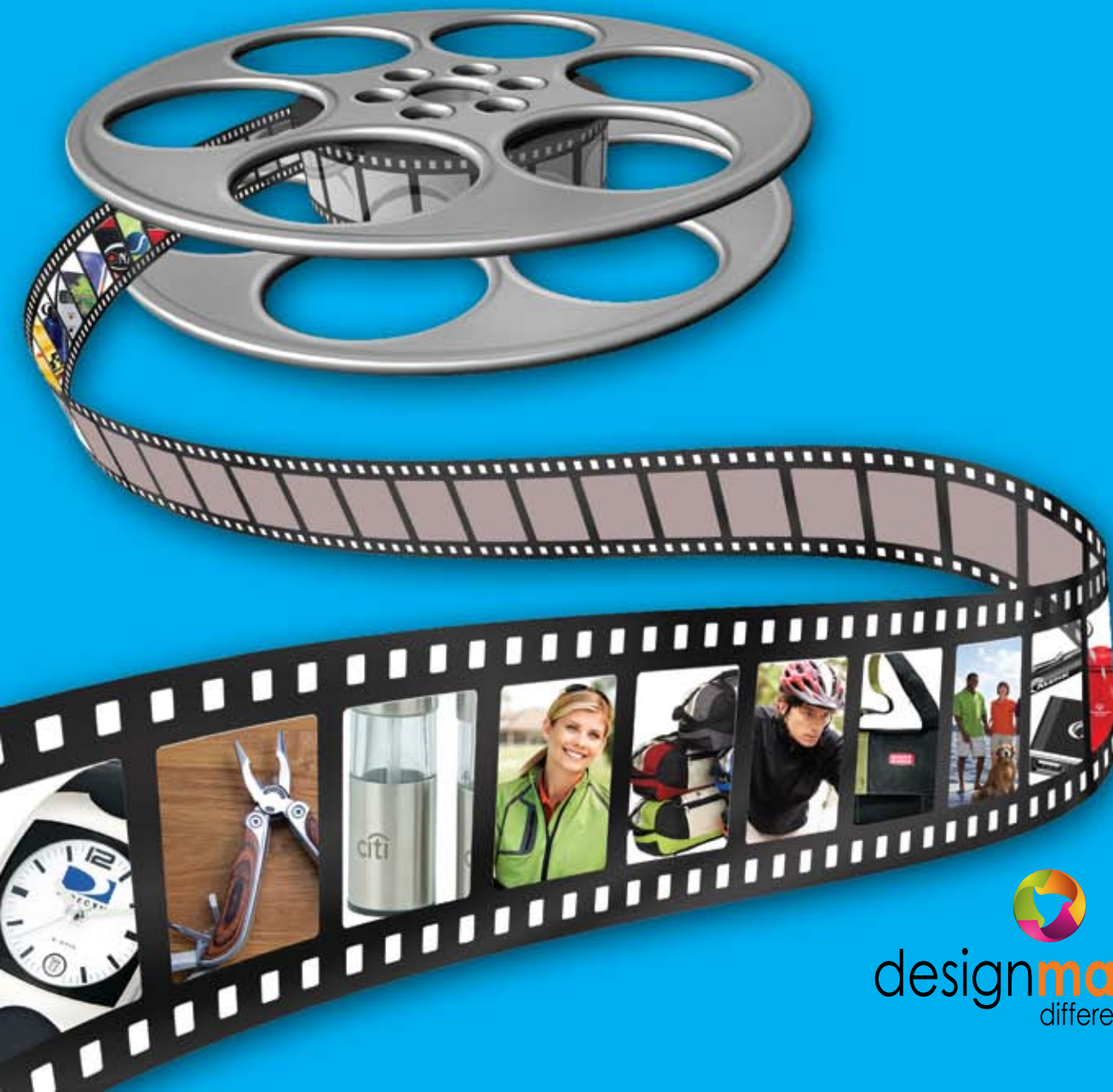


ESTABLISHING A CORPORATE STORE

the official guide





About Design Marketing Group

Design Marketing Group has a range of services quite like no other. We are specialists in corporate branded product, whether it is uniforms, promotional products, print materials, or point of sale, we have the skills, experience and expertise to design and supply the full range of product to meet any companies requirements.

Our services have been developed to enable clients to achieve maximum cost effectiveness, cost- efficiencies, value and maximize their branding and marketing activities.

Our range of services include five core components:

1. Promotional Products & Corporate Gifts
2. Uniforms, Corporate Apparel and Workwear
3. Design & Print Solutions
4. Point-of-sale (flags, banners, exhibition materials)
5. Integrated Logistic & Supply Chain Management

We offer a simple, cost effective and efficient way of managing a range of requirements with our "one-stop-shop" model.

