

Downtown Idea Exchange

Perspectives

Extending hours requires merchants to get into the mall mentality

By Kent Burnes

Extending hours is not as easy as just hanging a new sign. Merchants must get into the mall mentality, and by that I mean they have to first see themselves as a part of a big outdoor mall. After all, the new lifestyle malls are patterned after a downtown.

The mall mentality is more of a working-together mentality. If one or two businesses stay open late, they will not have the same impact as if all the stores or a vast majority of them stay open.

Making the case for extended hours

Let's first examine the question, why stay open later?

1. According to almost every retail research resource, the vast majority (over 75 percent) of the retail purchases in the U.S. are made between 4 p.m. and midnight.

2. In businesses that extend their operations by two hours, the owner typically works 20 percent less time in the store and profits exceed increased expenses by a minimum of 16 percent.

3. Most business expenses are fixed, and do not stop when we close the door. Rent, insurance, cost of inventory, advertising, utilities, cost of supplies and loans are all 24 hour-a-day expenses.

4. Extended hours combat out-shopping.

5. Sales taxes increase revenue to local government.

The kicker is that most businesses operating in small downtowns do not have the resources to hire business coaches or consultants. So the local downtown manager, the Small Business Development Centers (under the U.S. Small Business Administration, www.sba.gov/sbdc/) and others have to know why these people are not changing and then get some training to overcome the weaknesses.

A matter of know-how, not cost

Here is how complicated extending store hours downtown can be. The majority of businesses will tell you that they do not stay open later cause they cannot afford to. They cannot afford not to.

They really feel the insecurity of hiring another employee. The reasons?

They may not know how to do the record-keeping, or they are afraid the employee won't do the job right.

Of course, they do not have an employee policy manual! They have never standardized any procedures in the business, so they don't know how to train the employee to run the business when they are not there because they themselves have never written an opening, closing and daily operations manual — even a short statement — for their business.

Then, they don't trust anyone to run the business when they are not there.

Well, they have never explored any techniques to keep employees honest, or looked into a simple \$50,000 surety bond that can be bought for any legal upstanding employee for about \$50 per year!

The majority of the businesses in a downtown do not have the procedures in place, much less written down, to support an extension of hours.

Case study: One-year training project

When I was faced with this problem as a project manager for downtown Flagstaff, AZ (pop. 52,890), we prepared a one-year process by which downtown worked with the merchants on a one-to-one basis and in training groups to teach them how to prepare for the extension of hours.

Then, the economic development department gave downtown some money to do new employee training as

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well. Downtown even put together a small fund that we could “loan” to a business as a cash flow loan to hire the employee and support the payroll for two months (this fund never had to be used).

Downtown had a training program every two months, and it was repeated in its newsletter as the short version or recap. Each training session was about three hours long and covered how to hire employees, paperwork, managing employees, policy and procedures, scheduling, and financial statement training.

The merchants in downtown set a date (one year out) to extend their hours from 5 p.m. to 7 p.m., and they made it.

If other downtown organizations would hook up with Small Business Development Centers, economic development organizations and the city, and lay out a plan, they can get this done. They need to show the potential for job

creation and everyone gets excited.

Extending store hours created about 160 new full-time jobs in downtown Flagstaff in the early 1990s, and they are still open late. That is better than the Wal-Mart, where 70 percent of the jobs are part-time with no benefits.

Extending hours not always the answer

There are some towns in which this will not work.

For downtowns with less than 20-percent occupancy, extended hours is not the answer. The answers for that type of town are much more complex.

The downtown that has a good occupancy rate, has decent selection and is frequented by shoppers should consider going to extended hours before they see their market position slip.

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