

Managing and Measuring

ReStore Metrics That Make an Impact



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**Why do we need to
focus on metrics?**

Have questions about your ReStore?

- Metrics are a way to get answers to questions that you have about your ReStore
- What your questions are determines which metrics to track
- Metrics can lead us to explore new questions we didn't know we had

Metrics matter



- Can confirm or contradict intuitions
- Data-driven decisions make businesses more productive and more profitable
- Can uncover unknown successes or problems
- Help us determine how to use our finite resources to create the biggest impact

Trackable vs. actionable metrics

Trackable metrics

Anything we can measure and quantify

- Daily sales
- Volunteer hours
- Sales by department
- Donation drop-offs

- Customers in red shirts
- Volunteers named Bob
- Number of times you hear “Will you take less for that?”

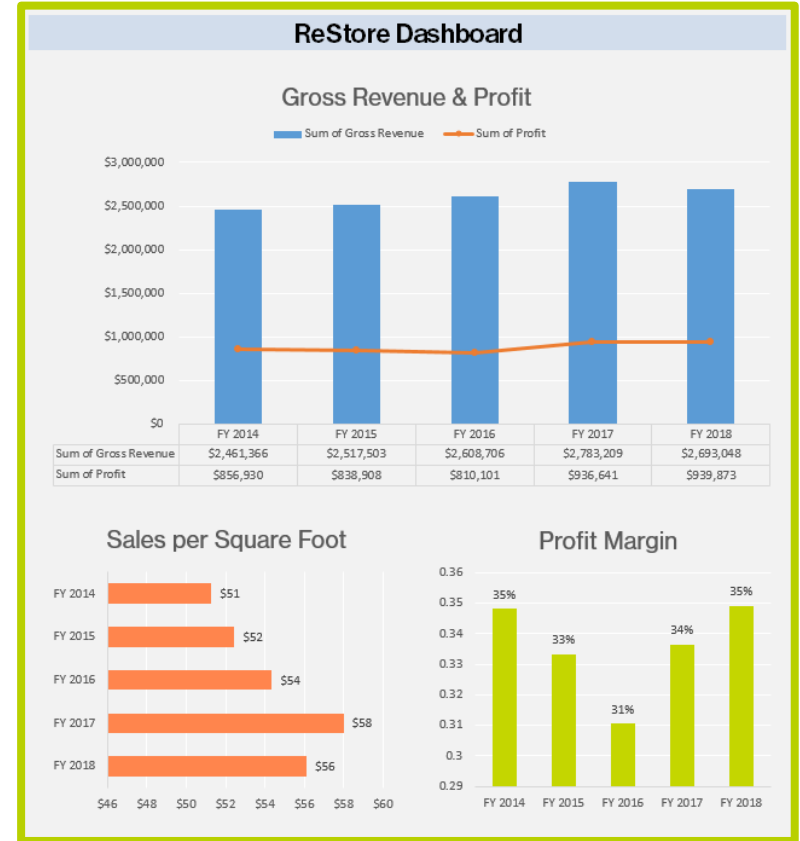
Metrics versus KPIs

- Metrics-things we can measure
- KPI-Key Performance Indicator
 - Metrics or data points that show how well we are achieving business-specific goals
 - Can be used to re-assess strategy



Dashboard

- Creating a KPIs dashboard
 - Quarterly sales
 - Quarterly donations
 - Personnel costs
 - Whatever you need!



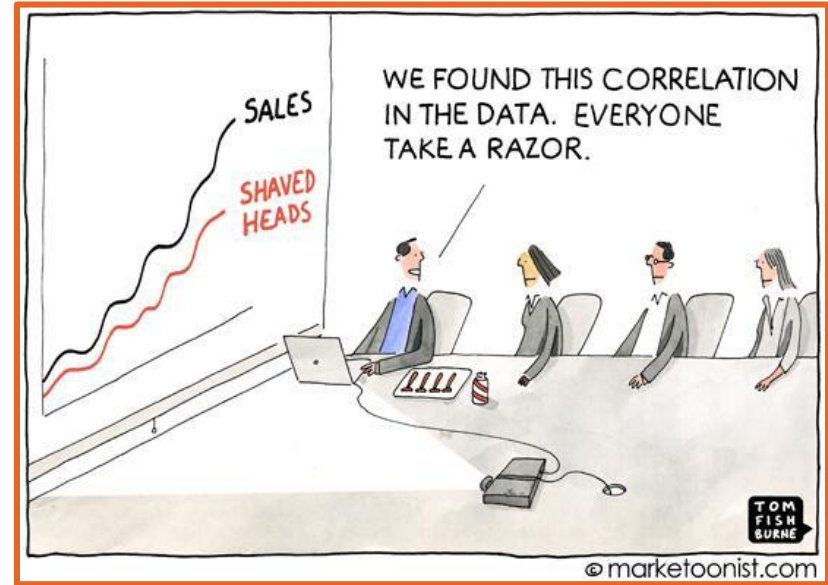
Limitations of data

Quality of data

- Is it an accurate sample?
- How are you collecting it?
- How large is the sample?
- Are there outliers?