Design Marketing Group has been operating for 30 years and our main strength and experience is in corporate branded products and uniforms & apparel. We are leaders in understanding the role of brands and how to translate and execute branding work for a variety of corporate requirements, from merchandise to a full uniform and work wear range.

We also offer sophisticated e-commerce facilities with full on-line ordering, with complete shopping cart ordering, leading edge logistic and distribution management with full stock and financial reporting tailored to your companies individual needs.



This eBook was designed with three objectives:

- Make the managing of your branded materials as effortless and hassle-free as possible for you and your marketing staff
- Aid in the promotion of your brand's products through effective merchandising to your colleagues
- Help establish criteria for developing the right Company Store for your brand and how to go about implementing one for your business

The Planning Guide you are holding is exactly that: a guide. There may be basic areas you already know the answers to, there may be subjects you don't necessarily need in some areas, but we hope you find that portions of this guide will help answer questions you have and ask questions you have yet to think of.

Most stores are determined by one person but many "influencers". Please feel free to forward this Guide to other colleagues involved in your branded products.

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Design Marketing accepts no responsibility for the results of any actions taken on the basis of information in this publication, nor for the accuracy or completeness of any material contained herein.

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★★★★★ your corporate store

**7 essential elements you should consider
in order to create a successful store for your
company's branded product**





Your Corporate Store

There are many reasons why a company needs to create their own company store, most of which fall into one of these categories:

- Make materials more readily available to colleagues (while minimizing your administration)
- Control purchasing
- Control branding
- Control usage and marketing

The two most important benefits to creating and maintaining a virtual store are

- Easier access & faster distribution of materials to promote your brand
- Minimal administration of these materials for your staff

This section will answer many of the common questions asked when starting a store, such as:

- How much inventory should we consider?
- How do I control purchasing?
- How much will this store cost?
- How do we ensure our store is a success?
- What criteria should I use to select a vendor?

Supply Chain Management (SCM): The process of planning, implementing, and controlling the operations of the supply chain to satisfy customer requirements as efficiently as possible.

In recent years, large companies have shut down their on-site physical company stores. A large tire manufacturer with over 1,000 employees experienced nominal success with their on-site store for their employees. Unfortunately, the up-keep and personnel required was too demanding. Key personnel within the company were involved in procurement and retailing promotional merchandise (not a core competency). As purchasing spun out of control, store hours became difficult to maintain with a limited staff. With so many key personnel tied up in retail merchandising, the whole project seemed to drain massive amounts of opportunity costs. Yet the demand for the brand's merchandise remained high.



Physical on-site company stores require a minimum of 1,000 employees on-site and lots of brand love. A w-h-o-l-e lot of brand love. (Not everyone has full-fledged evangelists like Google or Apple). And yet, many of us feel passionately about what we do and work hard to promote the company's we work for. We're proud of our association with the companies we represent. We know advertising, what we do is imperative to success. We know promotions play a large part of increasing awareness and generating goodwill. Does a solution exist that won't drain the creative energy of the marketing department yet still make available collateral and promotional materials? Is there a solution that will expedite the fulfillment of these materials to the field to directly impact your business?

Enter: the Virtual Company Store.

The Virtual Company Store will allow you to create, make available and distribute promotional materials (collateral, promotions, corporate identity, etc.) to your colleagues faster and with fewer resources than ever before. "Virtual" has lost it's meaning in our Web 2.0 dominated world, but a virtual store can actually achieve more than an on-site store while requiring much less commitment from personnel.

A Brief History

In the 18 billion dollar promotional industry, company stores are on the rise. Printing companies, embroidery companies, direct-mail firms and others involved in corporate identity are racing to provide online management tools for materials because it is one of the fastest growing segments in each market. The reasons for the demand are simple: **speed and priorities.**

Priorities

In 1989 Peter Drucker wrote his famous editorial "Sell the Mailroom" in the Wall Street Journal. While most of Corporate N. America was working on improving internal efficiencies within self-sufficient operations, Drucker's counter-cultural op-ed shifted the focus from the internal, vertical approach to "outsourcing" (a term first published in the Harvard Business Review in 1990). Since then, a plethora of business books have driven the focus on strengthening core competencies and outsourcing (or at least reducing) tasks unrelated to direct strategic objectives. In recent years, Jim Collins continued this process with his landmark book, "Good to Great," with the Hedgehog Principal helping businesses understand what drives their economic engine, what they are passionate about and what they can be the best at.



Since Drucker, each successive theory of productivity in Corporate N. America pointed the focus away from “self-sufficiency in all things” toward the fastest and most efficient way to achieve a robust return on investment. Ultimately, the trend continues to turn in-house services that do not focus on core competencies out to the marketplace of competitive ideas, thus freeing the creative capital of the company to focus on what they most excel at. Thus, Tom Peter's oft-quoted proverb became the rule of thumb for companies everywhere, “Do what you do best and outsource the rest.”

