

New Residents Online Learning Store Operation and Management





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How much money do you invest to start a business

- ▶ For everyone who wants to start a business his background and experience are Different. The connections and resources available are different, too. In addition to choosing one industry that suits us where there is room for us to develop. The most important thing is to understand clearly how much risk we can bear? how much money can be invested?



- ▶ Initial funds for starting a business

1. 3 million for franchise

The franchise stores can enjoy the effect of a ready-made branding established by others.

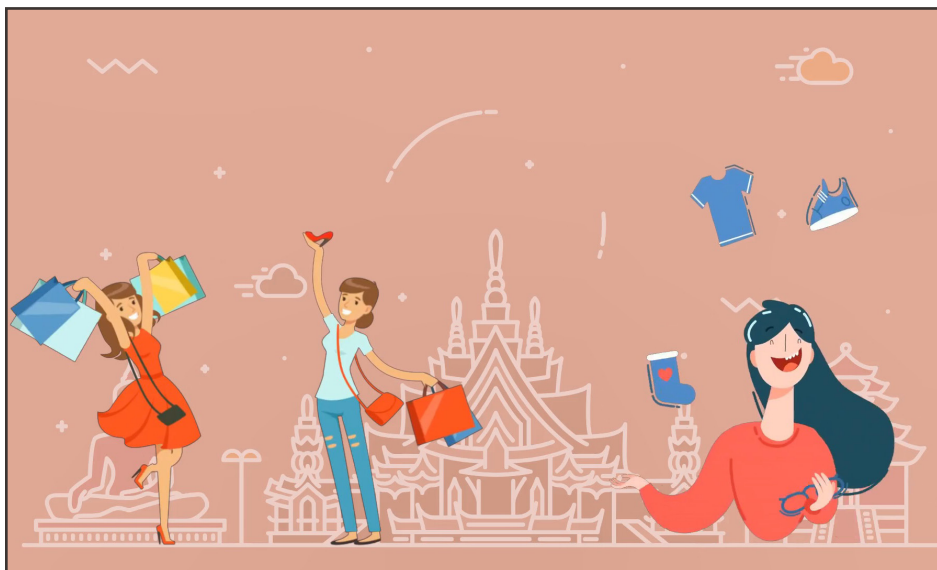
2. 1.5 million for self-owned brand

For your own brand with product, positioning, selling price, etc. you need to do it all by yourself





- ▶ Evaluation principles for either Franchise or self- owned brand. It's better for you not the price
- ▶ If you choose to join franchise don't base your decision on the amount of money required due to insufficient funds this might lead to a bad result.





How to use funds

- ▶ To save as much as possible on the initial capital for opening a store
Can't be naive with starting a business. We must control the budget every single dime should be spent on necessary items.
- ▶ Funds should be minimized
The initial investment for opening a shop for the first time should be as low as possible wait till you are on track. It's not too late to renovate your equipment and decor.
- ▶ Revolving funds include rent, deposit and 3 months expenses
If we do not have enough revolving funds as cash flow. All the hard work from past years would have gone. During this epidemic because we do not have enough revolving funds we can only shut down the business.



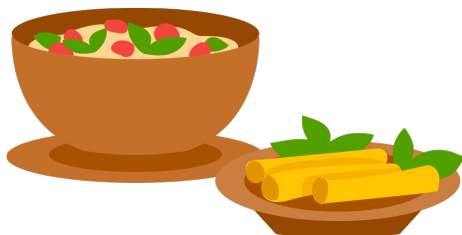


- ▶ Used equipment, buying stores from others can reduce opening cost
There are lots of Facebook groups about physical stores. There are used equipment used furniture store on sale. For the tables and chairs needed in the store, and sofas even lighting can be easily found in these FB groups. Sold shops are something we can look for, too. A store similar to what we are going to open can save us big bucks.
- ▶ Pay attention to durability and maintenance for used equipment
About used equipment is the durability. It's not that you can't buy those beyond service life, but we have to understand its history of maintenance we also need to know the frequency of its usage. is it used every day or once a week?





