

**OVER 500 NEW RUGS IN
COLLECTIONS
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Carpets and Rugs Part 7

By Leslie Stroh

In this series of articles *Rug News* has examined the relationships between the retail sales associates, vendors and customers. One of the conclusions that we have drawn is that the retail sales associate is the critical barrier or implementer for the commercial transaction on which all the other parties to the transaction depend. Both the store owners inventory dollars and the importer/manufacturers inventory dollar turnover depends on the retail sales associate.

We have also discovered that in general there are two types of retail sales staffs: those with high turnover and those with low turnover. Because these two sales forces are so different, they effectively do not compete with each other. Their needs are so different that the selling strategy is different.

We would suggest that the high turnover staff has two essential characteristics: They sell on price alone, and all the training has to be put on the rug in the form of a very complete silent salesman, since no one sales associate will be around long enough to learn about the product. Politely put: Sales training is a waste of time, and their management will believe that for every ten percent lower price sales will go up 12% to yield constant dollar sales.

With a low turnover sales staff, there is a return to sales training, and management can increase profit margins through selling features and benefits, and customer satisfaction referrals. Politely put: We think that the rug business is not totally price sensitive and that there is a substantial customer base that will buy features, benefits, and courteous customer relationships.

We also know that virtually every firm has some form of Product Knowledge sales training, or "PK training". We also know that most retailers have five or ten or more vendors whose rugs they sell. The question we are trying to understand is what is the difference between "PK training" and rug sales training, and then, who pays and who benefits.

RETAIL SALES TRAINING PROGRAM

In the course of talking with sales representatives, Michael Shupp, Regional Sales Manager for Hellenic Rug Imports, Inc. showed us a booklet he put together for new rug accounts which he allowed us to use as a basis for this column. This

column makes no attempt to replicate his presentation but uses it as a basis for a discussion of this issue. In other words, call him, he's the pro.

And he starts with the basics. "The first step after you have hung rugs on the rack, if you have one, is to get the rugs tagged and priced." He then quite literally tells the retailer how and where to find the tools needed to tag and price the rug, including a CD that allows the retailer to print and price the tags. Politely put, tagging and pricing are not small issues, but the single biggest problem that most retailers face.

The next issue Shupp covers is "managing your rug inventory". Because he provides a succinct, simple approach, we will quote him at length. "With the rug rack you can reasonably expect to turn your rack 4-6 times per year. One of the most important factors on your rug rack is to keep the rack full. This can be difficult when you sell rugs off the rack to meet the needs of customers. But satisfying customer need is important. So if they want the rug, by all means sell it to them. Just make sure that you re-order the rug. Here is a simple system to place re-orders and keep the rack full.

Take two small boxes (a shoe box inventory control system-ed) Mark one box "Sold" and one "Ordered". Designate one person to oversee rugs. Once a week, have that person go through the box and place all rugs that need to be ordered (PO's for special orders should go in this box as well).

When re-ordering rugs, check the date the rug was placed on the rack. If it has been in inventory for more than 90-120 days, select a different rug from the catalog. Otherwise place the same rug again.

When all orders have been placed, put the tags in the box marked "Ordered"

When the rug shipment arrives, take the tags out of the box, re-tag the rugs and place them back on the rack. The date they are placed back on the rack should once again be noted on the back of the tag.

By following this system, you can expect to achieve about four to six turns on inventory a year."

This is a discipline, in its simplest form a shoe box inventory control system, in a more sophisticated form, a computerized inventory control system, but both require discipline of inventory management. Politely put, just like a garden needs to be weeded, a rug rack needs to be weeded. The best gardeners are the best weeders.

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Shupp later in his presentation has a series of slides that treat many of the essential issues, one of which we reproduce as text because of space limitations.

SELLING RUGS AT RETAIL

What is the customer thinking or feeling about this?

Intensely personal decision

Emotionally driven

Design expertise wanted—give it to them!

Make them feel good.... Really good! Because

REFERRAL CUSTOMERS ARE MONEY IN THE BANK

While this presentation does sell Hellenic Rugs, its main value to the retailer, and retail sales associate is that it organizes the information that is essential for all rugs. Five pages are devoted to Care and Cleaning. Three pages are devoted to Frequently Asked Questions about fibers and manufacturing methods. Twenty pages are devoted to a slide show presentation on how rugs are made and sold.

We all know that Ms. Consumer wants color, color and color. We all think that most sales people want to make money delivering what the consumer wants from what they have

available to sell—and that gets to a service question we have yet to examine—at least we know that three strikes (out of stock) and the vendor is out is probably a good rule of thumb. We expect that the owner of the retail store wants to minimize their inventory dollars and to maximize their turnover dollars.

And the real problem is that there are very few truly ugly rugs and a lot of very good looking rugs from a variety of sources. It may be that the relationship between the seller and the buyer, whether a human interface, or a computer interface, is the critical component of selling—once again.

Comments on this article or this series of articles can be sent to “publisher@museumbooks.com.”a

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