Just prior to 2001, marketing departments notoriously became the repository for projects that did not focus on promoting the organizations essential core objectives. Through the years, the accumulation of payroll and miscellaneous projects drove the perception that marketing did little to impact the bottom line. Worse, because this perception was widely accepted, those directly responsible for marketing became further entrenched in tasks unrelated to mission critical objectives, creating more dissonance between sales and marketing thereby galvanizing perceptions about the impact strategic marketing can have on a business. Frustration finally culminated as burgeoning budgets gave way to the recession of 2001. The landscape of marketing would forever change. If Marketing survived unscathed, it became savvier about services rendered to its colleagues. It also determined that it would focus on two essential ingredients to success:

- **To aggressively produce and demonstrate ROI on all marketing related activities**
- **To equip colleagues with the most effective resources they need to promote the company**

This poses new challenges for marketing. High demand meets limited supply with most companies. At the executive and director levels, these “big picture” challenges are kept in fine focus. But the collaborative energy of the entire marketing team should also contribute, directly, to the entire company's objectives. Yet, the demand for materials to promote the brand and provide resources to do so cannot be overlooked. Expectations, for the simplest of branded products, are extremely high both internally and externally.

The other reason for the increase in virtual Company Stores is, quite simply, **speed**. Each colleague (co-worker, supervisor, employee) within your business is also a consumer, (not startling news). But we minimize what these expectations mean for those of us providing services in the B-to-B sector. For example, If I order promotional material from my marketing department, I expect Amazon-like service: immediate access to the materials, and near-immediate availability, or at least: express delivery.



I also expect a wide variety of options, a complexing problem (and opportunity) as Chris Anderson asks in his book 'The Long Tail', "What happens when everything in the world becomes available to everyone?"

Technology has become both friend and foe: driving expectations and creating new challenges for businesses everywhere to dramatically reduce response times and provide a wider variety of product. Your colleagues expect no less.

The 7 must have criteria for developing your Company Store

Now that we've examined why in the next few pages we'll discuss how to create and implement your company store. We'll examine options available to you and formulate the criteria that will help you provide an effective store solution for your company.

A prospective client of ours was looking for a better way: "There are so many issues clamoring for our attention," she said, "I want our staff focused on sales and marketing, not fulfilling orders. We spend an enormous amount of time and energy managing these resources but I need our entire department's focus to be on our primary objectives." As the Vice President of Marketing, she was trying to discover how to get the company's branded products to the field faster and with fewer resources. Convinced there were possible alternatives, she began to investigate alternatives within her existing vendors. A few had limited experience in storing product; the majority never fulfilled an entire program. Frustrated by a lack of solutions from her existing vendors, she began a search outside for alternative solutions. Along the way, she discovered that many of her current vendors had the capabilities at their fingertips, but very few professed managing stores as a core competency of their business. Embroiderers, printers, promotional products companies, all claimed they could create and manage a successful program. But she needed to know some criteria for deciding "who" and "which" options were best for her and her colleagues.

#1 Your clientele

We will start with who you are serving first. It is important to establish who is best served by your Company Store and why you wish to provide one. Some stores exist merely to provide logoed apparel to employees. Some companies mandate their employees wear branded apparel so having a system that easily manages the program is imperative. There are companies who have multiple facilities and simply need help distributing collateral.



Other companies want to streamline marketing materials of all kinds (collateral, promotional, etc.) and provide one single location for their colleagues to shop from. Too often, a company approaches a store with the idea that merely providing a place for employees to purchase promotional items is sufficient. What you may want to consider is not just a store for single employee purchases but a store for your entire organization: sales reps, managers, employees and executives. Some stores offer the sophistication of “hiding” categories from certain users (expensive executive gifts, for example, might not need to be broadcast to everyone). Establishing who your store will serve will determine inventory purchasing methods, checkout options, design and certainly impact marketing.

#2 What Your Store Will Provide

Once you've decided “who”, it is important to distinguish what your store will provide. The stores offered today are much more sophisticated than merely getting promotional items to your colleagues. They have options for managing direct mail, uploading artwork, uploading mailing lists, providing departmental purchasing reports, building ads, creating corporate identity products (business cards, stationery, etc), managing forms, managing logo specifications, etc. Dream big when starting your store: you can always layer in other features as you grow, but knowing what you want the store to ultimately provide will help with vendor selection and marketing and may help alleviate administration not only for you and your department, but for other colleagues as well. Consider which products you will provide: **Collateral? Forms? Promotional? Online-ads? Corporate Identity? Tradeshow booths? Signage?** The best solution is a store that provides all branded materials in one convenient location and determining what you provide will help you narrow down your search for a vendor. Never forget that properly selected branded materials hold significant value for your company: they promote your brand, aid in the selling process, generate goodwill and communicate your strengths in the marketplace. Don't miss an opportunity to provide a wide range of branded materials to your colleagues faster and with less hassle than ever before.