Correlation is not causation

- Are we considering the right variables?
- Are there other variables we should be considering?
- What is the relationship between your variables?

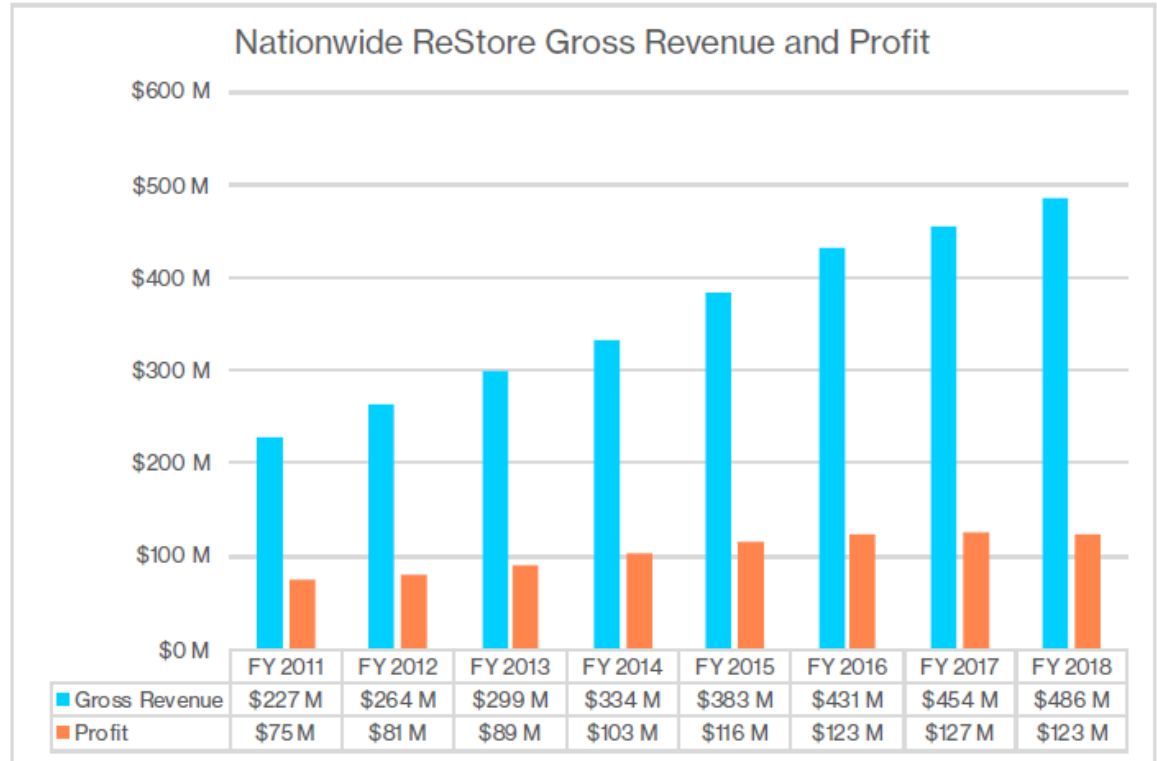


**How does
HFHI look at
ReStore metrics?**

Year over Year (YOY)

- The difference between last year's sales and this year's sales
- Useful for all ReStore operations

Year Over Year (YOY)



