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Retail roadmap:
Financial goal-setting template for the year ahead

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Introduction

If you want to grow your retail business, it's important to set clear objectives to reach your financial goals. Research by Dominican University shows goal-setting matters because:

- When people write down their goals, they're 33% more successful in achieving them compared to those who only think about them.
- Working toward goal achievement after making a public commitment results in significantly higher achievement.
- Using weekly progress reports to share work done on goals results in significant higher accomplishments as well.

As a retail business owner, setting financial goals and sharing them with your team gives everyone something to focus on achieving. You can celebrate your gains together, and strategize how to pivot when things aren't working.

In this eBook, you will learn how to set clear financial goals using the SMART goal framework. You will also get tips for identifying the different types of goals you can set that can positively impact your bottom line.

Additionally, you will gain access to templates and a financial goal-setting worksheet PDF you can fill in as you work on your goal setting. Learn about financial analysis tools that can help you track your goal progress, and discover revenue-boosting strategies that will help you attain your goals.

Keep reading to learn how to begin your financial goal-setting journey for your retail business, with long-term business financial goals examples to help guide you.

Setting clear financial goals

Setting clear financial goals

The first step in achieving meaningful results is to set clear financial goals. In this section, we'll describe how to use the SMART goal framework to create reasonable targets and unite your team. With a strategic plan in place, you can set your retail store up for success as you pursue your goals.

The SMART goal framework

The **SMART goal framework** was developed in the early 1980s and continues to be relevant for organizations of all types and sizes today. SMART goals are:

- **Specific:** What specifically do you want to accomplish? What specific actions will you take to get there?
- **Measurable:** How will you measure your progress? What data will you reference in regards to this goal?
- **Attainable:** Is this goal realistic? What resources and skills do you have that will help you attain this goal?
- **Relevant:** How does this goal align with the big picture/mission/vision for your retail store? Why is this goal important?
- **Timely:** In what time frame do you want to accomplish this goal?

You can use our SMART goal template included in this eBook to get started. If one or more of these elements is missing from your goal, either make sure the element is completed, or adjust your goal accordingly.

Specifying retail goals

Specific retail goals are numbers-based and focus on a particular area of growth. Some company financial goals and objectives examples include daily, weekly, monthly, quarterly and/or sales revenue goals.

To set specific retail goals, have a particular number or percentage in mind. For example: "Increase sales by $10,000 month-over-month" or "Increase order basket totals by 5% month-over-month."

Be as specific as possible when you're defining your retail goals. Include any relevant details that expand on your goals in this step.

Determining measurable metrics

Your goal should be measurable, so you can see if the progress you made enabled you to complete the goal or not. In this step, decide how you'll track progress of the goal.

For example, say you're trying to increase your total sales by $10,000 month-over-month. If you use a point-of-sale system with a **sales reporting dashboard**, you'll easily be able to measure if you've attained your goal or not.

Setting clear financial goals

Setting achievable targets

The "A" in SMART goals stands for "attainable." When you set a SMART goal, you should make it realistic enough that you'll indeed be able to attain it with the right strategy in place. If the goal is too lofty, you may not likely reach it.

For goal setting, it may be helpful to start with a long-term goal, then break it down into shorter amounts of time. That way, you can tackle smaller, short-term goals and work your way up to achieving your big-picture goal.

Defining relevant objectives

Your SMART goal should relate to your long-term retail vision, mission, and growth goals. When you're considering the relevant component of the goal, think about how achieving it will immediately impact your business.

For example, how will attaining this goal help your overall operations and affect individual employees? Achieving a relevant goal now can have ripple effects that are longer-lasting for your retail store, so you'll want to make sure any goal you achieve will result in a meaningful impact for your store.

Establishing time-bound deadlines

A SMART goal is one that's timely. A deadline helps those working on a goal stay focused and take action that will help complete the goal within a specific time frame.

With time-bound deadlines, you can learn a lot about your team's capabilities during specific time frames. For example, if you achieved a goal early, you could set shorter deadlines or create more aggressive goals next time. If you failed to achieve the goal in your desired time frame, you can learn from any issues that came up and adjust for next time.