#3 Select A Partner

Once you've established “who” and “what” you must now make one of the most important decisions that will affect the success of your Corporate Store: whom you will select as a partner. Selecting the appropriate vendor is crucial; if selected well, this vendor can become a strategic part of your operation and an extension of your marketing department without the added payroll burden and human resource management.



Some vendors maintain small amounts of inventory for clients. Some excel at warehousing and distribution. Others provide top quality printing but with no fulfillment services. Some sell only apparel and some only promotional items. Some offer sophisticated customer service support and training.

The most important criteria to establish is understanding. Whomever you partner with must understand they become an extension of you. What they do reflects you and your company.

Given that the technological solution each vendor provides is fairly equivalent, three of the most important criteria are (1) fast and accurate fulfillment, (2) excellent response times (3) a balanced approach to servicing your colleagues. Obviously, the revenue for operating the store and for purchasing materials comes from you and your department. But your colleagues in the field **drive the perception of the store: this in turns drives the revenue for the store.** What your colleagues think of the store and it's service will determine whether or not they use it to its fullest extent.

Regarding speed, the less critically perceived the merchandise, the more the delay. Purchasing receives low priority unless pushed by deadlines. Most orders are last-minute orders, and this is part of the reason why a store exists. It is why a strong vendor is imperative: mishandling these orders, slowed distribution times and mismanaging relationships lower the perception of your store's effectiveness and your decision. Conversely, expedited transactions, immediate availability, ease of use, friendly, helpful service increases the perception of the store and makes your decision enormously popular and evident to all. Will your vendor be responsive? Your vendor services other clients, but you don't care (I feel the same way about my vendors). The only important client is me. The reality is, most vendors are serving multiple clients while juggling the perception that you are the only one they have. Will you have direct contacts within the business that can respond to programming changes on the store? Inventory levels? Questions about rebates and purchases? Having a dependable, responsive client that can handle the demand is imperative.

#4 Inventory

All vendors are in business to make money by selling product. With promotional products in particular, inventory is easily the one area that can become the most expensive. Most stores exist to make branded product and collateral immediately available. For small quantities and short lead times, it is necessary to have a store to be able to do this.



For longer lead times and larger quantities you should handle your orders just like every other purchase, in other words do not utilize your inventory for large quantity purchases. With some companies the inventory item can carry the fulfillment mark-up. In other words, instead of paying pallet fees, credit card processing fees, pick-and-pack fees (and more) some companies will mark up the product for inventory 10% - 20% higher than market value to pay for handling. This is a reasonable practice as it makes paying for the program and reporting more manageable. But some product orders should not be fulfilled out of inventory: trade shows, conferences and other large marketing events have ample lead-times and the product requires little handling so avoid using your inventory for these types of purchases. Sometimes it is unavoidable, which is okay: this is the reason why the store exists: it is nice to have a store to fall back on in case of an emergency.

Purchases from the inventory make sense for items like apparel. Apparel is probably the most expensive item in your marketing products and the main reason why most companies consider a store in the first place. The promotional industry is a \$16 billion dollar industry, 30% of which is apparel. It's where some companies make serious money and where you could lose. Be cautious but practical in inventorying your apparel. You must have enough inventory to accommodate orders but not so much inventory that product doesn't move. Most vendors have sensible ways to manage your inventory and prevent you from ordering too much such as setting low thresholds or providing tools like the Apparel Matrix to aid in quantity decisions.

Apparel Matrix

Small: 5%	Medium: 15%	Large: 35%	X-Large: 33%	2XLarge: 10%	3XLarge: 2%
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The key is: don't under stock as you'll run out (very irritating to your colleagues) and don't overbuy. There is no correct quantity, each client will be different but a good vendor knows he cannot risk a great client for one big inventory order. The vendor cannot afford maximizing your budget in one or two areas; their future depends on a successful store operation as a whole.