YOY By Metric

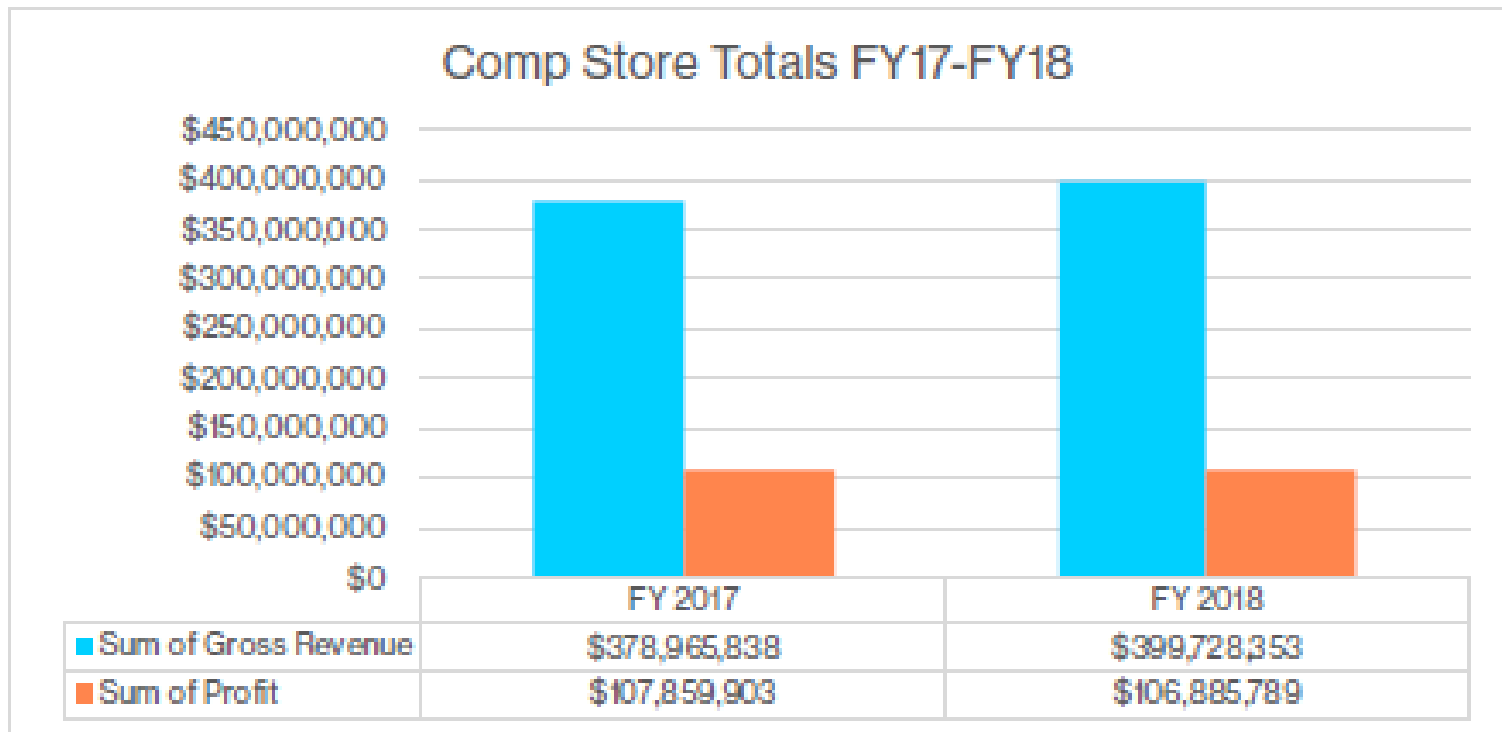
	Gross Revenue			
Fiscal Year		% Change YOY in Average	Median	% Change YOY in Median
FY 2014	Average	8%	\$307,466	7%
FY 2015	\$408,185	11%	\$342,625	11%
FY 2016	\$453,315	12%	\$395,594	15%
FY 2017	\$506,844	1%	\$400,460	1%
FY 2018	\$511,318	6%	\$415,969	4%

	Profit			
Fiscal Year		% Change YOY in Average	Median	% Change YOY in Median
FY 2014	Average	11%	\$82,815	6%
FY 2015	\$126,884	11%	\$89,915	9%
FY 2016	\$140,561	5%	\$104,767	17%
FY 2017	\$147,265	-1%	\$95,987	-8%
FY 2018	\$145,831	-4%	\$92,428	-4%