- ▶ Pay attention to available information for reference and lease issues when buying a shop from others
- 1. It needs to be related to what you originally want to do. You can even ask the original store's turnover as your reference.
- 2. The second point is how long the lease is left. Will the landlord continue to rent to you or he will increase the rent.





The cost structure of a physical store

- ▶ Shop rent should be controlled within 1/10 of the turnover

Because the target profit is set at least 15%-20% and personnel costs are difficult to be less than 20%. The raw material is usually between 25%-35%. Other expenses are about 15%. Adding all these up we have only 10% left for rent.



- ▶ Four steps to evaluate the turnover of a start-up store

1. Determine the store format

Customers of take-out and on-site consumption might overlap, but their preferences and number are different, so are the turnover.





2. What is the price of the product

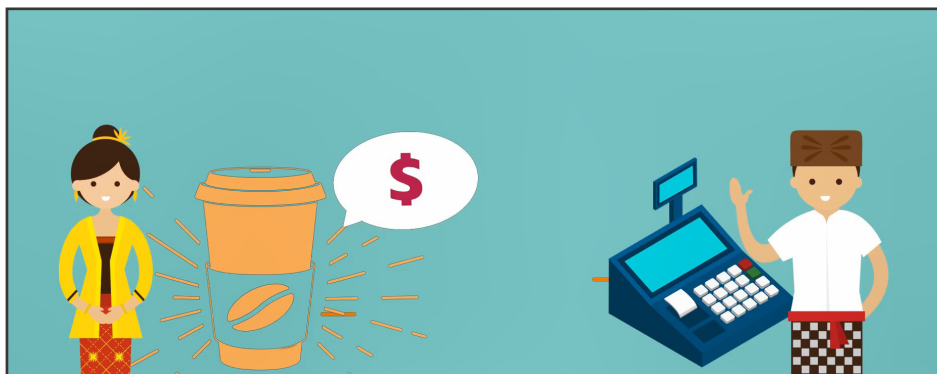
Whether products in other stores in this area are similar to our products? If our products are more expensive. Are they distinguished would the value of this distinguishment?

3. Who are the main customers

Who will buy your products? Which group of people usually come to this area? students, office workers or shoppers?

4. Competitor's turnover

Use your shop location as the center. Draw a circle with the diameter of 5 minutes walking distance. Within this circular range, how many stores carry similar products as you do. Let's observe their turnovers. How much is the average spending per head. What is the average amount spent by each customer.





Who do you sell your product to

► Steps for marketing

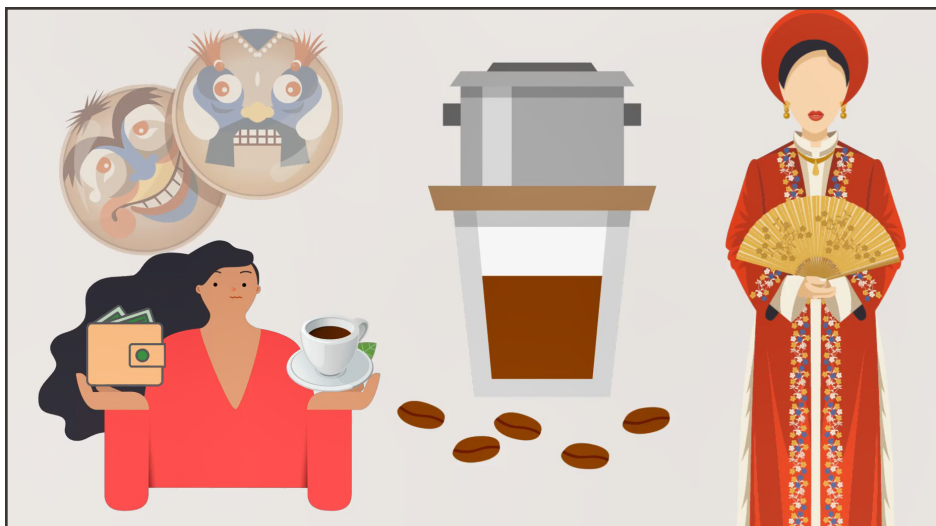
1. Determine who the main customers are

The main customers are those who buy your products? Say you have decided on what to sell. You must have understood who probably will come buy your products.

