

## the insider *Money Talks*

## Six Easy Steps By Arthur Zackiewicz

*Expert advice on the best investments a specialty store can make right now*

As broader economic conditions stabilize – or at least try to – independent specialty retailers who have positive cash flow, long- and short-term debt that is in control, and some cash reserves, might want to consider investing in their business, say financial experts. This could include systems upgrades or refinancing, but the best bang for the buck right now is in commercial real estate, which is still at rock-bottom prices. Here's a rundown:

**1. Advertising:** When market conditions weaken, most retailers and the vendors that serve them pull back on advertising. Wrong. The best tactic when the economy slows is to bolster your ad dollars while letting your competitors pinch and save. Advertising in print, online and elsewhere can bolster your market position and maintain confidence as well as drive sales. You didn't see Apple closing up its marketing department during the Great Recession, did you?

**2. Relocating:** Ivan L. Friedman, president and chief executive officer of RCS Real Estate Advisors, says relocating right now may make sense. "Co-tenancy is very important for driving the right kind of traffic to a retailer and, in turn, driving sales. If the retailer has a mall location, but the surrounding tenants aren't helping to drive the right kind of traffic to the store, then relocating to a better place within the mall, near like-tenants would be a good move. The same goes for street and strip center locations. And, once again, retailers are finding that better locations are available at better prices."

**3. Expansion/Refinancing:** "It is an excellent time for retailers to start executing on the expansion portion of their strategic plan," says Jennifer Kehoe Fagan, managing director, KCP Advisory. "By now, retailers have executed cost savings from within their supply chain through to their sales floor and should start reinvesting some of that savings into the business in combination with opportunities to improve/replace existing lines of credit or enter into new ones. It is imperative that independent retailers start pursuing ways to expand market share in order to be ready for the consumer when they return from hibernation."

**4. Add Another Store:** Andrew R. Levinson, founder of Riverside Strategic Advisors, says now is a good time to "make strategic real estate decisions. Whether to add a new store, renegotiate a lease, or relocate, will (of course), depend on the specific circumstances. A single-store location that is doing okay right now may have built up some nice reserves of cash, and now is a great time to make an investment in a second location."

**5. Get a Better Lease:** "Current economic conditions are driving established retailers to negotiate longer leases with more concessions, allowing them to lock in a low rent for a longer period of time," says Jen Ware, broker, Alliance Commercial Real Estate Services. "They are also driving entrepreneurs into the market. Low rent rates, concessions and shorter terms are available and greatly benefit a start-up retailer. Each market is different and an experienced broker will be aware of incentives being offered by landlords and negotiate the most aggressive lease terms for your business."

**6. Focus on Service:** Jeff Mowatt, a consultant and certified speaking professional, suggests improving your service, which will retain customers and win new ones too. For stores serving women Baby Boomers, for example, Mowatt says this demographic is time strapped and busy. "Reduce the hassle-factor for your Boomer women customers," he explains. "Offer easy on-line ordering. Offer gift-wrap. Offer to put together custom baskets of your goods and ship anywhere for them. Don't wait to be asked to do this; pro-actively announce it. Pick up the phone and start dialing during your slow periods. Your customers' money is plentiful. Their time and energy is scarce."

### INSIDER TIPS:

**1. Alliance Commercial Real Estate Services**  
[www.AllianceCRE.com](http://www.AllianceCRE.com)

**2. KCP Advisory**  
[www.kcpadvisory.com](http://www.kcpadvisory.com)

**3. Jeff Mowatt**  
[www.JeffMowat.com](http://www.JeffMowat.com)

**4. RCS Real Estate Advisors**  
[www.rcsrealestate.com](http://www.rcsrealestate.com)

**5. Riverside Strategic Advisors LLC**  
[www.riversidestrategicadvisors.com](http://www.riversidestrategicadvisors.com)