



SKILLSMART RETAIL LOCATION MODEL

IMPACT AND INFLUENCE

October 2009

1. Introduction

Since its establishment in 2002, Skillsmart Retail has been active in two broad areas of research and policy development which respond to two key themes highlighted by governments throughout the United Kingdom.

The first priority has been the development of a system of skills and learning support which is more responsive to the needs of employers and individuals. Such a **demand-led** system is identified by government as a key means of increasing participation in training and development activities which will contribute to a step change in the performance and productivity of the UK economy.

Another key policy strand over the past decade has been to encourage **local solutions to local problems**. Local and regional agencies have sought to find ways of breaking cycles of underdevelopment within local areas in the UK. Indeed a particular theme of relevance to Skillsmart Retail has been the contribution retailing makes to the quality of life in many localities.

Working to deliver local solutions to local problems

At a local level, Skillsmart Retail has been active in pursuing a genuinely innovative strand of research and engagement which has focused on working closely with communities of independent retailers and related stakeholders. We have carried out such work in over 70 locations since 2004 across Great Britain, and nearly 4,000 retail micro-businesses have been assessed in terms of their day-to-day operations.

Called the Location Model, the approach engages independent retailers and stakeholders by using high quality industry intelligence aligned with original research. The Location Model approach challenges institutions that may not see an immediate relationship with one another to work together for the good of a business community.

The approach can lead to a greater understanding of how a location can be at risk of underdevelopment through a mismatch in its retail offer with its consumers. Crucially, it makes the link between identifying this mismatch and how it can be resolved through appropriate training and development interventions.

This strand of work has been taken even further with the development of a network of **retail skills shops** throughout the UK under the **National Skills Academy for Retail** brand. The proposed development goes beyond seeking to purely 'hide the wiring' of the range of providers and aims to provide a 'one-stop shop' for retailers of all sizes.

Each skills shop will seek to provide the best interventions at the right time to develop the right skills "ecosystem" for a local retail community. As a result skills shops provide access to mentoring, coaching, qualifications and training. But they are encouraged to base these interventions on high quality retail intelligence.

Skillsmart Retail's record of working locally since 2004 has demonstrated that a sectoral approach can be applied locally with impressive long-term effects.

2. Why location is key

The function of the retail sector in the UK economy can be described as providing a link between production and consumption¹. As a result, retail is hugely influenced by location in the development of its business strategies and employment of people. The importance of location to retailers, in particular to independent retailers, is underlined in a Skills for Business Network survey², which indicated:

- **Retailers are more likely to view their market as having a local basis (47%) compared with other private sector businesses (37%)**
- **57% of small retailers (1-4 staff) primarily serve a local market**
- **Improving their reputation in the local community is a priority for 44% of retailers, compared with 39% of all businesses**

The same survey also found that smaller retail businesses were more likely to report failure to develop business through skills than multiple retailers:

- **A third of all retailers employing between 1-4 people indicated a lack of skills had constrained product and service development (compared with 13% from those employing over 50 people)**

The importance of skills to the development of small retail businesses is further underlined in the Leitch review. The evidence for this review indicated that skills accounted for around one-fifth of performance in all companies, while the impact of skills on performance in smaller retailers is likely to be greater.

2.1 Local market and industry intelligence

The bespoke research evidence is collected for each location using a variety of methods including:

- **Consumer profiling**
- **Mystery shopping**
- **Street interviews**
- **Town centre assessments**
- **Marketplace assessments**

Such intelligence enables an independent retail community to develop its own unique selling points and have discussions about other things such as its brand. As one partner commented:

Skillsmart Retail were able to provide us with a complete range of services, consumer profiling, high quality street surveys, and a town centre assessment. They were able to relate these to our independent retailers, contribute to the development of a training programme and inform us of our own progress in regenerating the town centre.

The market intelligence is also key in order to help independent retailers understand their own offer and how it fits into the town's overall mission.