2. Find out what main customers value and their consuming habits

Buyers purchase for needs are practical buyers. They know what they want. The specificity will be more obvious and they are always around you. It's easier for them to become royal customers.

Buyers for desires the reason he came to purchase in addition to your Products. The most important thing is the characteristics others don't have.



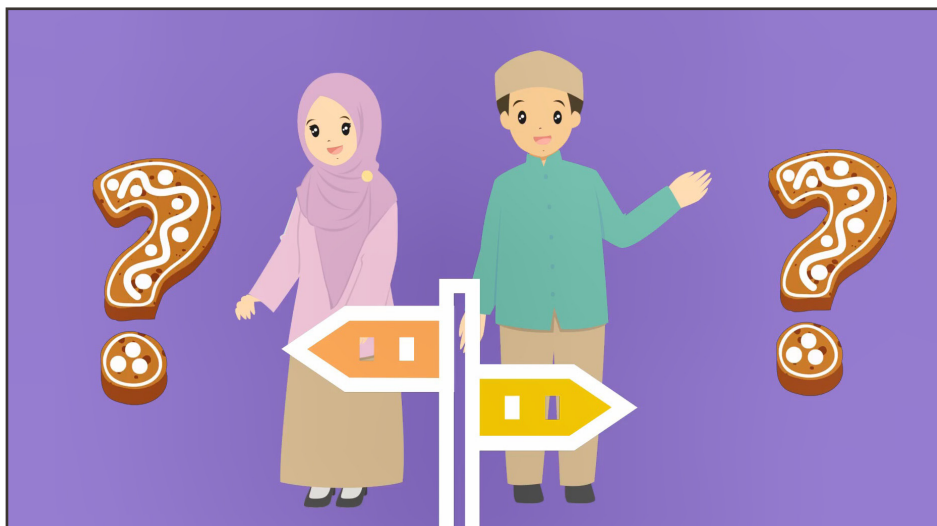


3. Meet the needs of main customers

Either buying for needs or buying for desires to understand their mentality price, taste, accessibility to satisfy their feelings. You can get hold of them and close the deal. They are happy too.

4. Create a win-win situation

Usually customers come with some expectation. If you can meet their expectation. You can close the deal and customers are satisfied, too. This is a win-win situation.





Gross margin for product

► Principles for determining product gross profit margin

1. Store positioning must be clear

The appearance of your store is highly related to your gross profit margin. They have a close relationship. Gross profit margin is like a leverage. It can hold you high and drop you off badly, too. The true stuff lies in how you doing positioning. You need to manage your customers.

3. Understand the main customers' needs

When we buy breakfast every day. We are usually in a hurry. So for the quality of breakfast we don't care too much. Rather we want to use a small budget to fill our stomach. For lunch time at noon comparatively speaking he duration is longer. When we look for a restaurant in addition to reasonable price. We want also something with quality somewhere more sophisticated.





In the evening or on holidays, when we have dinner with families or friends or even with some important customers to discuss business. We would look for somewhere with better service or nice atmosphere. Just for dining we have different needs for breakfast, lunch, and dinner.

3. How much resources are available

How much money we have to pay for what size of store? How many customers can be satisfied? What about the economic demand for prices or to meet their sensory needs. Needs are different. The costs we have to invest are also different.

- ▶ Different customer groups correspond to different gross margins
- ▶ The key to setting gross profit margin is to meet the needs of main customers





Decide on the location

► Location is the key to success in retail

At first we strived to get into the good area. Maybe we have a chance to succeed, but in many cases we fail not only good reviews spread fast the bad reviews spread even.

When we start up and open a store. There is no such brand effect and resources so be sure to find. The best place to sell our goods.

► The most important thing for sustained profit is management ability

So the real reason to keep a store profitable. In addition to products the most important thing is your ability to manage but we were not born with this ability unless we had experiences or we learn.





