

Opening a New C-Store:

The Good, the Bad and Lessons Learned!



A Tribal Convenience Store Association Webinar

Presented By Chris Richardson

March 13, 2019 11:00 am

Top 10 Lessons

1. Know Your Team
2. Design For Customers
3. Build To Your Budget
4. Know Your Best Sellers
5. Seek Advice Everywhere
6. Equipment Comes in All Sizes
7. Pick A Brand?
8. Major Programs
9. Open Circulation
10. Employees Matter



Lesson 1: Know Your Team

- Identify all team members with a project role
- Create a list with names and role
- Assemble each team member in a large "kick off" meeting
- A team members can include project manager, admin assistant, builders, architects, engineers, design consultants, vendors, accountants, elected leaders, permit officers, vendors, owner rep, general contractor superintendent, equipment supplier, and any stake holder who contributes to the success of the project.
- Share contact list with names, emails, cell #'s, job titles & roles.
- Schedule regular meetings

Lesson 1: Know Your Team THE BAD!

- Sometimes roles overlap or team members have professional or even personal conflicts.
- We had some team members approving changes in the construction field who had no delegated authority to direct the GC.
- The establishment of roles made it easier to correct this practice before it got too expensive.
- Lack of communication among your team will cause delays in your schedule and increased costs.

Lesson 1: Know Your Team THE GOOD!

- Everyone wants to be associated with success and granted credit where due.
- We made point of introducing ourselves (with the GC 's permission) to our subcontractors so they knew that at owners we appreciated their contribution to our projects.
- Make sure the team knows each other.

Lesson 2: Design For Customers

- You need experienced professionals and consultants to assist you in designing the store.
- For every decision faced, we applied one test: "Would it work for our customers?"
- If a design works for the customer, then it works for everyone from the owner (the tribe), the community, the employees & the vendors.
- Align the size, color, shape, feel, and mojo of the store design back to your operations.
- We weren't interested in winning any architectural awards.
- We made our store big and tall with lots of outside lighting with a huge fuel canopy so customers could not miss seeing us day or night.

Lesson 2: Design For Customers THE BAD

- I reminded all the designers, architects, builders, subcontractors that after opening day they would throw the store manager the keys to the store door and leave.
- Avoid designing to anyone's ego, because I don't know what aisle to sell someone's ego to a customer.
- For every decision faced, we applied one test: "Would it work for our customers?"
- When asking advice, try to ask a broad range of demographics like young and old, male and female. Hey guys, do you know what is expected to be in every woman's bathroom stall? Me neither!

Lesson 2: Design For Customers THE GOOD

- We got a few things wrong in our design like not enough storage space. The issue was that we vastly underestimated the velocity of goods moving through the store. We solved the issue by increasing deliveries, but we are actually planning an expansion for more storage! That's a good problem.
- We got more things right such as the generous maneuvering room around the site and pumps, spacious indoors, multiple POS stations, large bathrooms with no doors, more coolers than we ever saw in a c-store and the
- We have enough electrical outlets and low voltage outlets throughout the store. We have a dedicated IT / Communications room that is secure and can fit all of the systems that a modern c-store requires.

Lesson 3: Build To Budget

- Ignoring this lesson will cost you.
- Everyone has a limit. You should establish and know your budget.
- Whether a budget is set by Council or from a lender, you should check your budget through EVERY phase of the project.
- This includes soft costs in planning & design as well as hard construction costs. Your budget will have phases and segments, so don't lose control.
- Don't forget to budget for your starting inventory and operational cash.
- Consider a contingency in the first year for an operational cash shortfall in case sales are below your projections, which can happen in any new business.

Lesson 3: Build To Budget **The Bad!**

- You will learn the process of value engineering which is fancy way of saving money through elimination or substituting project elements.
- We value engineered our back-up generator. We were able to save money elsewhere and the generator was later returned to the budget.
- Make sure that an essential operational element that the customer will miss every day is not eliminated.

Lesson 3: Build To Budget **The Good!**

- Use your contract provisions to minimize scope creep and added costs during construction.
- General contractor agreements such as GMPs or Lump Sum may work for you.
- We had an attorney review every contract.
- We had an experienced auditor specializing in construction litigation review our General Contractor's construction contract.
- Review and fearlessly challenge invoices and billings before you pay.
- We came in under original estimates and under budget!

Lesson 4: Know Your Best Sellers

- Discover what you must sell to grow your bottom line. It may not be obvious.
- I'm an accountant, so it's my training to consider the feasibility of a new business with a pro forma or financial projection.
- My store manager, financial director and I created a projection months before started designing the building. Do this exercise because the reinforced concept that you must sell chew as a major contributor to your bottom line will help your store design.
- Our projections documented our 2 money makers: fuel and tobacco.
- We created line items that we considered essential c-store categories, such as soft drinks, beer, wine, salty snacks, jerky, grab n go, etc.
- Ideally, you should map all of your merchandise with the assistance of your suppliers.