1 Burt, S and Sparks, L. (2002) Competitive Analysis of the Retail Sector in the UK, Institute of Retail Studies, Stirling University. Stirling

2 IFF Research Ltd (2004) SFBn Evaluation 2004 Employer Survey Skillsmart Report

The data derived from the Location Model provides a platform for independent retailers to formulate a response to changes to the local competitive environment. For instance, new homes may bring with them new types of householders. A new large retail development will almost definitely require independent retailers to redefine their offer.

Our experience indicates there is a strong support in most retail communities for access to this type of intelligence and its reception is most effective if facilitated by a third party.

The development of a local community requires some capacity to organise and communicate. Where this is absent a retail community cannot act together over time.

Skillsmart Retail's experience indicates that town centre managers are often a key factor to help a local retail community avoid underdevelopment as they can act as an all important focus for the town's activities.

Independent retail associations can be as equally effective. When these are well organised, these associations can provide strong self-help to a retail community.

2.2 Preferred shape of business support

Skillsmart Retail's work with local retail communities has highlighted a range of opportunities for providers of business and learning support.

- **Language**

Adopting the language of business improvement rather than training or skills jargon has proven vital. The terminology of qualifications or the brand name of a government initiative is understandably often alien to independent and multiple retailers. The language needs to be active and related to issues that retailers are confronted with on a daily basis. At the same time those engaging with independent retailers should avoid being too dogmatic in the 'business speak' that they use.

- **Local provision preferred**

Time after time our own experience, our own surveys and now the surveys of others, have demonstrated that independent retailers are more likely to seek out business and learning support locally. This is in contrast to multiple retailers who are more able to source support from within their organisations.

- **Coaching and mentoring**

Our engagement with retail communities has consistently demonstrated that independent retailers favour coaching and mentoring support from those who have some experience of the retail sector.

There is a strong preference for this support to be provided either at, or near, their place of business and to be geared towards overcoming a particular business problem.

A popular technique of mentors is to approach the retail environment and assess store layout and visual merchandising, for example. This is then followed up in subsequent visits by discussions around core business practices. In essence the approach is client-led and has produced high quality outcomes.

- **The potential brokerage opportunity**

Brokerage activities have proven very successful when linked into Skillsmart Retail's local work. Train to Gain in England and HR Advisors in Wales have proven effective partners in helping to deliver outcomes.

For instance, mystery shopping feedback has proven a useful way of introducing brokers to retailers. Brokers have been able to build upon this engagement to arrange interviews to review more fully an organisation's business and skills requirements.

However, independent skills brokerage does not exist in Northern Ireland or Scotland so alternative mechanisms for engagement need to be identified.

- **Bite-sized learning**

In each of Skillsmart Retail's Location Models, one of the most popular formal interventions has been bite-sized learning such as masterclasses.

- **Application of information technology**

Many retailers believed that they could improve their use of IT. Using simple information technology to help with the day-to-day business activities (such as invoicing and stock control) was considered important.

Retailers were also keen to understand how they might be able to improve their businesses through the internet and online trading including the development of a website (transactional or even just a home page which describes the offer).

- **Business development**

Many retailers also cite the need to develop their management and business development skills. Getting the most from others for example recruiting and motivating staff, and business planning were commonly mentioned by retailers.

- **Sales and customer service**

Interestingly perhaps few independent retailers felt they needed to improve upon their sales and customer service skills.

3. Case studies and successes

Over the past four years Skillsmart Retail has worked to help improve independent retail businesses through the people who work in them. Some case study examples and testimonials are outlined below.

- **Forest Gate, East London**

During the late 1980s and 1990s Forest Gate Town Centre had experienced significant decline. In response, there has been considerable investment through the Single Regeneration Budget.

The priority was for improvements to be made to the 'street scene' environment and subsequently a range of improvements were made to the physical environment of the town centre. New pavements have been laid, seating areas have been introduced and the area has been able to improve a number of shop fronts and facades.

However, it became clear that retailers needed support not only to improve the look of their businesses, but also how their businesses were run. The Single Regeneration Budget project was drawing to an end, and the businesses in the area would therefore need to become more accustomed to working without close support in the future.