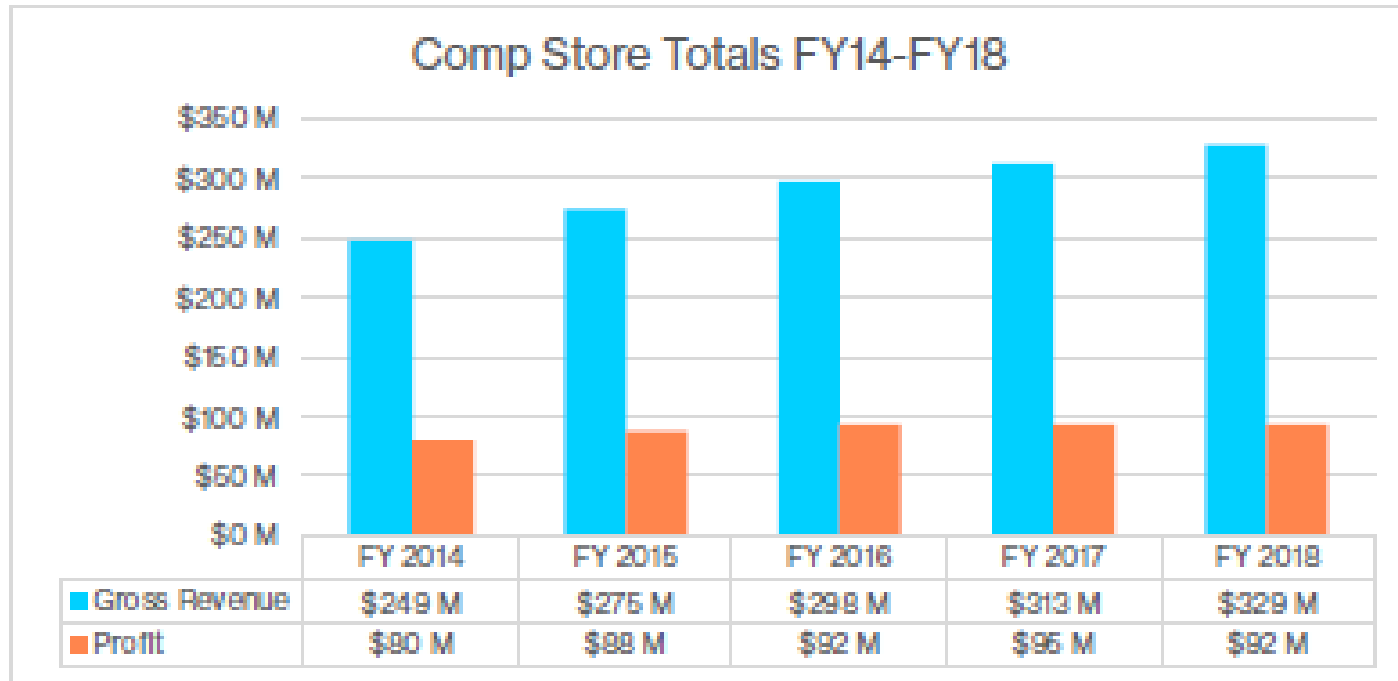
Comp Store Sales

- Compares this year to the same period last year (must be a full year)
- Measures the health of a business
- Especially useful for multi-store operations