- Find the most suitable location from the perspectives of location and needs

The quiet alley next to the school, the arcade near the park, around the park, street corner in the neighborhood, even the egg-white area around the cinema, You can use this logic to find suitable location for products you are about to sell.





How to do pricing

► Four steps of pricing

Generally speaking the pricing of a physical store. If you don't consider the effect of the brand or there is no brand effect at all. What we have to consider is the consuming habits of the customers in this area.

There are four steps to decide on the sale of a product

1. Decide on who to sell to
2. Set the gross profit margin
3. Determine the location
4. Pricing

► The high-priced products are those with the most desired amount of spending by customer

There is an important meaning for high-priced products to us. That's the most desired amount of spending by customers. The price range is between 200 and 300. So you have to make him feel that this product is of the best value.





► The middle price is the main product

We set what we want to sell and the easiest sold main meal in this price range. The price range is from 100 to 200. This price is affordable for young students also for office workers

► The low price is value-added purchase for the customer

We view it as a value-added purchase for the customer after he purchases the main product and he found discounts for additional purchases or maybe he thinks the price is not too high then he will like to buy more. For example, beverage products in the restaurants. For the low-priced product my suggestion is less than 100.





Street and internet promotion

► Manage a physical store as a brand

For a physical store, you can think of it as opening a store but also as building a Brand. When you use the mentality of opening a store. People in the community are your customers. When you see it as a brand. People who like you all over Taiwan will possibly become your customers.

► Use people, happenings, and objects as the content structure for a fans page

The usage of people, happenings and objects as structured content of the fans page other than products. Customers get know all aspects of you, your employees, your stories, your emotions. Slowly you will find that someone has the same story same emotion as you. He will then interact with you on fans page.



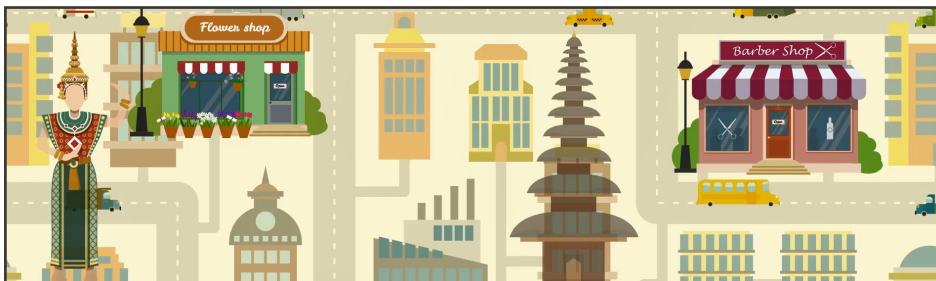


1. The first point is to use people as content. With this approach your store will be more humane. The whole store is alive like a person with emotions like joy, anger, sorrow and joy every day.
2. The second important point is to use happenings as content. This kind of diary is better than using people as stories. It makes your store distinctive because it's subjective brings temperature to your store.
3. The third point is to use objects as content. Use your product what new products are launched today, what new dishes are developed or any special events. They can all be posted on it.

► Pricing

Let customers know the products you sell and their prices at the storefront promotion

As for the promotion at storefront. The simplest example is 7-ELEVEN. The difference is that it is a small department store. You can promote anything as for your shop as long as inside the store. Customers know what you want to sell even the approximate price. It's enough in addition what is your latest activity.





Conditional promotion

► Clear promotions enhance customer adhesion

A clear goal means I want to increase the turnover of a certain period, I want to increase the turnover of one-time consumption, I want to increase the sales of a product and so on.

► Blind promotions drive customers away from you

It's not that I want to increase turnover this kind of general target. If the goal is not clear, we have no idea how to propose a more effective way to increase turnover and there is no way to know when is the time period needed the most for sales boost. The final result of the blind promotion is that the customers lose confidence in you. It's the opposite to what we wished.





- Use your resources to promote sales accurately
Promotion doesn't guarantee increased turnover coming with price discount then no need to worry any more contradictorily. The turnover is decreased rather than increased.
How to use resources that you have both HR and suppliers. You have to be more Precise.