#5 Purchasing Options

Purchasing options: The most effective stores handle a variety of options for purchase, including credit card, purchase order, gift certificates, points based systems and custom check-out:

- Credit Card: all major credit cards with secured transactions through third party companies such as Verisign
- Purchase Order: custom check-outs by department codes, built-in approval processes
- Points: a system used for performance programs and retention effort
- Gift Certificate: Amazon-like purchasing, tracking and remitting

Purchasing methods should be given careful consideration, particularly as your store grows. Some stores allow for multiple purchasing options to be used simultaneously. You may not need a points system now, but once the Sales department sees how effective the store is, the Sales Director may want to include a points based system as a reward for sales growth. Or the Customer Service Director may want to start giving gift certificates to the store as a reward. Once you launch your company store, you will receive immediate feedback, some of which may be "I wish we had an option to ... ". Carefully considering these options in the beginning will help prevent a complete overhaul of the store down the road. We recommend a bi-annual assessment (or at least an annual assessment) of the store for review. This allows time to accumulate recommendations from colleagues and an opportunity to make improvements because there will be modifications along the way. Most options, such as purchasing options, can be activated when needed but considering all possibilities on the front end will save time and money in the future.

#6 Marketing

This is the good news/bad news part. With a strong partner in the creation and fulfillment of your company's store, your involvement in retailing merchandise will be minimal. Ideally, once you have a store it should consume none of your time again. Since we do not live in an idyllic world, be aware it will still take some of your time: this is the bad news. Properly marketing your store consistently will determine whether your store is remembered as a success or an audacious mistake. Even with cautious purchasing to start the store if you do nothing to get the word out it will accumulate inventory and it will fail. There are plenty of avenues, some slightly intrusive, most permission-based, that a vendor can help with. Rely on your service provider for ideas and possibly even creative to help market the store.



Some will be ecstatic to help, for others it might stretch their creative boundaries. Though every organization (particularly larger ones), struggle with clogged communication channels the more access your provider has to your colleagues the more you can ensure the stores success. No one - not the vendor, certainly not you - wants your store to be a number on a P&L someone up the chain-of-command calls into question. Without frequent marketing, your store will fail. Even the bad news is not so bad: marketing is your field of expertise, besides, most vendors should have experience marketing stores. Ask questions about how they can help market the store up front, don't wait until you've signed an agreement to ask about marketing. It is often overlooked, yet absolutely crucial to your success. Remember to make consistent marketing of the store a priority. It will remind colleagues of it's availability and will help promote your brand.

#7 Cost

How much will my store cost? Some store solutions are FREE. That's right: FREE. (Don't we love that word?) This may be all you need. A free store provides the basics: makes materials accessible and, for the most part, available. What you spend on your store depends on your needs. If you simply need a way to advertise what products you have available a free store might be a decent solution. If you need departmental check-out processes, accounting codes, purchase order approvals, strong reporting: consider spending a little at start-up.

Most free stores cannot meet the demands of a large client. Some vendors do not charge to set-up a store but want an exclusive contract to all purchasing. Some vendors do not take stores seriously enough to charge for them. Some vary depending on the amount of revenue you plan to spend. Many companies get worked up over the wrong expense. They overlook the big expense (inventory) and instead, fixate on the smaller expense (start-up costs).

Design Marketing Group provides stores both ways: free of charge and fee-based. The bottom line of store costs is: a free store may be just what you need. But if service to your colleagues is imperative and you believe this solution can help alleviate payroll and the administration of your branded materials, don't let "free" get in the way of providing the right solution for your business. The stores that are fee-based are generally nominally priced. Monthly hosting charges, per item upload charges and distribution fees may be involved. Smart vendors will simplify the pricing for you so that you can easily reconcile your purchases.



Final Note

As the need for faster responses and immediate availability grow, the management of your branded materials will take on a decidedly large portion of time for you and your staff. There are solutions in the marketplace that can help, some of which will surprise you as to the depth and range of services you no longer have to perform yourself.

Most importantly, the creation of marketing materials comes at a great cost: it costs to create and communicate the availability of these items, it costs to manage the usage of these items but the biggest expense of all is to invest labor and money into the creation of branded materials and not make them available to your colleagues. One Vice President of Marketing expressed it succinctly, "we spend a lot of money creating professional tools for our salespeople and we don't think clearly through to the distribution process." Professionals in marketing know it is imperative these products get into the hands of those that need them. The demand for ROI dictates this. Promoting your brand is your concern and it should be the shared concern of any vendor-partner you have.

If you are interested in learning more about creating or improving Your Corporate Store, call us at 888 339-1848 or e-mail us at office@designmarketing.net.

We hope this information has helped you provide criteria for creating a successful store for your company.



planning ★ ★ ★ ★ ★ guide

**7 essential elements you should consider
in order to create a successful store for your
company's branded product**





Why do we need a store?

It seems obvious to ask this question since, if you're reading this planning guide, you're already searching for a solution. However, most stores are created as a reaction to a particular "pain point" involving one or two specific areas. Often, an entire store gets built around managing the most difficult problem. This makes sense, right? What you may not realize is that many store solutions can accomplish much more than what they are originally intended.