Retail SMART goals

S	**Specific**	Make your goals specific and narrow for more effective planning.
M	**Measureable**	Define what evidence will prove you're making progress and reevaluate when necessary.
A	**Attainable**	Make sure you can reasonably accomplish your goal within a certain timeframe.
R	**Relevant**	Your goals should align with your values and long-term objectives.
T	**Time-based**	Set a realistic, ambitious end-date for task prioritization and motivation.

Your plan of action

Start taking steps towards your SMART goals by identifying important action items.

Action Items	Expected Completion Date	Actual Completion Date

Potential obstacles & solutions

Get ahead of any potential roadblocks by brainstorming solutions beforehand.

Potential Obstacles	Potential Solutions

Crafting your retail financial strategy

Crafting your retail financial strategy

Before you dive into specific SMART goals, it helps to create a broader, overarching retail financial strategy. That way, every goal you set is lined up with your big-picture vision for your business. As you obtain shorter-term goals, you'll be making progress to make bigger dreams a reality.

Aligning goals with business vision

One of the first key steps to opening a retail business is to write a business plan. Your business plan will help you outline details for your vision. The Small Business Administration recommends starting with an executive summary, which includes how you'd summarize your business, why it will be successful, and what is your mission statement.

When you create a SMART goal, refer back to your business vision and confirm that your goal supports your mission statement and business success. If it doesn't seem to make a meaningful impact, change to a goal that's better aligned.

Identifying Key Performance Indicators (KPIs)

Key performance indicators (KPIs) are the components you'll track to measure your goal success. If your goal is to increase sales by $10,000 month-over-month, the KPI would be sales total. Some other retail KPIs that might relate to your SMART goal-setting strategy include:

- **Conversion rate:** This KPI helps you understand how many sales you make compared to how many shoppers visit your store, which can help you improve your sales process and techniques.
- **Sales per square foot:** This helps you understand if your retail space is too large, or if you need to expand.
- **Sales per customer:** This KPI can help you understand which strategies, from store layout to in-store promotions, increase the total order basket per customer.
- **Sales per employee:** This KPI would help you understand individual employee performance, which you can use to apply high-achieving employee techniques to lower-performing employees.
- **Repeat customers:** A customer retention rate KPI shows you how likely your customers are to keep buying from your business, so you can identify any strategies that may be impacting retention positively or negatively.
- **Product return rate:** By measuring return rates on specific products, you can identify potential product and/or service issues for specific products.
- **Inventory holding period:** Monitoring your inventory holding period can highlight low-demand items, enabling more effective inventory optimization and management.

You can use KPIs like the ones above when you're strategizing the measurement portion of your SMART goals. You can also use these KPIs as the goals themselves, to "increase [this KPI]" or "decrease [this KPI]," for example.

Crafting your retail financial strategy

Balancing short-term and Long-term objectives

Going back to your grand retail business vision, you can take big, long-term financial goals and break them down into smaller, short-term financial goals. Your long-term goals are your retail business's primary aspirations. Medium goals are critical steps that inform long-term goals, while short-term goals are the actionable first steps you can take now to build essential systems that help you achieve those long-term goals.

To balance short-term success with long-term growth, you need to evaluate how your current retail capabilities are impacting your goal achievement. Some factors to be aware of include:

- Quality of your employees, including employee engagement, reliability, and retention.
- Financial health and how much capital you have to work with toward your goal attainment.
- Stakeholder interests, which may drive your strategy and the goals you focus on.

To ensure you stay on track with your goals, you'll need a strong team, capital to work with, and alignment with stakeholder interests. Consider factors like these as you create SMART goals.

Sustaining business growth

As you meet your SMART goals and start growing, you'll want to make sure you're able to **sustain business growth as you scale**. Grow too quickly, and you might run into problems like delays in orders, an inadequate supply for the demand, stretching a small team too thin, and other issues.

Some areas to pay attention to as you grow your business include:

- Supply chain capabilities and inventory management
- Staffing, retention, and turnover
- Location availability
- Ecommerce capabilities
- Customer service and client sentiment

Growth is great, but only if customers continue to stay satisfied. That's why, as you create SMART goals, anticipate how growing will affect your staffing, inventory, and ability to provide exceptional customer service. Smaller incremental goals can help you grow sustainably, without risking turning off customers by expanding too quickly.

