.

You can see where you have advantages over other stores and see the areas to improve.

You don't have to be an accountant to understand the Profile - the Key Factors affecting performance are highlighted; graphs and tables show the results.

As a special offer for November you can receive a FREE COPY of the Profile - here's how. Just download the blank questionnaire form from the website (www.benchmarking.com.au), fill it in with your financial details and send it to FMRC Benchmarking. We'll do the calculations for you then send you a personalised comparison report plus a free copy of the Small Business Profile.

Or if you prefer to buy a copy of the Small Business Profile for Supermarkets, just contact:

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