Rules for customer minimum order

► Set rules for minimum order

1. At least one drink

The consumer groups of this particular business model could be targeted among Youngsters. Therefore the location is also something crucial we need to consider.

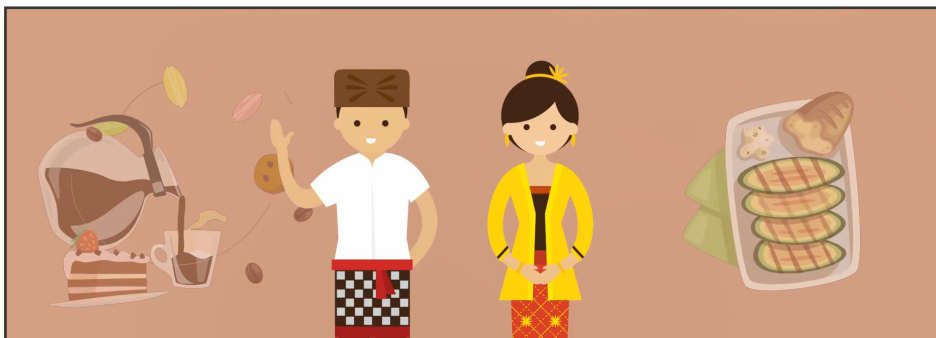
2. At least one main course

So this rule of minimum order clearly tells the customers that I am selling you featured meals. In this case the price of minimum order equals to the total amount of consumption.

So the price of your main course should be set nicely. How to make customers feel economic is something you want to work on.

3. Certain amount of money per person

With this approach, we need to carry variety of products main course, noodles and rice and even afternoon tea muffins and sandwiches to attract customers of all levels like families, couples or students, office workers, etc. We want them all.





With this business model, you can feature some dishes or you can feature the variety of product. So that customers feel that there are so many choices. Then usually their satisfaction would be high, too.

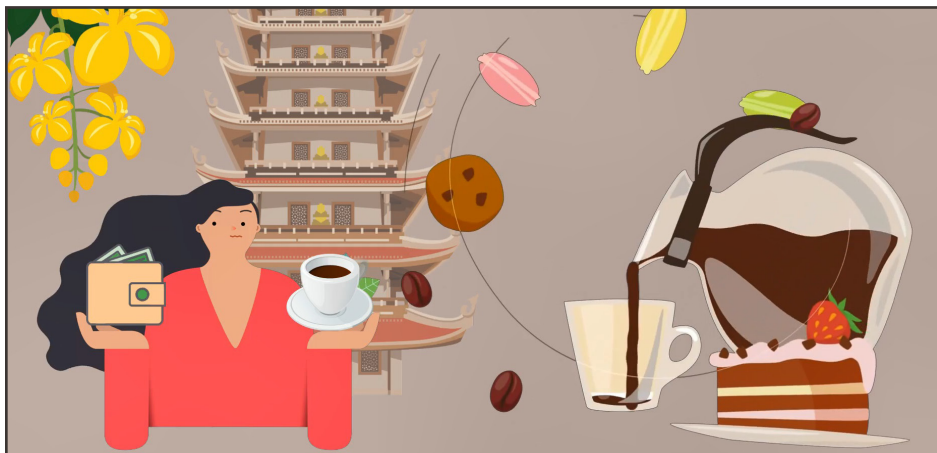
4. No minimum order

With this business model our market positioning has to be very clear.

► Product + Resources + Strategy = Minimum Order

Your product, your resources including people, land and space and lastly your strategy all these together conclude the business model and type of minimum order for you.

As long as these points can match you can clearly. Let the customers know your theme your characteristics and gradually the customers you accumulate over time will come for your distinctive features.





Menu design and display method

- ▶ The long-lasting profit relies on your story told
For every successful company there is a story behind it. No matter what it sells though profit is key to a business but to be sustained it is the story told.
- ▶ Three elements of display

1. What is our theme

A complete menu can display our characteristics to the customers like McDonald's it sells American style, convenient and fast and Thaitown they sell authentic Thai cuisine and Chunshuitang they sell authentic Taiwanese snacks.