Setting financial goals in retail

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Setting financial goals in retail

Many of your retail SMART goals will likely be financially focused. In this section, we'll detail different types of SMART financial goals you can set that will help you grow your business.

Sales and revenue goals

Sales and revenue goals are intended to increase the amount of money you're bringing into your retail store, which can happen through a variety of ways.

- **Increasing sales volume**
  You can increase sales volume by increasing the number of products you sell in your retail store in a certain period of time.

- **Improving average transaction value**
  One way to increase sales volume is to **increase the average transaction value** for every customer. You can do this through suggestive selling other products that complement what a customer is buying, by creating product packages that group products together in sales, and by providing more value to customers so that they'll want to purchase more from you every time.

- **Expanding customer base**
  When you increase the amount of customers you have, you can increase the number of products you sell, as well as work on increasing the order basket for each customer to increase total revenue.

Cost management goals

Decreasing costs with savings goals can be another way to bring more capital into your business and help make more money off each sale.

- **Reducing operating costs**
  Some ways you can reduce operating costs at your retail business are to operate with a leaner staff, compare vendors and work with lower-cost partners, source from cost-effective suppliers, improve sustainability at your business, and move more of your business online.

  You can also reduce staffing costs by hiring employees who are more likely to stay with you long-term and who work more efficiently for your business.

- **Managing inventory**
  Efficient inventory management is another option for reducing expenses. You might consider vendor-managed inventory, where the supplier or manufacturer optimizes inventory levels.

  Consider auditing existing supplier relationships and look for ways to improve each one or work with a lower-cost supplier.

Setting financial goals in retail

Controlling overheads

Overhead expenses in retail include items like rent, utilities, and insurance. You can reduce expenses by cost-comparing physical spaces you're thinking of renting, evaluating utility providers, and getting quotes from multiple insurance providers. You can also move more of your retail business to an ecommerce model and lower your physical footprint to decrease overhead expenses.

Profitability goals

Profitability is the difference between the total amount of sales minus the total amount of expenses a retail store has. Increasing profits can help you expand locations, hire more team members, develop new products, and take other actions with your retail business. To improve business profits, your goals should focus on areas such as the following:

Gross and net profit margin enhancement

Gross profit margin refers to the profit that remains when calculating revenue minus the cost of goods sold, which becomes a percentage that represents the relationship of profit to revenue. Net profit margin is the figure that represents revenue minus both the cost of goods sold and operating expenses.

To increase profit margins, retail businesses can focus on increasing total sales while steadying and/or decreasing cost of goods, and/or lowering cost of goods and operating expenses while steadying or increasing sales.

Gross Profit Margin = (Revenue – Cost of Goods Sold) / Revenue x 100

Net Profit Margin = (Net Profit / Revenue) x 100

Return on investment (ROI) improvement

Another way to improve profitability for your retail store is to increase return on investment (ROI) numbers for every investment your business makes. Some considerations include:

- Invest in high-quality materials, products, and processes that drive customer loyalty and engagement
- Protect the quality of your products through every step of the supply chain
- Hire high-quality employees who represent your business well and who are more likely to drive results
- Use technology that makes your operations more efficient

To calculate ROI, divide the profit earned on an investment by the cost of that investment to find a percentage. You can examine which of your retail business components have the highest ROI and apply those insights to other parts of your business.

ROI Percentage = Net Profit / Cost of investment x 100

Setting financial goals in retail

Cash flow management goals

With more capital on hand, you can use that money for initiatives that help you grow your business more quickly. Cash flow management involves optimizing your retail business's cash flow so that you have enough funds on hand to meet financial obligations like bills and loan repayments, while being able to invest cash in what matters for your business.

Working capital optimization

To calculate working capital, your retail business can subtract current liabilities from current assets. Working capital optimization involves examining how you manage receivables, payables, and inventory. By speeding up receivables and extending the duration of payables, your business is able to maximize how much capital you have on hand, so you can optimize its use.

Working Capital = Current Assets - Current Liabilities

Debt reduction strategies

You can also improve your **cash flow management** by lowering the amount of debt you owe. Retail businesses can lower debt in a variety of ways.

First, it's important to review financial statements and analyze debt ratios to identify areas to work on tackling first. Then, see where it's possible to reduce costs and lower expenses.

