

## You need a blend of people who will grow with your business and people who will move on to other things as well

Matthew Hennings

to bring in experienced on-trade staff rather than rely on existing shop people to do both.

Ruth Yates of Corks Out said that running a wine bar helped raise the profile of your shop in the local area. "We have been here for four years and when we opened the wine bar we had people coming in and welcoming us to the village. But you have to compete with the same kind of offer that local bars have."

Ultimately it comes down to location. "You need to have footfall. You need high-street traffic at that location to make it worth it," said Yates.

### Direct sourcing

The merchants were keen to look at areas where they could use their shared experiences of working directly with producers. Hal Wilson of Cambridge Wine Merchants, for example, was happy to "share what we have discovered" in going direct for its entry-level wines. Doug Wood of Woodwinters said that going direct for entry-level had "transformed" its business model.

The merchants discussed ways in which they could exchange details on the ex-cellar prices of wines from certain producers. Wilson's view was that the more merchants that took a particular wine from a producer, the better price they could each have. Spain was seen by many as an ideal source for direct wine.

Hennings said he was successfully sourcing directly from France, Spain and Italy.

### EPOS systems

EPOS was a major topic that merchants were keen to return to in more depth. The key, for many, was to work with a system that could give them effective real-time data on stock levels and in-store activity. The big issue, however, stressed Hutchinson, was how difficult it was to incorporate sales of bonded stock in to EPOS systems. "I can't see whether a wine has been sold from the shop or from our stock," he explained.

Woodwinters has got round that problem by developing its own bespoke EPOS system.

It was felt the average EPOS system fell in to one of two camps: one designed to be an effective accounting system; the other better equipped to handle the intricacies of wine. "There is not a lot of connection between the two," said Wood. Yates agreed, saying that her system was more of a "stock-management system".

The merchants discussed how much of their turnover should be spent on IT, with Hennings suggesting 1% of turnover.

Future discussions will look more in-depth at how EPOS systems can better manage the multi-site, multi-depot complexities of the Independent Crew members. "There is no perfect solution out there, though," stressed Yates.

### Enomatics and loyalty cards

This was seen as a potentially lucrative area. The fact that customers are willing to spend money up front on a pre-paid card meant the business immediately had fresh cash coming in, said Hutchinson. It also gave merchants access to high levels of data about their customers and he admitted his "holy grail" would be to determine their taste preferences and market to them that way.

But you need to have a high footfall of customers coming in to your shop, stressed Yates. "You have to do a lot of marketing and you need that high-street presence," she said. Hutchinson agreed: "You need to invest in it."

Get it right and it is possible to drive 65% margin per bottle.

### Stock management

The merchants differed a great deal on how much stock they felt they needed to hold at one time. Ruth Yates works hard, for example, to only have four to six weeks of stock rotation in her business. She works with suppliers to take 15 to 20 cases at one time rather than the preferred 30 cases.

"Suppliers are becoming more flexible," she said.

Also discussed was the extent to which business needs, such as the importance of wholesale within each business, affected the level of stockholding required, as well as how many lines of wines the merchants carried and how best to utilize consignment for fine wines.

### Motivating and training staff

Merchants shared the importance of different incentive structures for sales, different philosophies on how to motivate administrative roles of the business, and how shops find great employees.

"You need a blend of people who will grow with your business and people who will move on to other things as well. A good balance is critical," said Hennings.

Wilson said he also looked for personality and character in potential staff and not necessarily their wine knowledge. "We look to take on good people first and can then teach them WSET," he said.

In terms of motivating staff, Yates said: "I do a 'shop of the month' among my managers to recognise the shop that is really performing well." Other motivational techniques used by merchants included spreading regional wine trips out among outstanding employee as incentives to keep people motivated in their shops.

Incentive schemes, urged Wood, should be based on profitability and not simple turnover. It is important to look at what margins an employee is bringing in to the business.

Equally it is important to look at incentive schemes for different types of staff be it sales or wholesale staff.

### Culture

Another issue that the merchants discussed at length was how do you keep the culture of an independent business as it grows bigger.

Hennings said: "When you get to three or four shops and a separate wholesale business then it does create different tensions."

"Culture is really, really important," he added. "But it is hard to keep the small-shop feel as you grow."



## INDEPENDENT WINE CREW

The Independent Wine Crew has been set up by Harpers with a group of multi-site independent wine merchants to share ideas and experiences and to work with the trade to help them run more effective wine businesses. Present at the latest meeting were Ruth Yates, Corks Out; Hal Wilson, Cambridge Wine Merchants; Jamie Hutchinson, The Sampler; Doug Wood, Woodwinters; Matthew Hennings, Hennings; Ted Sandach and John Chapman, Oxford Wine Company.



Jamie Hutchinson



Hal Wilson



Ted Sandach

## CORKS OUT

Award Winning Wine & Spirit Specialists

Thanks to Ruth Yates for hosting the round table at her Corks Out store in Stockton-on-Tees, Cheshire.