There were also a range of changes coming that would transform the area. The main site of the 2012 London Olympics would be just two miles away in nearby Stratford. Accompanying this development is a new in-town shopping centre. At the same time, the regeneration activities were drawing a range of new populations into the area.

The programme

Skillsmart Retail was a lead partner in the Forest Gate 'Retail Success' programme. This pilot was initiated by Forest Gate and Plaistow Sustainable Communities and was designed to improve the business prospects of independent retailers in Forest Gate.

In the first phase of the project (Autumn 2005), Skillsmart Retail used its innovative Location Model approach to deliver a comprehensive understanding of Forest Gate as a retail location. This included the mystery shopping of the participating retail businesses, street interviews with 200 local shoppers and assessment of the town centre (looking at such areas as accessibility, cleanliness and safety) and the creation of a consumer profile for the area.

A total of 32 small and medium-sized retail businesses (SMEs) were involved in the wider Retail Success programme. Over 80% of participants were from ethnic minority communities.

With that research and analysis, Skillsmart Retail was then able to identify the 15 retailers most in need of help with their visual merchandising and promotion. These formed the starting point of the engagement from the outreach providers.

A training company specialising in visual merchandising was then brought in to assist those retailers directly. It offered masterclasses and individual coaching to help them take a fresh

look at their business. The research also provided retailers with constructive feedback about their strengths and weaknesses in other business areas.

The competition

Fifteen retailers joined the competition for £10,000 towards a store make-over. Bagaria Sports of Woodgrange Road won first prize and made a number of improvements to its store, including using display stands to create attractive window displays, keeping all lights on during the day and installing a timer so that customers could see into the store at night, pricing all its stock, improving the layout of stock, removing old signage and posters and clearing clutter.

Owner John Bagaria says his new visual merchandising knowledge has changed his approach to his business:

It's been a breath of fresh air for our business. As time goes by, the independent retailer can find that the way things are done can turn a bit routine and stale. But this has allowed us to tap into concepts, such as utilising the most effective sight lines, maximising space whilst minimising clutter and producing stunning window displays that truly have a positive impact on sales. We are now getting customers coming in asking if we are a new business, despite having been here for nearly 20 years!

The legacy

A final report was presented to the town centre management and Newham Borough Council. The report's findings were used to help the local authority plan future support in the area once the Single Regeneration Budget has been completed. Recommendations included the continuation of the Independent Retailers Association, and for the local authority to closely examine the business and learning support it was providing to the independent retail community.

- **The Challenge in Colchester, Essex**

Within Colchester, stakeholders feared that the town was losing many of its independent retailers. Independent retailers themselves were also aware of the acute competition they faced from large stores and from out-of-town shopping.

Indeed, although retail sector employment in Colchester had grown by almost 25% in the six years to 2004, the bulk of these new jobs were with large retailers and smaller specialised retailers were closing.

The programme

Skillsmart Retail was approached by Colchester's Independent Retailers Association. Funding was secured through the Learning and Skills Council and a range of other activities from the local authority contributed to the project's success.

As a result:

- 50 businesses in Colchester gained useful feedback from the mystery shopping exercise
- 35 retailers attended a breakfast meeting to review their local marketplace and what customers thought of them

Boosting skills

The outcomes from the activities were also impressive.

- The exercise has given retailers the impetus to develop their selling skills through masterclasses run by the Retail Academy (short courses and online support). 20 people, from 12 different businesses, attended workshops in visual merchandising and getting more sales
- 40 Colchester retailers made use of the Anglia Ruskin University website, which allows them to find information in bite-sized chunks, when and where convenient for them. This is used by the proprietors themselves and for training staff
- 9 have taken up business support from Business Link on VAT planning, marketing, general business support and customer service
- 10 more businesses are also considering taking up the help on offer.

Legacy

The final report was presented to the partners and helped form the basis of future activities between the local authority, town centre management and Colchester's independent retail community.