To reduce debt, a business can consider refinancing to get better interest rates and lower overall costs. It's also possible to negotiate with creditors to restructure debt repayment. Increasing revenue can also give a retail business more money to pay off debt more quickly.

Managing accounts receivable/payable

To speed up money coming in and have more on-hand, it's important to make sure that **what's owed to you gets paid on time**. A retail business might add in late fees for late payments to account for delays. It's also important to stay organized and ensure all payments are accurate, since errors can be costly and time-consuming, and may delay your business growth.

Automation can help make the accounts receivable and payable processes more accurate and efficient. Clear payment terms also help protect you, in the case of late and/or missing payments.

Setting retail financial goals

Take a deeper dive into planning the year by breaking down your financial goals further.

Short-term goals

Actionable first steps to build essential systems.

	Estimated Cost	Target Complete Date	Amount Saved Weekly
1.			
2.			
3.			
Total Saved			

Medium-term goals

Critical steps that inform long-term goals.

	Estimated Cost	Target Complete Date	Amount Saved Weekly
1.			
2.			
3.			
Total Saved			

Long-term goals

Your primary goals and aspirations.

	Estimated Cost	Target Complete Date	Amount Saved Weekly
1.			
2.			
3.			
Total Saved			

Financial analysis tools

Financial analysis tools

Financial analysis tools can help you get a clearer view of your retail business's financial state so it's easier to adjust your goals and strategy. You can use tools like the following to organize your finances and gain a better understanding of actions to take.

Budgeting and forecasting

- **Annual budget creation**

  Budget management software helps you understand how much capital you have to work with throughout a year and where you should allocate funds to in order to grow your retail business. You can use a budget app to see where you're spending, understand if you're on target with your budget or over/under-spending, and use it to forecast and plan future budgets.

  Look for a budgeting tool, like Clover's, that includes features for **inventory management**, **invoicing**, daily sales reporting, cash flow analysis, and projections that can help with decision-making.

- **Monthly/quarterly financial projections**

  With monthly and quarterly **financial projections**, you can tie that data into monthly and quarterly financial goals. You'll have a better understanding of what type of capital you'll be able to work with in the future, and you can set incremental goals that can help you scale sustainably.

Financial ratios and metrics

Ratio analysis involves looking at past and current financial statements to evaluate a retail business's financial health and make financial predictions. There are different types of ratio tools you can use for your business. You can work on improving your standing in each of these to strengthen your company's financial health and increase your ability to get funding in the future.

- **Liquidity ratios**

  Liquidity ratios indicate a company's ability to pay off current debt obligations without raising extra capital. One type of liquidity ratio is the current ratio, which measures a company's ability to pay off current debts that are owed within a year with total current assets.

  A quick ratio is the measurement of a company's ability to meet short-term debt obligations with liquid assets, not including inventory. Another type of liquidity ratio is a working capital ratio, which is the difference between a company's current assets and current liabilities.

Current Ratio = Current Assets / Current Liabilities x 100

Quick Ratio = (Cash + Accounts Receivable) / Current Liabilities x 100

Working Capital Ratio = Current Assets - Current Liabilities x 100

Financial analysis tools

Profitability ratios

Profitability ratios indicate how well a company can achieve profits in relation to operating costs, revenue, balance sheet assets, and shareholders' equity. Profitability ratios include margin ratios, which reflect a company's ability to turn sales into profits. Return ratios are another type of profitability ratio and reflect how well a company generates returns for shareholders.

Profitability Ratio = Profit Metric / Net Revenue x 100

Efficiency ratios

Efficiency ratios, also known as activity ratios, indicate how efficiently a company uses its resources to generate sales and maximize profits. These ratios include sales to inventory, accounts receivable turnover, fixed asset turnover, sales to net working capital, and accounts payable to sales.

