

Day in the life of a Retail Finance Director

Its Monday morning...trade looked good over the weekend thank goodness. That's three good weeks in a row. I hope it's the start of a trend! I must get the agenda out for my meeting with the Buying and Operation Directors tomorrow. Three topics I think....

Stock take

We need to review the results. It was a great stock take. It's the third time we have done the stock take on our new system and we seem to have ironed out the glitches. It usually takes a couple of attempts for everyone to thoroughly understand how to use the system properly. At least we can now spend the time on analysing the results rather than scrabbling about checking and reconciling. I do want to discuss the amount of old stock with the guys...we have found merchandise that is over ten years old...and we are not even an antique shop. I can never understand the concept of hoarding stock on the off chance someone may buy it. In my opinion, if it hasn't gone in a couple of seasons you should get rid of it. I want them to analyse the mix of our stock holding as well. We are definitely overstocked in some areas but don't seem to have any of the items everyone keeps telling me are red hot best sellers. Hopefully the Buying Director will know what stock is due into the business over the next few weeks!

Sales

It will be interesting to hear what their take is on the current trading trend. I have printed out the sales analysis for the last three weeks. We are in the process of reviewing the gross margin line by line. I discovered that we were making very poor margins on some of the merchandise...mostly because no one had bothered to review selling price vs. cost. We now do it on monthly basis and guess what? Our overall margin has crept up a couple of percentage points. As usual the problem was a combination of lots of things...supplier costs creeping up and no one looking to see if we could ease up the selling price; errors on the data base; keeping lines going at silly margins instead of discontinuing the line and/or the supplier; revisiting suppliers to renegotiate cost price.

Cash flow and monthly results

I am a firm believer that all the directors must understand the management accounts, especially these two as they can have such an impact on the gross profit and cash flow. So we have a monthly management account review and go through the cash flow every Tuesday. Tomorrow we are just looking at the cash flow. It's not looking too bad at the moment as sales have been good but I do need to talk to the Buying Director. We are about to take delivery of a large order and I want to see if we can take it in piecemeal which will spread cash flow impact. We are trying to persuade our suppliers to move to a stock call off system i.e. they hold our stock at their cost and we call it off as and when we need it. We do need to watch that it doesn't put up the unit price but so far it seems to be working. And last of all I need to check how the Operation Director is feeling about the staffing levels. I have asked him to drag his feet on recruitment but as sales are picking up I know he is going to want to fill in a few gaps.

Well, that should do for tomorrow. Get through that lot and I will be ready for the board meeting next week!