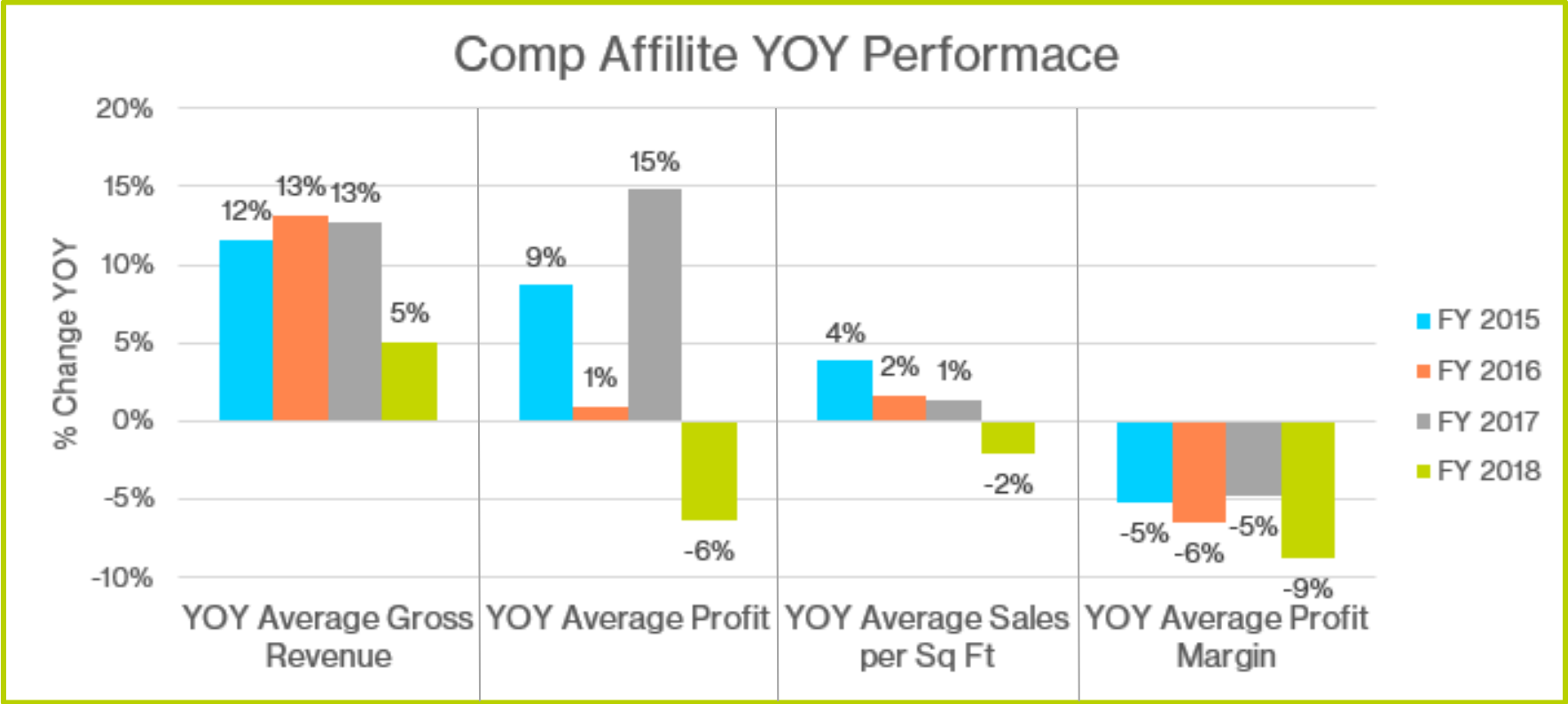
Comp Store Sales



Comp Store Sales



Comp Affiliate Metrics

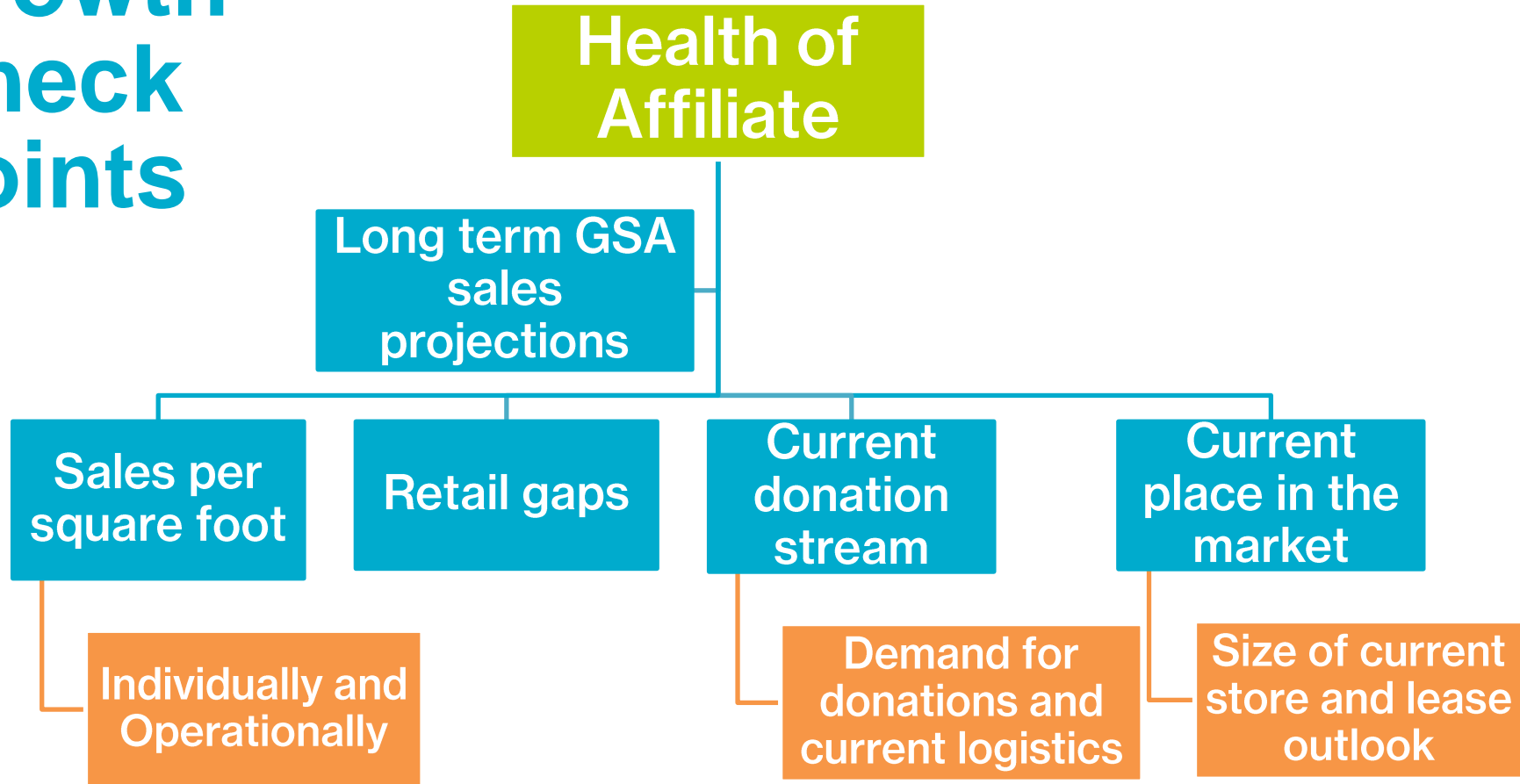


These help us see things like...

- Trends
- Growth phases
- Cannibalization
- Anomalies

**A case for change
(closing, moving,
or adding stores)**

Growth Check Points



Occupancy cost percentage

- Recommended 14-20% occupancy cost for a mature (3+ years old) store
- Is this within range? If not, why?
 - Not meeting sales goals?
 - Exceeding sales goals?
 - Rent/mortgage rate too high?
 - An incredible deal?
 - Paying for too much space?
 - Outgrowing existing space?

Occupancy cost percentage

- National average: 16%
- National median: 13.4%



Personnel cost percentage

- Recommended 35-45% of gross invested in personnel
- Ideally at least 2 paid staff present during all operating hours
- Are these metrics within range?

Personnel cost percentage



- National average: 40%
- National median: 38.95%

Sales per square foot (SPSF)