2. How to maximize customer consumption

For a physical store there are a lot of costs inevitable to maximize our resources not necessarily means to spend big money for effect we want to achieve.

3. How to make customers return for next purchase

Research on consumer behavior shows that more than 80% of the customers decide on what to buy when they visit your store that means the theme is the first element that attracts them to the shop. After the customers come in it is your show time.





Product-oriented or customer-oriented

► Product-oriented

1. Sufficient market sensitivity

Use product-oriented business methods, you need to be very sensitive to the market. Otherwise, it will be easy for us to focus too much on the product and ignore needs of customers

2. Regularly review sales records and understand customer preferences and market acceptance

We have to check sales report regularly. It is the sales record in your Pos Machine. You have to know which is the customer's favorite product. Which product is less sold the adjustment should be continuous especially at the beginning of starting business usually review and adjust at least once every season or even shorter time.





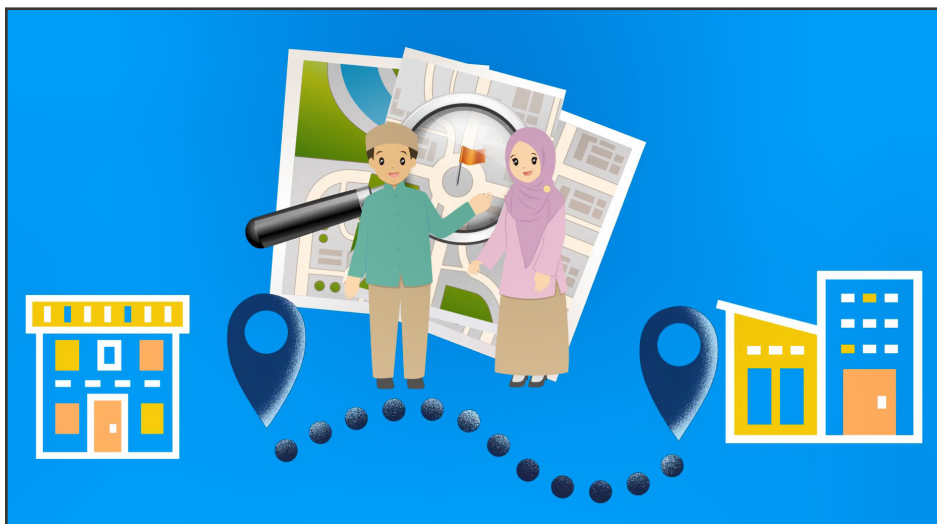
► Customer-oriented

1. Sufficient data analysis to determine customer needs

To select locations based on customers' needs. You need enough data such as the ages of customers the average amount they spend the time of their visits and their favorite products. These data are accumulated over the years by large chain stores and it help them find out why customers choose them so that every branch can continue to make profits.

2. Observe the characteristics of regional customers

You can reduce the range first start with the area you are familiar with. For example, where you live or where you work or the area you usually go to.