Select the description(s) that most represents your reason for considering a store:

- brand abuse is out of control; no system of protection for the brand
- apparel is messy - requires too much administration
- printed collateral is growing increasingly complex
- branded materials are not getting into the hands that need them, quick enough
- inventory is a nightmare
- no one knows where to find all our materials - accessibility is poor
- accountability for purchasing: we need a system to manage purchases
- we've tried it ourselves, consumes too much energy
- our products are fragmented, no central area to find all branded items
- duplication of energies across the entire organization to purchase and handle branded products
- _____ (fill in the blank)
- _____ (fill in the blank)

Qualifying the "why" will help you concentrate on not only solving those particular problems, but solving multiple problems at the same time. This ensures you build a robust program for simplifying all of your branded materials.



Determining Your Priorities

Before you establish criteria for what type of store you need, determine what are the most important issues you need help resolving. From the previous list of checked items, list the top three problems you need help resolving in order of importance:

1. _____
2. _____
3. _____

Establishing your top three priorities will help isolate your main reason for building a store so you can concentrate on not only solving that problem, but ensuring that this problem doesn't cause short sightedness in building even greater solutions for your store. This priority page also helps you clarify your priorities so your colleagues and vendor-partners will understand what is of utmost importance to you.



Whom will your store serve?

Now that you've determined the main reason why you want to start a store, your next most immediate step is to determine your audience. Whom will your store serve? Another way of qualifying your entire audience is to review your org chart or your company directory. Check next to all potential store clients:

- c-level executives
- marketing
- human resources
- manufacturing
- franchises/branches/divisions
- employees
- colleagues
- warehouse/distribution/delivery
- sales reps/agents/account executives
- clients (students/dealers)
- call center/customer service
- associates (temporary staff, part-timer)
- partners (associations, board of directors)
- _____
- _____
- _____

List by order of importance the audience members who will use the store the most:

1. _____
2. _____
3. _____



Making Decisions

Who needs to be involved in your store creation? Differentiate between those colleagues whose input you value and those supervisors whose input approval is important. Hardly any decision in the business world today is done without consultation from at least one or two others. Determine your decision makers first, who will “approve” all plans for your store creation. Check multiple options if necessary:

- me
- my supervisor
- the Sales Director
- the Vice President of Marketing
- the Director of Marketing
- the Human Resources Director
- the Human Resources Vice President
- the President
- the Vice President
- _____
- _____
- _____

Whose opinion and influence do you respect the most? This may be different than your list above. These are those internal leaders who know a lot about your organization and can see across departmental boundaries to ensure your store is a success for everyone. They have a knack for solving problems and avoiding catastrophes by their insight. List your contacts by name:

1. _____
2. _____
3. _____



What will you provide?

Company stores today are much more sophisticated than they were even two years ago. They can process variable print orders, customize promotional items, track gift certificates, manage direct mail, etc. Though your store will be developed to solve the most immediate problems, differentiating between the items you want to host immediately on your store and those items you hope to someday host (your “wish list”) will help build your store for future capabilities. Check the items you need to host now as well as those you hope to host in the future:

Need Now	Wish List	Products
<input type="checkbox"/>	<input type="checkbox"/>	corporate identity products: business cards, LH, envelopes
<input type="checkbox"/>	<input type="checkbox"/>	apparel
<input type="checkbox"/>	<input type="checkbox"/>	promotional products
<input type="checkbox"/>	<input type="checkbox"/>	print collateral (brochures, binders)
<input type="checkbox"/>	<input type="checkbox"/>	campaigns
<input type="checkbox"/>	<input type="checkbox"/>	kits (start-up kits, sales kits)
<input type="checkbox"/>	<input type="checkbox"/>	forms
<input type="checkbox"/>	<input type="checkbox"/>	signage
<input type="checkbox"/>	<input type="checkbox"/>	tradeshow materials
<input type="checkbox"/>	<input type="checkbox"/>	process online ads
<input type="checkbox"/>	<input type="checkbox"/>	process print-on-demand materials
<input type="checkbox"/>	<input type="checkbox"/>	direct mail
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____



Building Your Store Design

This is a simple part of process but one which might require some input from others. Most stores have a basic design option and an advanced design option.

Basic design options do not imply they “don't look good”, they are merely formatted with simple structures and simple design work, i.e., backgrounds that match your logo but fit within formatted templates.

Custom designed sites are an option when brand consistency, particularly across multiple technology platforms, are important. For example, you may want your company store to reflect the exact image of your home page for your website. This is the most recommended feature as it eliminates confusion and makes the transition from the corporate intra/internet sites seamless.

