

To: [REDACTED], Owner

From: Mitchell Mumma, Manager

Date: February 18th, 2017

Subject: Proposal to increase market presence and sales

Since entering the swim & sporting market almost 28 years ago, Aardvark has established itself as a leader in the swimming world. The swim market can be a very profitable one to enter because of the required equipment many coaches have their swimmers get to train with, as well as the countless water classes people all over the world take. Aardvark has solidified itself as a seller for all swim products; goggles, snorkels, kickboards, fins, suits, and countless more products have been cycled in and out of this family owned company. Aardvark has no shortage of credentials either. Dozens of past Olympic swimmers have purchased their equipment from here, and a handful of athletes have even been sponsored by the company. Business has been good enough to expand the company's reach to the Maryland area by opening a store in Rockville, MA. The bulk of profit comes from selling team suits and required training equipment directly to swim teams in the Northern Virginia and Maryland area. Aardvark also makes money through printing and selling apparel to swim teams in bulk. And of course, there has always been the retail stores carrying just about every swimming item under the sun. Customers enter the retail stores expecting great service and subject knowledge, and for the most part, Aardvark has delivered.

Business has been good enough to keep Aardvark afloat in the swim market. After expanding to Maryland, business has been complacent. Sales in the suit, equipment, and printing department has been stagnant. In fact, Aardvark has been slowly losing its customers to other rival stores in the NoVa area, such as Cassels, who offer essentially the same services. Business has been lost for various reasons. For starters, Aardvark's store hours are from 10am – 5pm, making it hard for customers with 9-5 jobs to make it into the store without having to leave work early. New customers who haven't heard of us have a hard time finding us because of our lack of a solidified marketing presence. Of course, Aardvark has a website and social media pages, however they are hardly ever used and the website and online store is rarely updated. Business has failed to keep up with the rapid increase in technology and social media usage, hindering the company to rely solely on its existing customers and those customers good faith in spreading word of the company and its purpose to new customers. Aardvark has also lost sales to newly established swim companies because of its lack of media presence.

The printing department has also been stagnant over the years. Apparel printing and selling has been limited strictly to swim teams and clubs. I was surprised to find out that my fraternity was the first customer in the company's 15+ years of printing apparel to print through Aardvark that isn't a part of a swimming organization. The retail stores also carry far too much product it doesn't sell. I couldn't tell you the amount of items that have gathered dust over the years just sitting on the shelves in the store. These items are old and useless to the business. Management knows they will not sell to the average customer, yet nothing has been done to move the inventory out of the store. If I was to estimate, I would say that about 10% of the retail products do not sell in the store. Customer service has also taken a blow over the years. Far too often, customers will come into the store with dozens of questions for

our retail staff to help guide them through their purchase. In situations like this, many times our newer retail staff will be running back and forth from the warehouse and the sales office to get information from the older staff to try and answer the customer's questions. This can sometimes take 5 minutes to find the answer and help the customer. Aardvark has lost business because of the retail staffs lack of swim and product knowledge due to improper training.

Goals

Any businesses goal is to maximize profits and increase value to its shareholders. Because Aardvark is a small, local business, it doesn't need to focus on increasing value for shareholders because there are no real shareholders. Therefore Aardvark only needs to focus on maximizing profits. Given the current problems facing the company, there are several goals to be met which will increase profits in both the short and long-term.

For starters, implementing a solution which will increase in-store foot traffic will give the retail stores more sales. The solution would be to simply change the store hours to accommodate our customers as well as give Aardvark the opportunity to increase sales simply because the store will be open longer. Another goal of any business is to have the best customer satisfaction possible. Being a family owned company, customer satisfaction is extremely important to the company's image. Aardvark needs to educate its employees extensively on the products they are selling in the store. Based on my experience with the company, the more knowledge you have about the products, the happier the customer is, the more you are going to sell.

A goal of any business should be to expand its market presence. Aardvark has an opportunity to do this in several ways. For starters, the printing department should start offering its services to more than just swim teams. This will increase market presence as well as open the door into an entirely new market outside the swim world. This will of course increase sales. Aardvark also has a goal to increase its current market presence. This can be accomplished through physical advertisements, as well as an increase in social media presence. Finally, Aardvark should aim to have the best products to sell. Currently there are dozens of products in the stores that are almost 5 years old and have gathered dust just sitting on the shelves. Aardvark should always have the best and most up to date products offered to the swim market by its suppliers.