- **Other Location Model project outcomes**

Region	City/town/location	Outcome
South West	Plymouth (2004)	140 retail delegates attended 11 training workshops 10 went on ILM Level 3 first line management qualification
South East	10 towns across Hampshire (2006) 100 retailers mystery shopped	90 retailers attended research feedback sessions 135 coaching and mentoring sessions completed 17 short courses, with average 7 learners per course: another 40 on waiting list Management, visual merchandising, web page design and retail sales most popular
South East	Alton, market town in Hampshire (2006) 50 retailers mystery shopped	30 micro-businesses engaged with project after mystery shopping and 12 referrals to brokerage
London	Camden (2006) 50 retailers mystery shopped	30 small retailers attended Masterclasses
West Midlands	Rugby (2008)	27 of the 42 stores that were mystery shopped interested in further discussions. 8 Organisational Needs Analyses completed by Business Link
	Stratford-upon-Avon (March 2009) 50 retailers mystery shopped	30 retailers attended employer feedback session. Business Link present
	Cradley Heath (June 2009) 50 retailers mystery shopped	22 retailers attended employer feedback session. Business Link present
	Uttoxeter (July 2009) 25 retailers mystery shopped	25 retailers attended employer feedback session. Business Link workshop scheduled for September 2009
	Torbay - Torquay, Brixham and Paignton (September 2009) 100 mystery shopping visits	60 retailers attended employer feedback session and 10 stakeholders. Business Link present and National Skills Academy for Retail attended.

Over the past six months, over 130 retail micro-businesses have benefited from public feedback sessions on retail best practice and labour market information about their own towns.

- **Location model testimonials**

We were able to sit down, talk about our main concerns and areas we felt we didn't understand too well. We were then able to agree a package of activities that were specific to our own needs. In the end we got a series of practical recommendations for the town centre and its independent retailers.

Jonathan Hughes, Bridgend Town Centre Manager

I personally think it has been an excellent tool in engaging businesses in Gloucestershire for all partners. It has also allowed the opportunity to promote general skills development in the retail sector to businesses that may otherwise have been hard to reach.

Rob Thomas, Business Link Gloucestershire

They have all been very receptive to the mystery shop, without exception, and in many cases the conversation has led on to talk about training opportunities which has in turn led to the owner/manager endorsing the NVO and encouraging their staff to take up the NVO. Without getting our foot in the door this way, it would have been very difficult to set up a meeting with the owners/managers as they are so busy and wary of people they do not know!

I would certainly recommend replicating this in other areas.

Julie Smith, TTC Training

The project carried out has realised a number of different benefits. The initiative has shown up strengths and weaknesses in the retail trade to the Cheltenham businesses actually working in that sector. This sometimes identifies training needs, and has led to training providers being able to tailor the relevant training offered directly to where the need is. It has allowed shop owners to look again at how they carry out their business and at ways in which they can improve their services to their customers.

Martin Quantock, Town Centre Manager for Cheltenham

Since the exercise this street has become more of a community and we chat amongst ourselves, so I suppose we share more information.

Sue Buckle, Tyson Sewing Machines Ltd, Kingston

The coach was like a breath of fresh air. She came in and got us to talk about our business, encouraging us to identify our strengths and our weaknesses. These were generally things we already knew but, because the business was struggling, we hadn't taken time to think about these matters. He is now preparing to open a third store in Basingstoke. We are still not selling a large amount and certainly not making much money, says Allen, but we are attracting more customers than we were and growth is now steady.

Matthew Allen, 3rd Place, Basingstoke

- **Future Location Model activity**

We are looking to enhance and broaden the appeal of the Location Model programme on various fronts including:

- Hospitality businesses as part of the night economy
- To what extent the Location Model's three-stage approach to researching a town or city's retail offer can support applications for Business Improvement District funding
- As a regeneration aid to encourage retail diversity
- Evaluating the need for a local skills shop in an area and thereby boosting business performance and skills of the local workforce
- An ambitious pan-regional project in 15 market town locations across the West Midlands is underway at the time of writing (October 2009) and will help Advantage West Midlands support small retailers hit by the downturn
- If successful we would hope to roll this out with the other RDAs in England, and to approach potential Location Model partners in the devolved administrations

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