

A Revealing Conversation

By Rus Kinzinger

I don't usually position myself to overhear conversations, but recently I did so. Two managers were discussing their store performances and I wanted to hear what they said. Both were excitedly exchanging percentages of sales growth and speaking of the bonuses they were sure to get at the year's end. That's when I moved in for a bit more of the conversation.

What I heard surprised me—sort of.

You need to know at this point that I expected to hear these managers speaking in excited tones as they talked about sales. Both ran successful businesses and both managers had attractive, well-run stores. What surprised me as their conversation continued was that neither manager said anything about the net—they spoke only of the gross. And judging from their years with their respective stores, their optimism for a bonus was probably warranted. After a bit more time to satisfy myself that I was getting the full picture, I wandered away, neither lady aware (hopefully) that I had conducted a little research while they spoke.

Here's my finding, and it's a simple one I'll admit: Gross sales are sexy . . . but if you focus on them, you'll do so at your own peril. Gross sales point to a store's performance, but it's the net that determines whether you'll be in business tomorrow. It is not what you bring-in that matters, it's what you get to keep. Go ahead—celebrate a great return! Just be careful to remember that a great return is only half the picture. It's the other half that will determine whether you remain in business.

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1701 E. Empire St. • Ste 360-277 • Bloomington, IL 61704 • (ofc) 800-917-1944 • (fax) 815-828-9511