Efficiency Ratio = (Operating Expenses / Net Operating Income) × 100

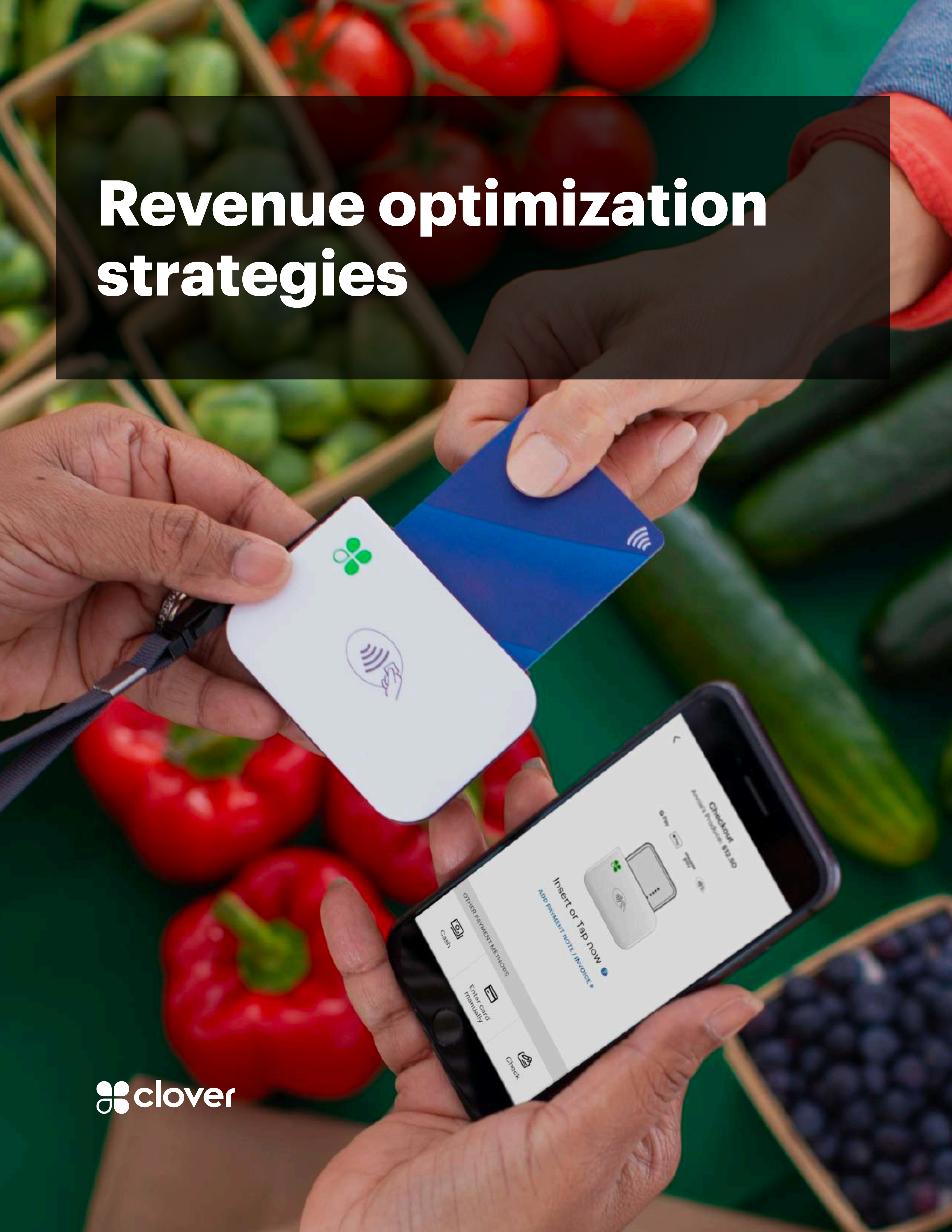
Solvency ratios

Solvency ratios, also called financial leverage ratios, compare a company's assets, earnings, and equity with the company's debt levels. Solvency ratios help indicate the likelihood of a company being able to pay off long-term debt and debt interest over time.

Business lenders may use solvency ratios when determining whether or not to lend business funds to a company.

Solvency Ratio = (Net income + Depreciation) / Total Liabilities

Revenue optimization strategies



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Revenue optimization strategies

To increase sales, revenue, and profits, your retail business can experiment with different pricing, marketing, sales, and inventory management strategies. By selling more products to more customers, and improving the way you manage inventory, you can lower operating costs and create more successful revenue generation.

Pricing strategies

How you price your products will influence everything from your profit margins to how willing customers are to buy what you're selling, which could result in an increase in sales. The following are some **common pricing strategies** to consider in your SMART goal strategies.