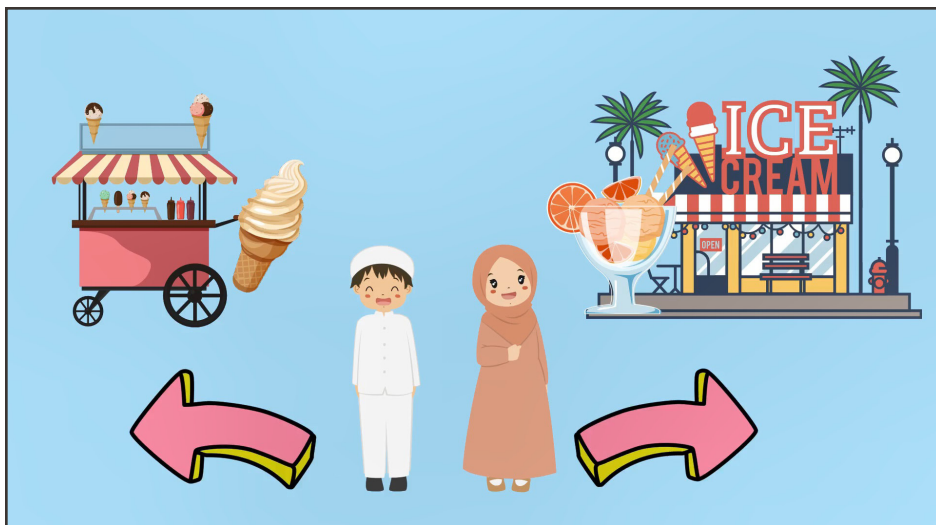
Choose suppliers

► The principle of choosing suppliers

The quality of raw materials determines more than 70% of the flavor of the entire meal. The specifications of raw material also determined the look of the finished product. Good raw materials will definitely make your meal wonderful.

1. Sample the beverage

You can ask them to give you samples before opening the shop or go directly to the suppliers' shops. Ask them to let you taste the flavor for coffee beans. If you don't bake on your own for the same coffee bean. You can also use variety of the grinding and extraction time to fine-tune the flavor.



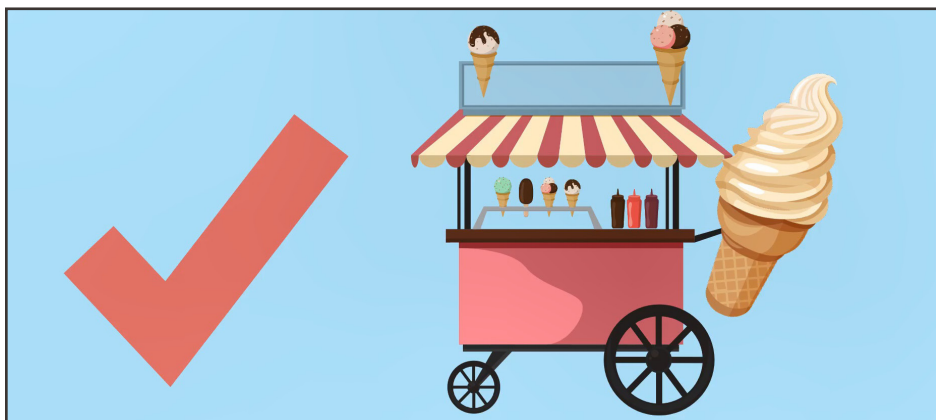


2. There are advantages and disadvantages between general agent and individual manufacturer in various item for dry goods

The domestic manufacturers of dry goods can provide a wide range of products like canned food, seasoning powder, sauces, grains, even cheese those that need to be refrigerated. But suppliers that can provide more items usually charge more. The first reason is The general agent may not be them. The second reason is as long as you make a phone call you can save troubles in looking for all sort of manufacturers.

3. For wet goods, supplier should be able to continue providing fresh items

The simplest demand for fruits and vegetables is freshness. The first thing to note is whether the supplier can continue to provide fresh items.





Inventory management

► The Six perspectives of inventory management and material preparation

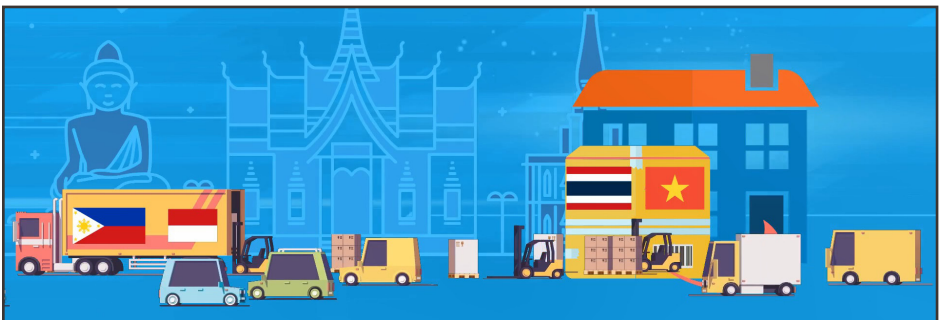
1. Inventory area

Main inventory area is an area for relatively large raw materials such as dry goods, like canned sauces, fruit juice, powder, tea bags, coffee beans, etc. As for the spare stock area in this area we stock only those that are for temporary Use it's suggested to be located closer to the kitchen. The dry goods can be placed in the cabinet the wet goods such as fruits and vegetables can be directly placed in the refrigerator in the working area convenient for temporary access in the kitchen.