Lesson 4: Know Your Best Sellers THE BAD!

- We underestimated the market for some best sellers.
- We had success with a beer cave in another store, but we built this one smaller. We regret that move, because beer is outselling our other stores
- We sell lots of cigarette cartons at our other stores but we are selling more packs per transaction than cartons. We had to install more single pack drawers around all of the POS stations.

Lesson 4: Know Your Best Sellers THE GOOD!

- We planned on a high volume gas station and included lots of islands. We copied Costco and put in long hoses for filling from any side of a car. We created room for cars to pass each other within the islands. This takes space but it works for the customer at peak times.
- We offer gas and diesel. We decided not to attract commercial truckers so we don't offer DEF at the pumps. We added clear or non-ethanol gas when planning our underground tanks, so we offer a unique product not offered by our competitors in a 20 mile range.
- We dedicate a whole golander section to wine. We are trying to signal to customers that we are IN the wine category for them.

Lesson 5: Seek Advice In Odd Places

- After a field visit to a new tribal c-store, the manager was asked where she got her guidance. Her reply: "From visiting all of your stores!"
- Copy what you see working in other retail stores. No such thing as an original thought in retailing that isn't copied.
- We talked to other c-store managers, their
- We had other stores so we talked to our managers, staff and customers for ideas.
- One word of caution: Listen with a grain of salt. Everyone has personal prejudice and no one represents all customers.

Lesson 5: Seek Advice In Odd Places **THE BAD!**

- Examine all of your advice against your market. Not every idea is transferrable to another store.
- There is no such thing as bad advice, but there is bad execution.
- Right size and right think others suggestions to your local market.
- Sometimes outsiders are hesitant to be frank & candid with us in Indian Country for fear of insulting us. Its your job to solicit their REAL opinions even if its against your current strategy.
- Always thank your advisors whether paid or not.

Lesson 5: Seek Advice In Odd Places THE GOOD!

- The sources of advice are endless.
- There is no shortage of consultants. Check references.
- There is lots of good FREE advice: your suppliers and vendors.
- Advice is a continuous stream of information as you build you design and go into construction. Keep your ears open.

Lesson 6: Equipment Comes In All Sizes

- There is an old saying: "Measure twice, cut once."
- Don't forget to consider not only what equipment you need, but the size & dimensions of that equipment.
- Use the specs of the actual equipment to be purchased to be placed in a store layout design to ensure that it fits.
- We visited other stores with the equipment we thought we wanted and asked questions about training & maintenance & reliability.

Lesson 6: Equipment Comes In All Sizes THE BAD!

- We thought we had the right space for a new automated safe and currency machine, but we didn't consider how far the case drawers extended out. Whoops!
- We really missed the boat on ice! We decided to opt for the automatic ice bagger after we finished the build out.
- We saved a lot of space in back with the new Coke fountain machine because it doesn't need all the canisters and the underground chases.

Lesson 6: Equipment Comes In All Sizes THE GOOD!

- We saved a lot of space in back with the new Coke fountain machine because it doesn't need all the canisters and the underground chases.
- We created a large secure room for all the computers and back office systems. Its amazing how many "systems" you will have in the room from cable, phone, servers, pump monitoring, surveillance, POS, etc.
- We left space for automatic service machines with low voltage connections for ATMs, Lottery Kiosks, casino player points, kiosk, etc.
- We brought the ice freezer inside in this store because it became inconvenient for our patrons and staff when we drag from the outside to the inside. Its right next to the POS station too. Grab n go!

Lesson 7: Pick A Brand

- Our Tribe learned that brands matter to our customers in terms of value which considers price and quality.
- One of the most important decisions will be whether to brand your fuel with a major oil or go independent.
- There is no one "correct" answer because it depends on your location, competitors (or lack of them) and other factors such as how your tribe feels about long term contracts.
- But fuel is not your only branding decision. You may brand your quick service food for instance.
- Even without picking a brand, you may be forced to choose a contract between your tobacco, beer, cola, chip or candy vendors who are competing for space in your store. Those contracts are attractive with rebates and incentives, but they come with restrictions and covenants that will yield some control over your retail space. So ask and read those contracts as soon as possible.

Lesson 7: Pick A Brand THE BAD!