Competitive pricing

Competitive pricing is looking at what the public prices of your competitors' products are and pricing your own products based on that benchmark. It may involve lowering your prices to attract business away from competitors, pricing your products at a similar level and adding value in another way, or marketing your products in a different category (luxury versus bargain, for example) to attract a different type of consumer.

Value-based pricing

Value-based pricing is using customer data to help determine pricing. It involves looking at how much a consumer is willing to pay for a product or service, and using that to determine pricing.

To use value-based pricing, a retail business must have a deep understanding of their customers' evolving needs and values. A retail business can create customer personas and monitor customer data to inform value-based pricing strategies.

Dynamic pricing

Dynamic pricing strategies mean prices may fluctuate depending on market conditions and consumer demand. For example, a retail store that sells a product that's currently in a low quantity may increase pricing of that product. When a store has too many of one product, it might slash prices to **offload surplus inventory**.

This pricing strategy also requires a thorough understanding of consumer demand, as well as clear insights into supply chains and inventory management.

Revenue optimization strategies

Marketing and sales strategies

Marketing your business can help you boost brand awareness, generate leads, and build deeper relationships with current customers. **Just a 5% increase in customer retention** can increase company revenue by at least 25% more. Marketing and sales strategies can help you keep customers and encourage them to purchase more frequently from your store.

Omni-channel marketing

Omni-channel marketing is a marketing strategy that takes all marketing channels into consideration to create a seamless customer experience. A unified strategy across all channels helps take customers on a journey that's consistent on whatever channel they're using.

You can use your brand standards and guidelines to unify marketing messages across all channels. When creating an individual marketing campaign, you can apply an omni-channel approach to determine how each marketing platform will work in the campaign, based on where customers spend their time and the type of messaging that's appropriate on that platform.

It's also important to understand the customer journey prior to interacting with your brand, including how leads find your brand, so you can keep them engaged and personalize communications throughout all channels on the customer journey.

Customer loyalty programs

It's up to **5x more expensive to gain new customers** as it is to keep existing customers. Customer loyalty programs reward customers for continuing to shop from your business. They can also motivate customers to refer others to your shop, as well as can help you personalize your offerings for customers.

Customer loyalty programs may include personalized promotions, deals, and discounts based on consumers' shopping habits and preferences. There are also rewards systems for cash back or discounts, based on how much a customer shops with your store. These programs can increase sales per customer long-term, as well as help you increase order baskets with each sale, to improve sales revenue and profits.

Sales promotions and discounts

Promotions and discounts are another sales strategy that can help you attract new business and increase loyalty with current customers. You can also use sales to move inventory, as well as increase sales for non-discounted products that complement discounted and promoted products.

Revenue optimization strategies

Inventory management strategies

Proper inventory management is crucial to meet the demands of customers and keep operating costs low. The following are some inventory management strategies to consider.

Just-in-time (JIT) inventory

Just-in-time (JIT) inventory management makes it a goal to have the minimum amount of inventory on hand to meet demand. JIT inventory management helps you avoid overstocking, while also being able to give customers what they want.

Effective JIT inventory management requires clear communication with suppliers, a reliable supply chain, and accurate customer-demand forecasting.

ABC analysis

ABC analysis is an inventory management technique that categorizes inventory based on how important specific products are to a business. To rank products, a retail business uses data based on demand, cost, risk, and other management factors to group items into various classes.

Then, the business prioritizes keeping its "A" items in stock, followed by "B" then "C" items, using its available resources to focus on the most important class first, and so on.

Inventory turnover improvement

Inventory turnover refers to the amount of inventory you sell in a specific time period. To calculate inventory turnover ratio, divide the cost of products sold by the average inventory for that time period.

To **improve inventory turnover**, you can use data to forecast how much inventory you need in specific time periods. Automation software can help you make inventory forecasts so you're better able to stock what you need when you need it, and avoid costly excess inventory or sold-out inventory that can affect customer sentiment.

Clover can help you optimize financial goal setting for your retail business

Set SMART goals to help your business grow now and long into the future. Clover POS systems can help your retail business better understand its finances, and with Clover retail POS system features, you can set reasonable goals that help you scale sustainably.

