

time,” Kleiman says. “Maybe you are best at designing displays or selling to customers. The key is to build on your strengths and not your weaknesses.”

Kleiman also suggests taking inventory of your current retail practices. “Look at every job your employees are now doing and ask why you are doing it that way.” Then, he says, ask yourself two questions: “Can we do this job differently? Can we do it with fewer people?”

In all of this evaluation, don’t overlook one critical point: The most successful store managers go beyond the performance of duties and into the realm of leadership. “Your store manager must be a motivator, influence your personnel positively, resolve conflicts and be a good coach,” says Martels. “You want the manager to develop your employees so they are even more valuable in the future. That’s what a great store manager should be doing.”

This evaluation process will help you define more precisely just what it is you expect your new store manager to do. You may discover that you don’t need a store manager at all. Instead, you might need another employee.

Step 2: Decide how the store manager will be paid.

Good work deserves a good financial reward. What does that mean for a store manager, though? Should you pay a flat salary or spice up the compensation recipe with an incentive?

“I believe there should be an incentive plan,” says Martels, “and it should have some objectivity to it—that is, some mechanism for measuring goals.”

That’s easier said than done. Martels suggests using this acronym: SMART goals. Your goals should be Specific, Measurable, Attainable, Realistic and Time anchored.

Here’s one simple example that satisfies the acronym: “Increase sales by 5 percent next month.” It’s important, however, to develop a more sophisticated incentive plan that measures and rewards the right things.

“Many businesses will watch ‘sales per person per hour,’ ” says Martels.

“You need to expand beyond that to include reduction in staff turnover and measuring customer satisfaction.”

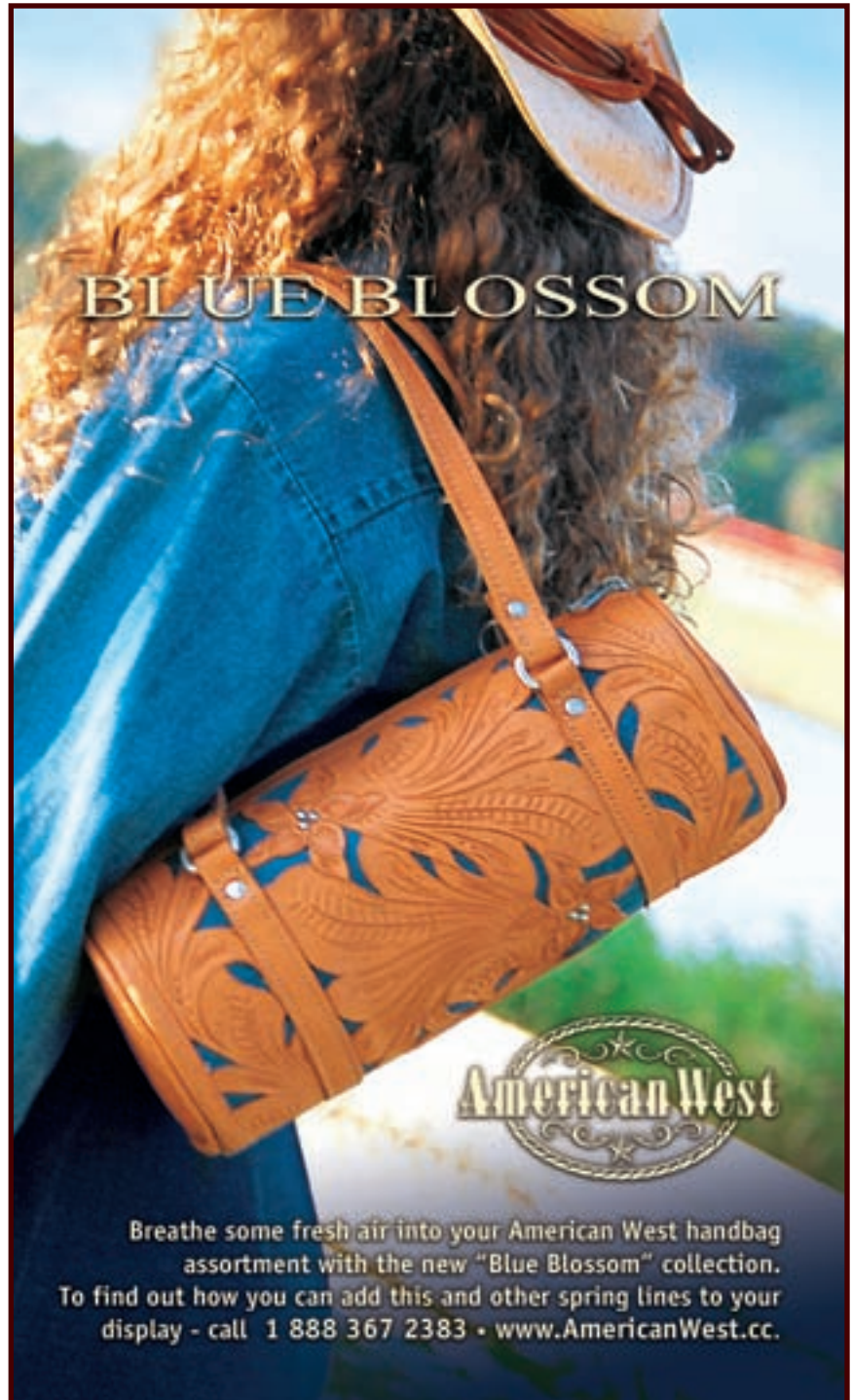
Indeed, many experts caution against using an incentive formula that is so simplistic as to skew performance in ways that harm your business.

“When it comes to incentives, I advise against a percentage of profit formula because it can foster behavior that is not in the best interest of the business,” says Jacobsen. “You don’t want to re-

ward someone for short-term efforts to make profit look good at the expense of the long-term health of the business.”

Jacobsen advises taking into account the key factors over which the store manager has some control, setting goals for them and basing incentives on the accomplishment of those goals. The level of profit, of course, should be one of those factors.

Whether you offer an incentive at all will depend to a large extent upon the



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