



# DATA

SMALL  
BUSINESS  
DEFINITIVE  
GUIDE



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Data is a key component in the success of your business. But, data doesn't mean anything until you analyze it and understand what it's telling you. Data analysis allows business owners to react to trends and capitalize on growth opportunities without requiring significant time or resources.

But how do you analyze data so it becomes a meaningful part of your business? Walk through the world of retail data in this guide and learn everything you need to know to become a smarter, more efficient retailer with your data!

# WHY DATA MATTERS

Data offers insight into aspects of your business that you maybe never knew about or thought of before. Having a data-driven perspective of your business allows you to look at things through a different lens.

This actionable data allows you to establish procedures for your inventory, salespeople, and customers that will help you to run a better business. Knowing specific metrics, like your top sellers, the top performing salesperson, and your most loyal customers, will help you be the most informed retailer you can be.

Additionally, this knowledge facilitates effective goal-setting tactics and provides you with the proper benchmarks upon which to base future progress. Collecting and measuring data, and assembling it into an easily accessible, digestible format, will help guide your decision-making strategy to become a profitable retailer. Without the data, you don't have the insight necessary to know how your business is really doing.

## DATA POINTS YOU NEED TO KNOW

We're telling you to measure data, but what exactly should you be measuring? Most small business owners are not mathematicians, so all of this data can be intimidating. But don't worry, we'll help you identify what you should really be focusing on.

There are a handful of metrics that we strongly recommend our clients track on a monthly, quarterly, and yearly basis.





## BUSINESS DATA

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### KPI:

Key performance indicators (KPIs) allow you to track actual store progress against your goals. Keeping track of these KPIs allow you to better quantify your performance and to forecast expected profits and results. There are numerous KPIs that can be measured in order to assess a business's success. Some include:

- ROI
- Best Sellers
- Salesperson Analysis
- Best Customer

### ROI:

Return on investment (ROI) provides the most specific, accurate method of calculating data to determine whether a product has been profitable enough to make it worth carrying. It is an indicator of performance and allows you to compare different products and decide which are truly the best sellers and are making or losing you money.

$ROI = \text{profit during sales period} / \text{inventory cost over sales period}$

While it is good to keep an eye on daily sales and number of units sold, these measurements aren't always the best indicators to base future decisions. Calculating ROI is the best determinant of how products are performing.



## INVENTORY DATA

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Best sellers, salesperson analysis, and best customer are other important KPI's that retailers should be tracking on a regular basis. These metrics provide insight into what components of your business can be further optimized.

### **BEST SELLERS:**

Using data to track which items are your best sellers is a way to measure success of certain products. It is calculated using the same equation used to measure ROI and allows you to manage inventory as accurately as possible.

Knowing which items are your best sellers will help you to know what you need to order more or less of so that you can be the most profitable.

### **WORST SELLERS:**

Conversely, tracking your worst sellers will indicate the merchandise that you might want to consider discontinuing.

If it isn't making you money, it's taking up space for inventory that will be profitable. Tracking the data for best and worst sellers helps determine whether it is worthwhile to continue stocking certain items. Use real-time inventory performance to determine buying and transfer strategies to improve profit.



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## **SALESPERSON ANALYSIS:**

Salesperson analysis is when you examine the data that indicates which employees have had the most and fewest sales, both overall and per hour.

Once you have an idea of who is selling what and when, you can take it a step further and look at your store's peak sales times. Having this data helps you make staffing decisions to ensure you are getting the best return on your investment.

## **PEAK SALES TIMES:**

Knowing your peak sales times will allow you to staff your employees accordingly. You want to make sure that you are not wasting money on your employees during slower periods and you can capitalize on the busy hours by scheduling your best performing salespeople. Tracking add-on sales will also indicate which employees are increasing the total at the point of sale.

This data will offer insight into how your salespeople are doing and which ones are bringing in the most sales.



## CUSTOMER DATA

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Your business depends on your customers, so you need to make sure you are getting them to come back to your store. By collecting, storing and analyzing customer data and purchase history, retail management software allows you to easily pinpoint your most reliable customers.

Specific data points that you should be tracking include:

- Customer purchase history
- Demographics
- Customer birthdays

All of this data will help you create segmented marketing campaigns, so that you are targeting specific customers and personalizing your customer experience.

This data can also help you sell to your customers when they are in the store. Knowing what they have bought in the past will give you an idea of what they might be looking for or what types of products they gravitate towards.

Using your data to identify your most loyal customers and building relationships with them is another way to increase your store traffic. Offer incentives and loyalty programs so that they are motivated to come back in. In order to capitalize on Best Customer data, it is important to build, nurture, and manage relationships with your customers.

Software that allows you to capture customer information at the point of sale is essential for being able to do segmented marketing that promotes loyalty and new business. This data can help you connect with customers when they are in your store and when they're at home.

**Does your current POS allow you to do this?**

# UNDERSTANDING TECHNOLOGY MAKES A DIFFERENCE

Another important aspect of managing a successful business is making sure you are equipped with the right technology. How are you currently keeping track of your data?

You want to make sure that you have adopted technology that allows you to measure KPIs and organize data in a way that promotes, data-driven decision making so that you don't fall behind your competitors.

In order to efficiently track and understand this data, your POS and inventory management system must include:

- The ability to collect customer data
- Reporting capabilities for your inventory
- The ability to monitor inventory quantities in real time

For small business owners, it is crucial to understand why certain products sell well or poorly, where money is best spent, and how your business can profit and grow dynamically and sustainably. Retail technology enables you to be competitive by knowing which metrics to measure, what goals to set, and how to measure whether you're reaching those objectives.

Technology allows storeowners to ring transactions on the POS, manage inventory, oversee employees, and store customer information and purchase history.

Most importantly, retail technology gives real time access to data, generates reports, and provides dashboards that give you the tools necessary to make the best decisions for your business.



With today's high rate of technological growth, the compilation, storage, analysis, and reporting of data are crucial components of a company's business strategy. In order to remain competitive, it is imperative that retail stores embrace technology to help them organize and understand their data, so that they can be profitable and efficient retailers.

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