So the question of design is about two simple options:

- basic store that still looks good and matches your brand
- an advanced design that matches your company's home page



Purchasing

Purchasing options are wide and varied and with the right combination, can offer great incentives and ease-of-use for your colleagues. Beyond the basic checkout options, there are purchasing options that can help you track by department; for example, a drop-down box at check-out that allows the buyer to select which department she is buying for. Below are some possibilities that exist on most company stores. Again, as with our previous list, check which items you need to host immediately and then those items you hope to provide in the future:

Need Now	Wish List	Products
<input type="checkbox"/>	<input type="checkbox"/>	credit card
<input type="checkbox"/>	<input type="checkbox"/>	purchase order with approval mechanism
<input type="checkbox"/>	<input type="checkbox"/>	purchase order without approval mechanism
<input type="checkbox"/>	<input type="checkbox"/>	points based option
<input type="checkbox"/>	<input type="checkbox"/>	gift certificates
<input type="checkbox"/>	<input type="checkbox"/>	department codes/budget codes
<input type="checkbox"/>	<input type="checkbox"/>	multiple shopping cart functionality
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____

Why is it important to consider this now? Not all vendors have all of these capabilities. For example, you might want to make 'purchase order' an option but you want significant controls to come with it. Purchase order options can be set-up with approval processes built-in.

You might also want to offer a points based system: allow colleagues to establish sales contests, or accumulate points for excellent service to a client. On most stores, you can run an incentive program that will help achieve organizational goals. The store provides a low-cost way to manage your incentive programs with minimal administration.



Inventory - Vendor Financed

Company stores exist to provide immediate access to branded materials and to parcel these materials out quickly for use to the field. Your company store should include a healthy mixture of both inventoried products and non-inventoried products. The main question that is generally asked first is:

Who owns the inventory? Will the vendor finance the inventory? Will you purchase the inventory and have the vendor manage it? Although most companies will not finance the inventory for you, there are some who do. "No obligation for inventory purchases" sounds like minimal risk, but beware, both areas are fraught with dangers if not approached with eyes wide open to potential disasters. The questions below will help you avoid such problems:

Vendor Financed Inventory

Pros	Cons
no up-front obligation	balloon payment/buy back agreement required
	exclusive contract
	vendor controls product selection
	minimal brand oversight
	no regular reporting for accountability

Questions to ask yourself and your vendor:

- What agreement terms should we be aware of if we are sold a "no-risk" store?
- Do we have to sign an exclusive agreement in exchange for vendor-financed inventory?
- When a product runs out or is close to running out, who makes the purchasing decision?
- What if we dislike the product selection? Who owns this part of the process?
- What if we see an item that we want in the store but the vendor is reluctant to finance it?
- Is the vendor we are working with financially sound enough to finance our inventory?
- What if the service we are rendered is not sufficient? What steps would we need to take to claim back our store?
- Should we sign over control for our branded product selection to a vendor or should this be a shared responsibility?
- Who bears the responsibility for marketing the store and the products? What if this service is performed poorly by our estimation?
- What if the vendor walks away from us as a client? Will the inventory be sold back?
- Will there be regular reporting or accountability features built in on who gets permission to use the inventory?



Inventory - Customer Owned

Customer owned inventory is what it implies: you own the inventory and have allowed the vendor to manage it for you. It, too, can have risk, but risk that can be avoided if set up with the right accountability parameters. When you own the inventory, it is a matter of control. The vendor should present marketing suggestions and product ideas but you ultimately hold the trump card for any decisions made on your inventory. You should be aware of:

Customer Owned Inventory

Pros	Cons
complete brand control	up-front financial obligation (small in most cases)
complete product selection	control reviews for possible obsolescence
complete marketing control	

Questions to ask yourself and your vendor:

- How will the inventory and subsequent reporting be handled?
- What sort of inventory management processes does the vendor employ?
- How will purchasing and reimbursement be handled?
- Will the vendor absorb any existing inventory we currently have? If so, what would be the cost?
- What type of reporting will you process? Will it be monthly? Quarterly?

Final note on vendor-financed inventory: There are few issues involving stores that create more frustration than to partner with someone who promises no-risk and yet commits very few resources to making your store a success. Why wouldn't a vendor do everything in its power to make your store successful? Because their capital is tied up in what seems like the greatest service they can offer: financing your inventory. This is why vendor-financed inventory stores are rare and why they have a higher failure rate. The puzzling part about vendor-financed inventory is that we take great pains to ensure brand control yet because of a perception of no-risk, we abandon controls by allowing someone else to own our branded assets. The most frustrating experience in starting a company store is having to start over. More often than not, vendor selection can be hastily made on a couple of hot-button issues, inventory-financing being one of them. Don't sacrifice the service your colleagues will demand for short term gain or you could be rebuilding your store within a matter of months. Vendor-owned inventory stores must be approached with caution, just as client-owned inventory, but with client owned inventory you call all the shots and you make the rules.