- The higher, the better!
- If this is outside national averages, why?
 - Not meeting sales goals?
 - Inefficient use of space?
 - Too much space?
 - Not enough donations?
 - Exceeding sales goals?
 - Efficient use of space?
 - Too little space?
 - Strong donation stream?

Sales per square foot

- National average: \$36.46
- National median: \$33.68



Number of donations

- As many as the operation can handle
- If this is steadily declining, why?
 - Poor location?
 - Not enough marketing?
 - Poor customer service?
 - Competition?

Gross sales

- Use applicable information to make projections that fit the market
- If this is stagnant or steadily declining (a trend, not just a down year), we need to ask why

Penetration rate

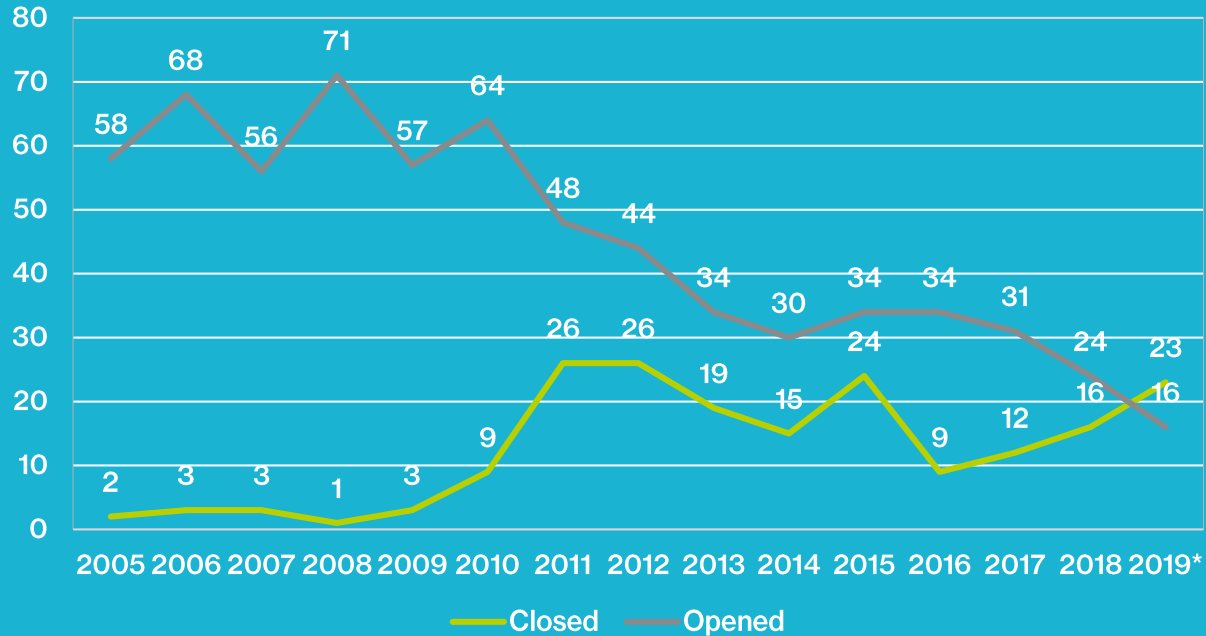
- **Measures market penetration**
 - Can help you understand market potential
 - Helps inform decisions on if/how to expand operations
 - This is not a benchmark, every market is different