Using Clover retail POS systems, your retail business can:

- **Gain insights into ecommerce sales**
- **Track sales, understand trends, and generate financial reports**
- **Boost customer engagement with promotions and loyalty programs**
- **Improve cash flow management and gain easy access to working capital**
- **Accept more payment types to better serve customers**
- **Send invoices and get paid online**

Why wait? Elevate your retail business and get started with Clover POS systems today.

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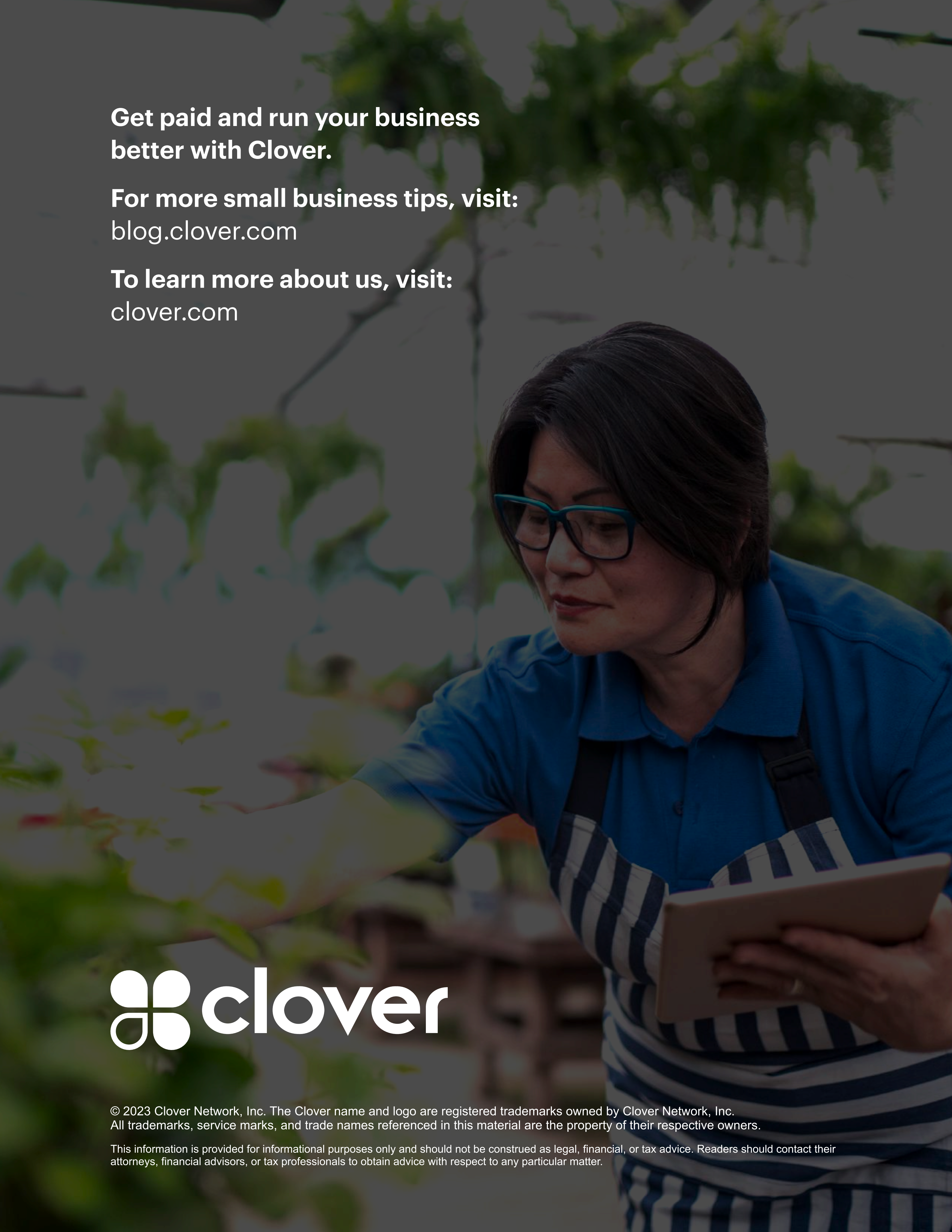

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