2. Inventory stock

For the inventory stock of dry goods you can estimate based on the minimum delivery amount by the supplier even use the minimum amount as the maximum amount of inventory or you can calculate based on our sales records to meet demand for at least one to two weeks. Some dry goods are rarely used the demand period could be estimated even longer.

For inventory of wet goods like vegetables or raw materials





that spoil fast the usual estimate is around two days maximum three days for some fruits, it can be a week.

3. Container for material

For the most commonly used we can use 6-in-1 salad box the most used 3-in-1 salad box less used 9-in-1 salad box. For these salad boxes they should be stored in fixed spots in the working refrigerator. It is recommended to use transparent salad boxes. You can see instantly when you open the refrigerator.

4. Delivery time

Any experienced suppliers would use off-peak time for delivery. For some Suppliers due to route arrangement it would be peak time. When they arrive at this time the staff





in the shop is busy at his position. If there no extra hands to help it's impossible to check goods and settle the payment with the supplier.

5. Frequency of purchase

Frequency of purchase has a close relationship with the supplier's delivery. Some suppliers deliver every two days. Some suppliers delive every day. Some only once a week. So when we place order we need to match the supplier's delivery cycle to estimate inventory.

6. Mechanism of substitute

Even with good management a crisis can still happen due to human factors. For example, forget to purchase insufficient order wrong delivery by suppliers but the demand is urgent on that day.





Customer Management

- ▶ Customer Management makes customers satisfied with the consumption

For large companies the main purpose of customer management is to maintain good relationship with customers in order to help promote new products or a new business.

- ▶ Customer satisfaction ensures that they will come again
For a small physical store the most important purpose of customer management is to allow customers to be satisfied with the whole consumption process from which we can also get some feedback from customers. Finally increase the customer's repurchase rate.





5 aspects for SOP of customer service

1. Interaction with customers after they enter the shop

Including a simple greeting, how to introduce product display, menu and how to recommend products and dishes. Because from the moment he enters the shop to the moment he leaves the shop. If the overall process feeling is good. It will affect the customer's spending and even recommend his relatives and friends to come.

2. Handel common temporary situations encountered

For example, there are manufacturers who come in sell or someone to borrow the restroom. Then, customers bring food from outside how to handle and so on.





3. Temporary conditions during food delivery and other timing
When delivering food and when other temporary conditions occur seize this chance to have dialogues with customers during delivery. How to respond to customers when they rush food delivery. When the meal is dirty or when there is foreign objects in the dish and how to handle refund request.
4. Seize last chance to interact with customers upon check out
Including asking about satisfaction, listening to complaints and remember the Customer.
5. Answer customer calls
Like reservation phone call inquiries about products and asking for transportation, etc.





Profit and loss analysis

► Four categories in the income statement

The first item is revenue it refers to money received every day, week, month. Understood the example we are giving is an income statement on the yearly base.

The second category is cost it refers to what we want to sell. For example, coffee, bread, ham and plastic bags for packing these ingredients and some other related materials.

The third category is expenses so-called operating expenses. It's a daily expense, and it's the money to spend when the store opens.

Basically the fourth category is called financial expenses. There are about four Parts.

1. Construction expenses for example before opening the store we need to do decorations install equipment, etc. come.





2. Equipment expenses like the facilities for making money. For example, the refrigerator, Ice machine, costs like these.
3. Deposit basically there are rent deposit and equipment deposit. If we won't rent these things any more deposit will be returned to us. This is called temporary payments.
4. Start-up fee before opening the company and store some fees need to be paid like company registration fees or other expenses.

- ▶ Making money is profit, losing money is loss
- ▶ Revenue-Cost-Expenses-Financial Expenses = Surplus
- ▶ To have a surplus is to make money, and to have no surplus is to lose money