There's always more to the story...

- Hours/days open
- Staffing levels
- Marketing budget
- Markdown system
- GSA characteristics (divided market?)
- Trends over the years

**A metric we
can't ignore...**

Stores Opened and Closed per Fiscal Year



Too many red flags might call for a store closure

- Closures trending upwards the past 3, going on 4 years
- Store openings trending downward for that same time frame
- More closures in FY19 already than in all of FY18
- The closure of these stores has actually resulted in a net *gain* in terms of profit

ReStores reporting net loss

7 every year for past three years

31 two out of last three years

97 one out of last three years

135 lost a collective \$7.5+M in three years



Net loss- a closer look

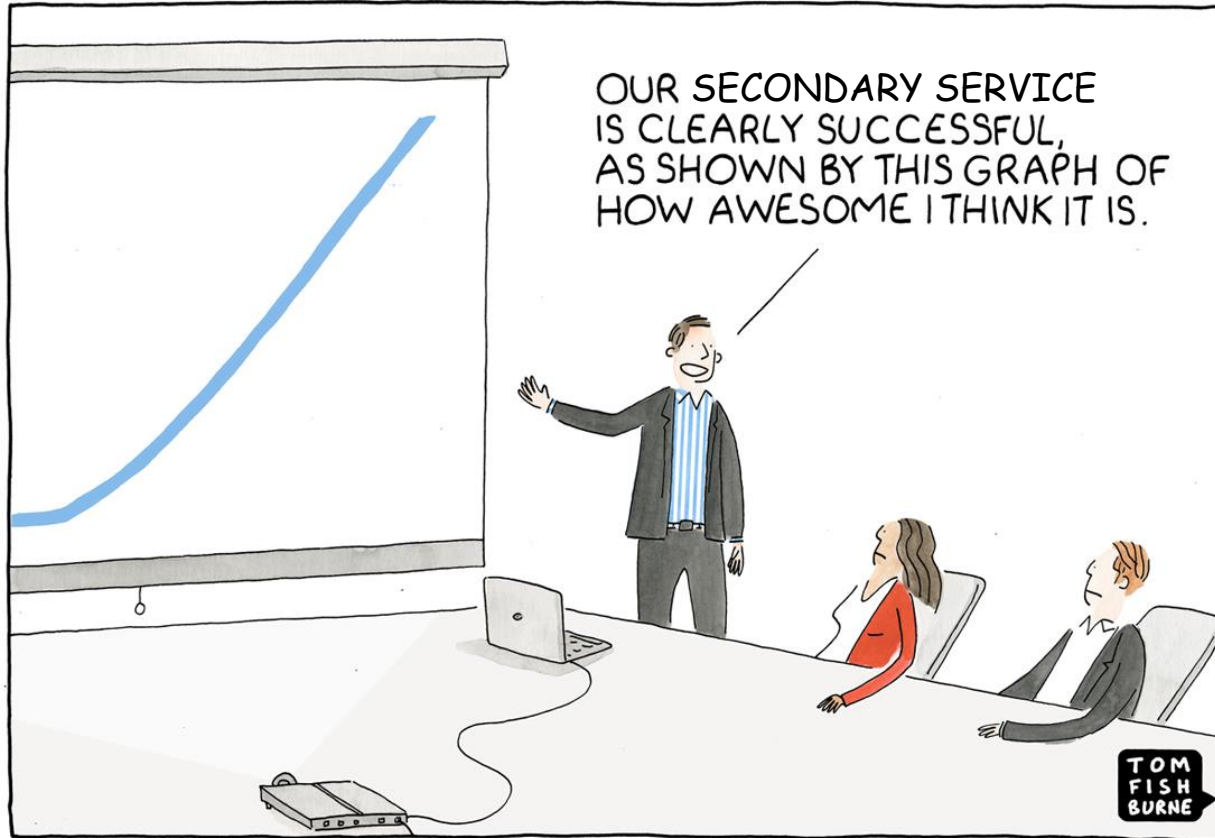
- Down years occasionally happen, but patterns are concerning.
- How do we decide if it is time to close, or if it is time to make changes?