Distribution

Distribution is one of the most over-looked aspects of a company store, yet one of the most critical. After all, if you've poured countless hours and thousands of dollars into your branded products, what good is a company store if distribution is not accurate and expedient. Following is a checklist of options for shipment. Think through whether or not you want to offer next-day and same-day shipments, plus, review the list of questions you should ask yourself and your vendor to ensure an efficient process for distribution:

Distribution Options

- UPS Ground
- UPS 3-Day Select
- UPS 2nd Day Air
- UPS Next Day Air (by 8:00 AM delivery)
- UPS Next Day Air
- Fed-Ex
- Fed-Ex Saver
- International
- Freight truck

Questions to ask yourself:

- Do we allow all employees the option to ship materials air?
- Will we need International service?

Questions to ask your vendor:

- Does your vendor commit to a 24-hour turn around on all inventoried items?
- Will you send tracking numbers with each order?
- Do you have experience nationally as well as internationally?
- How do you monitor errors made on shipments?
- How do you manage returns?



Customer Service

Your vendor may or may not know it, but they will be servicing two types of clients, both are of extreme importance: you, the headquarters client who decides on the store and product, and your colleagues, those representatives ordering materials from the store. Part of your reason for deciding on a store is to outsource the management of many of the issues related to branded product, including handling orders and answering basic questions. Consider the following subjects related to fulfilling orders. Decide whether or not you want to:

- establish a customer service or answering line with your vendor
- continue to take the store's customer calls yourself

The types of calls and inquiries you could receive are:

- "Where's my order?" calls
- "I never received my _____." calls
- "I was shorted (1) _____." calls

Order placement:

- "I'd like to place an order for ____." "Can I add (1) more item to my order?"
- Returns processing: "How do I return this _____ that I ordered."
- Product questions: "Does that shirt run long or short? Does that mug top flip open?"

Questions to ask yourself:

- How much of my time (my staff's time) do I want to take up with these types of inquiries?
- Do we want to devote our time to training and educating timid internet users?
- Is there any reason why we should shoulder the product inquiry ourselves?

Questions to ask your vendor:

- Can you provide dedicated customer service support for our store?
- Will you provide a dedicated 800# for our store?
- Will you provide dedicated e-mail service for our store?
- Can you assist our colleagues in a friendly professional manner in navigating the store?
- Can you provide any training videos or tutorials for using the store?



Reporting

Reporting is one of the most critical aspects of calculating your return on your investment as well as keeping your vendor accountable. Most stores provide monthly or at least quarterly reporting for the activity on the store. Select the type of reports you think you might need most:

- Item summary report (summarizes each item)
- Item detail report (shows how it was purchased, dropped from cart, etc.)
- Inventory report (basic reconciliation)
- Inventory change log (changes made to inventory beyond orders)
- Store users report (new users, how many existing users)
- Points balance report (if you are using a points system on your store)
- Points transaction report (if you are using a points system on your store)
- Credits>Returns
- Purchased report
- Credit card reconciliation report

Questions to ask yourself:

- How often do I want to review reporting for the store? Monthly? Quarterly?
- Will I need to reconcile budget dollars spent on the store with the reporting?
- What is most important to you? Reviewing item usage? Reviewing customer involvement?
- Who will be responsible for reviewing these reports?

Questions to ask your vendor:

- Will you have a way for us to review the store reports in real-time?
- Can you give me an example of some of the store reports you give to clients?



Final Note: The #1 Rule for Store Success

You're getting closer to building your store. The decisions involved in creating your store are some of the most difficult aspects of the process. We have only one final word of encouragement for you as you build your program and it is the one priority that supersedes all in determining whether your store is successful: marketing.

If your store is new or if you are revamping an old store or infusing an existing store with new products, you **MUST** market your store. Your initial launch will attract attention, but it's what happens after your launch that is the most important. In 16+ years of branded products management we've discovered that if you will consistently market your store you will prevent your store from falling into disuse. "Marketing your store" sounds like a time commitment you were trying to get away from, but here's the secret:

Enlist your vendor to help market your store.

This will reduce your time spent on thinking about it and it puts the vendor, who will reap the rewards, in a seat to ensure the store remains a success for you and your organization. If your vendor bears the responsibility for marketing the store, they can:

- introduce new products
- help move inventory (reduce obsolescence)
- help keep the store "top of mind"
- minimize your administration (point people to the store, not your department!)



DESIGN MARKETING GROUP

1242 Bedford Hwy.
Bedford, NS B4A 1C6
Canada

Toll Free: 888 339-1848

Tel. 902 468-3440

Fax. 902 468-9044

E-mail: office@designmarketing.net

www.designmarketing.net