- Years ago, we had a consultant that insisted that unbranded fuel under an independent tribal brand was the ONLY way to go.
- We opened our first store unbranded. A few years later, we converted the store to a major national branded fuel and without changing our margins, we dramatically increased fuel gallons sold.
- We opened our second store unbranded. Sales were low. When we converted to a major brand, our gallons surged.
- So we opened this third store as branded because that's what works in our market. The lesson is to understand your market.

Lesson 7: Pick A Brand THE GOOD!

- We engaged our tobacco, soda, beer, salty snack and grab-n-go food vendors early. We reviewed those squirrely contracts. They must be understood to take full advantage and allow adequate space under the contracts.
- We eliminated vendors and products that would otherwise confuse our customers. In our other stores, at one time, I counted 4 different brands of beef jerky. We reviewed the beef jerky category and settled on offering on one based on brand recognition coupled with value to the customer.

Lesson 8: Major Programs

- The modern c-store has more offerings for the convenience of demanding on-the-go customers.
- We identified the programs that would identify us to customers and distinguish ourselves from competitors.
- Don't confuse "programs" with merchandising.
- Our in-door programs included:
 - Large bathrooms with no doors for quick access
 - High ceilings & wide aisles for easy customer circulation
 - Beer! A beer dedicated beer "cave" cooler and growler station
 - Leased kitchen space for fresh daily grab-n-go Chinese food & sushi

Lesson 9: Open Circulation

- The average convenience store customer is in & out of the store in something less than 3 minutes. Anything delaying a speedy entry,
- Circulation elements are outside and inside the store.
- Outside circulation includes easy ingress to the store, helpful signage, room at the pumps, ample parking spaces, easy exiting.
- Inside circulation includes easy door access, ample aisle room, sufficient number of POS stations, merchandise signage (where is the ice).
- We requested 2 Lotto self-service kioks and planned the space for them away from our POSs to keep lotto players off the check-out line at peak times.

Lesson 9: Open Circulation THE BAD!

- We allowed for plenty of space for our selected merchandise. We wanted virtually no products on the POS stations to keep it free and clutter free.
- Inevitably, suppliers started creeping their products at the POS stations. Watch them!
- We created wide open aisles. It didn't take days after opening when special open POS racks started appearing in our aisles. They didn't stay long. This is a reminder to read those contracts that allow for these display space that you didn't plan for.

Lesson 10: Employees Matter

- You can't live with them and you can't live without them: employees
- A c-store is not really a store until the merchandise is "set."
- You can and should depend on your suppliers to set your shelves and coolers, but your employees need training, so the opening preparations is a great time to train your employees.
- We started our employees during the week prior the store opening when our suppliers were delivering and setting the shelves.
- We tried to get the supplier account reps to share the story behind their products to our staff. Believe it or not, people care about passion behind what they buy.
- Employee appearance in a uniform with a friendly helpful attitude is more important than the shine in your new store to the customer.
- There are so many "systems" in the store. Get your staff familiar with everything while there are knowledgeable people around that you are already paying.

Lesson 10: Employees Matter THE BAD!

- We had new challenges in hiring our store staff.
- Managers are hard to find. Look early and look everywhere.
- Eager and reliable staff are hard to find too. Especially today.
- We started advertising and interviewing a full 2 months before we opened. We gave an incentive for new hires to be available on opening day so they had a disincentive to work somewhere else.
- We experimented with a new program, a beer growler station. In WA, the staff needs to be at least 21 and pass a training to pour. This creates "opportunities" in hiring.

Lesson 10: Employees Matter THE GOOD!

- Even though we hired before Christmas and opened after the New Year, most of our hires were there on day one.
- Employees pointed out new punch item lists that needed to go to our subcontractor to fix.
- This is our first 24 hour store and its working for the employees. Our employees are better security than our cameras, lighting, etc.
- We love our employees! And they love the new store! Pride!

Final Lesson: Plan, Ask, List, Meet, Focus

- As you consider my 10 Lessons, you should remember takeaways:
 - Make time to plan your store before you start building
 - Don't let "experts" in building deny your store vision
 - Ask lots of questions of everyone
 - Make notes and checklists
 - Meet your project team members regularly
 - Be flexible as you face obstacles and challenges
 - Remember, its not about you – its about the customer!

Presenter Information

Chris is the Managing Director of Chehalis Tribal Enterprises which includes the management of the End of the Trail Convenience Stores in SW Washington. The planning and development of new enterprises for the Chehalis Tribe is his primary team mission.

His formal education and training is in finance and accounting in which he earned a BA from Queens College, CUNY. As a certified public accountant and a past controller of several companies, Chris' career has been in Indian Country for the past 21 years serving in various management roles in enterprise and government.

He was involved in the early formation of the Tribal Convenience Store Association, TCSA, (formerly the Tribal Summit Group) and currently volunteers as an elected TCSA Board Member.



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