Proposed Methodology

To increase in-store foot traffic, the store hours need to be changed to be open longer. I propose store hours to be changed to 10am – 6:30pm to accommodate our customers who are working during our current store hours. People won't have to leave work early and rush to the store in hopes that it's staying open for an extra 10 minutes. This is a simple solution to a major problem facing the company, and it can be implemented immediately. Additionally, if the hours are advertised properly it will increase customer satisfaction and of course, increase in-store sales. With more customers in the store, the retail staffs knowledge of the products must be sharp enough to answer any reasonable question a customer has. Customer satisfaction has taken a blow over the years due to improper training and education of the products Aardvark sells. This can be fixed by adding in an education

portion into training of new retail employees. Managers will hold several training “education” sessions for its new retail employees and teach them about the products they are selling to customers every day. This will eliminate retail from running around the office asking other employees questions they may not even know the answer to. Increasing customer satisfaction will only expand the company’s range of customers. There is no better review of customer service than a satisfied customer telling another potential customer about their positive experience with Aardvark.

Aardvark has an optimal opportunity to increase its sales through the printing department. This can be done by offering its printing services to more than just swim teams. People get customized apparel every day. The company can potentially enter a whole new market separate from the swim world if it is to offer its printing services to more than just swim teams. For example, it could print apparel for philanthropy events happening in the area, or even a neighborhood BBQ. Aardvark also has the chance to increase its market presence through advertisements and social media.

Currently, social media presence is almost non-existent and the website and online store is hardly ever updated. I believe this is because there is no employee whose job is to keep up with updating the website and social media. Currently, the sales team is put in charge of keeping up with current store sales/specials and the external business environment. Sales already has an important, time consuming job. Having them juggle marketing tasks on top of their current sales responsibilities is almost like asking them to work two jobs. I believe that hiring a separate employee whose job is to update the website and online store, as well as the social media accounts to attract customers is the best solution to this problem. Essentially, hiring a public relations specialist to increase Aardvark’s scope far beyond what it’s currently at. Hiring someone who has public relations experience can only benefit the company.

Lastly, the retail stores have far too many items in store that does not sell. A solution to this is to put these items on sale to get them out of the store, and never get these products again, simply because they don’t sell. We can still offer these products through the online store, however if a customer is to purchase one of these products online, they will need to wait for it to be shipped to either their home or the store for pick-up

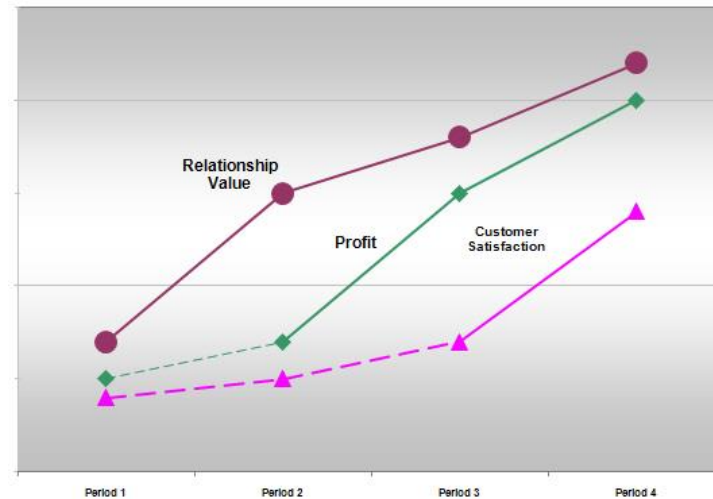
Time & Cost

Changing the store hours to accommodate for potential customers who are working during the current store hours is the first change Aardvark should make to increase foot traffic and sales. This will cost the business close to nothing in time and cost. Store hours would be changed from 10am – 5pm to 10am – 6:30pm. Retail employees will stay an additional hour and a half on top of their current seven hour shift. The store hour change will cost the company an additional hour and a half of the hourly salary expense that retail employees currently get paid. This will of course vary depending on how many employees that will work until 6:30 on any given day. I believe that the change in store hours will allow more customers to get into the store and make a purchase; increasing store foot traffic and profits. In order to effectively increase social media presence and have an accurate, consistent website and online store, the company will need to hire an additional employee whose job is to update and be active on social media, as well as update the website and online store. This will cost Aardvark an hourly salary

expense for a new employee. Assuming a newly hired PR employee will be working normal office hours just as the sales team does, a new employee would be an additional eight hours of wages daily at the business' expense. Public relations services range anywhere from \$20/hour to \$500/hour. Because Aardvark is a small business, and the new employee's responsibilities wouldn't be too taxing, Aardvark should pay a new PR rep an hourly wage of \$20. This adds up to costing the company \$140 of wage expense daily, or \$700 per week for a public relations employee. I believe this trade-off will benefit the company by increasing its market presence and the company's reach.