Net loss- a closer look

- 46 of the stores that reported a loss in FY16, FY17, or both were profitable in FY18
- 22 of stores posting losses for at least 1 of the past 3 fiscal years have closed

**Tracking new ideas or
secondary services**



How do we know if it's working?

- Set clear, quantifiable goals up front
- Identify key metrics to track
- Regularly check metrics against goals
- Be honest about results

What to look out for

- **Hidden costs**
 - This goes beyond additional costs and could be things like staff time or floor space
 - Opportunity costs
- **Unforeseen side effects**

Example: Deliveries



- Goal: Increase gross sales by $x\%$
- Hypothesis: Implementing a delivery system will lead to an increase in total sales by removing the transportation barrier of large items for customers.



Example: Deliveries

- What should we measure?
 - **Must do:** Gross sales (probably on a monthly or quarterly basis); number of deliveries made; staff hours spent on deliveries; additional fuel costs
 - **Should do:** Sales per department; additional mileage/truck maintenance needs
 - **Extras:** Days scheduling out for pick-ups; Number of cancelled pick-ups

Example: Deliveries

- What might possible side effects be?
 - Additional demands on truck scheduling team
 - Increased complexity of customer service (timeliness of delivery; product damaged in transit; damage to customer home)
 - Increased liability/Changes in insurance
 - Others?

Example: Deliveries

Are there any costs (monetary or opportunity)?

- Staff and volunteer hours spent scheduling/delivering
- Truck gas
- More frequent truck maintenance
- Lost revenue from pickups that could've been made
- Lost revenue due to cancelled pickups because of slower response time (truck occupied)
- Return of items damaged in transit
- Others?

Questions?
Is it worth trying?

Relating ReStore metrics to the bigger picture

Funds to your affiliate

- The purpose of a ReStore is to provide funding to further our mission
- Successful ReStores enable their affiliates to increase building capacity through their profits

Reputational effects

- How the ReStore is perceived affects all of Habitat!
- Hopefully furthering a positive perception of Habitat for Humanity
- Engaging customers and donors who are otherwise uninvolved with Habitat

FY2018 tithe

TOTAL TITHED
\$14 million

TOTAL FAMILIES SERVED
3,111

RANGE OF TITHES
\$3.50 - \$569,054

MEDIAN TITHE
\$3,000

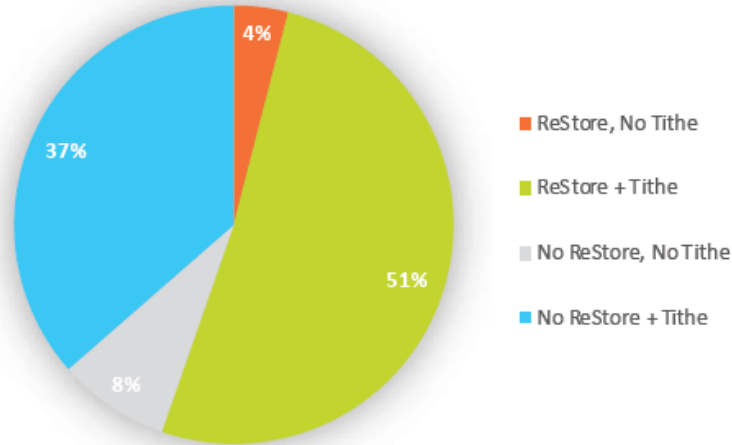
AVERAGE TITHE
\$12,685

Tithe

Potential Global Impact

Nationwide ReStore Profit	\$123,235,287
Tithe %	10%
Estimated ReStore Tithe	\$12,323,529

FY 18 Affiliates by Tithe Categories



**The decisions you make inside
your four walls...**

**Have major impacts outside of
your four walls**



Questions?

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