The company has an opportunity to increase profits through its printing department. Aardvark should start offering its printing services to anyone who wishes to get their own customized apparel printed. Since Aardvark currently only prints for swim teams, offering its printing services to more than just swim teams will increase the printing and art department's workload juristically. If the company is to offer its printing services to a wider range of customers, the best move would be to acquire an additional set of printing equipment, along with an additional employee to run the equipment efficiently. The equipment would end up costing about \$35,000, along with a new employee to run the machinery who would get paid \$25/hour. New equipment will be costly at first, but I believe it will pay off and increase profits in the long run. Next, Aardvark needs to address its old, useless inventory issue. I estimate that about 10% of in-store products do not sell. This inventory could be moved out of the store, slow and steadily with an in-store sale of these items. I would offer these items on a cost-plus-10% basis. Meaning the items are sold for the amount that Aardvark purchased them for, plus 10% of that to avoid breaking even. This will only benefit the company because the old products will be sold for a minimal profit opposed to them not selling at all. Once all the old inventory is sold, they will only be offered on the online store.

Finally, Aardvark needs to fix its issue of customer service. Not to say that the service is unpleasant, but the retail employees are only trained on how the store operates and how to work cash register system. What's missing here is that retail employees aren't educated about the products that are sold in the store. To fix this, management must add an educational section into the current training of retail employees. This will cost management time to educate new employees, and the company a minor salary expense for both the educators and the new employees learning about the products they are selling every shift. If all retail employees are relatively knowledgeable in their subject, customer satisfaction will increase significantly, and thus increase sales. Below is a table illustrating how customer satisfaction directly correlates with profits and the business/customer relationship.



Below is a table displaying the cost of changing store hours (retail employee), hiring a PR rep, hiring an employee to operate printing, as well as the cost of machinery for printing.

Employee	Hourly Wage	Hours per week	Total cost
Retail	\$10	51	\$510
PR rep	\$20	40	\$800
Printing	\$25	40	\$1,000
Total:			\$2,310
Equipment	Cost		
Printing press	\$20,000		
Heating belt	\$15,000		
Total:			\$35,000

My Background

I believe I am qualified enough to propose a plan to improve the company's overall efficiency and sales. I worked for Aardvark for close to 5 years in the retail department, and trained new retail employees for 2 and a half years. My exposure to the swim world has made me very knowledgeable of not only the products we sell, but how the business is run overall. There are many moving parts to a small business like this and I have a good understanding of how each department works and the responsibilities that go with it. Additionally, I have 5 semesters of college education at VCU. I have taken various business classes; Marketing, Accounting, Management, Business Foundations, and Economics just to name a few. My experience with the company itself combined with a college education qualifies me to give a legitimate proposal to improve business for Aardvark.

Conclusion

Aardvark Swim & Sport is an established, successful company that has room for improvement. The business will generate more foot traffic and sales by hiring a PR rep who will constantly update the website and online store, along with a major increase in social media presence. This will increase our audience and potential customers significantly, and in turn will increase profits for the company. Additionally, the store hours would be changed to 10am – 6:30pm to accommodate for customers who are at work during our current store hours. This will give more customers the opportunity to come into the store after 5pm when they get out of work to get whatever swim item they need. Aardvark would benefit in several ways by offering printing services to more than just swim teams. This would require purchasing an additional printing machine and heating belt, along with hiring a new employee to operate the machinery. The short term costs of this are close to \$35,000, but I believe if Aardvark was to offer printing services to much a wider range of customers its sales for the apparel department would increase in the long run. Aardvark also needs to do a sweep of the inventory it doesn't sell, and put them on sale to move the useless inventory out of the store and salvage at least some profit from these old products. Finally, management should add in an education session into training new retail employees. This educational training will teach new employees about the products Aardvark sells so they can better help customers with their purchases in the store. This will increase customer satisfaction and of course, profits.