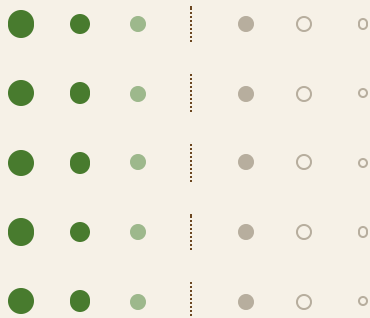


Retail Performance Variability DiagnosticTM

How much performance is hiding inside the gap
between your strongest and weakest stores?



EXECUTIVE DIAGNOSTIC

Most multi-store businesses have performance variability.

One store consistently converts more traffic. One Store Manager builds a stronger team. One district executes cleanly while another struggles to sustain standards.

The question is not whether every store performs exactly the same.

The question is: How much of the performance gap is explainable, and how much represents unrealized opportunity?

A wide performance gap may point to differences in market, traffic, store maturity or assortment. But it can also expose something more important:

Inconsistent leadership capability

Weak execution disciplines

Uneven customer experience

Unclear operating expectations

Insufficient coaching and follow-through

Overdependence on individual leaders

This diagnostic is designed to help retail leaders measure the gap, quantify the opportunity, diagnose what is driving it, and determine where intervention will matter most.

VARIATION IS DATA.

The goal is not to eliminate every difference between stores. The goal is to understand which differences should exist, and which should not.

STEP 1

Measure the Performance Spread

Start with one business metric that matters. Choose a measure that allows you to make a meaningful comparison across locations.

Examples: Sales to plan • Comparable sales • Conversion • Average transaction value • Units per transaction • Payroll productivity • Customer experience • Turnover • Shrink • Another critical operating KPI

METRIC BEING EVALUATED

TIME PERIOD

RANK THE STORES

	STORE	RESULT	RANK
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			

Use comparable data. The value of this exercise depends on comparing the same metric over the same time period across all stores.

STEP 1 CONTINUED

Calculate the Spread

HIGHEST-PERFORMING STORE

LOWEST-PERFORMING STORE

PERFORMANCE GAP

Is the size of this gap reasonable?

Do not assume the answer is no.

Stores operate in different environments. Traffic, maturity, square footage, product mix, competition and customer demographics may legitimately affect results.

The important question is: After accounting for meaningful structural differences, how much unexplained variation remains?

Separate structural difference from performance difference

For the highest- and lowest-performing stores, identify any factors that materially affect comparability.

MARKET / TRAFFIC

STORE MATURITY

ASSORTMENT / INVENTORY

STAFFING MODEL

PHYSICAL LOCATION / FORMAT

OTHER

The leadership question

Once those differences are considered, would you still expect these two stores to be performing this far apart?

☐ Yes☐ No☐ Unsure; further diagnosis is needed

WHAT DOES THE SPREAD SUGGEST?

STEP 2

Quantify the Opportunity

Performance variability becomes more meaningful when you translate the gap into business impact.

Do not begin by assuming every store should perform like the best store. Instead ask: What would happen if the lower-performing stores simply improved?

METRIC BEING EVALUATED	CURRENT PERFORMANCE	IMPROVEMENT TARGET	NUMBER OF AFFECTED STORES

ESTIMATED FINANCIAL IMPACT

EXAMPLE

Suppose a group of stores is converting at 18%, while comparable higher-performing stores consistently convert at 21%. The question is not “Why aren't all stores at 21%?” The better questions are “What is different in the stores consistently achieving 21%?” and “What would even one additional point of conversion be worth across the lower-performing stores?”

A performance gap that appears small on a report may represent significant revenue when multiplied across traffic, stores and time.

NOTES

STEP 2 CONTINUED

Calculate the Value of Improvement

CONVERSION	Traffic × improvement in conversion × average transaction value = potential sales opportunity		
PRODUCTIVITY	Hours deployed × improvement in sales per labor hour = productivity opportunity		
TURNOVER	Reduction in avoidable turnover × estimated replacement cost = potential cost opportunity		
ANOTHER METRIC		×	=

IF WE CLOSED ONLY PART OF THIS PERFORMANCE GAP, WHAT COULD IT BE WORTH?

The objective is not to create an artificial target. It is to understand whether the gap is materially affecting the business.

STEP 3

Diagnose What Is Driving the Gap

Once you know the gap matters, resist the urge to jump immediately to an action plan. First determine why it exists.

Review the lower-performing store or group of stores against the following six areas.

01 STORE LEADERSHIP

- Does the Store Manager understand the business?
- Can they translate results into priorities?
- Do they coach performance consistently?
- Are expectations clear?
- Does performance continue when the District Manager is not present?

WHAT ARE YOU SEEING?

02 EXECUTION CONSISTENCY

- Are standards consistently executed?
- Are routines dependent on who is working?
- Are priorities translated into daily behaviors?
- Are known issues repeatedly reappearing?

WHAT ARE YOU SEEING?

03 CUSTOMER EXPERIENCE

- Is the selling experience consistent?
- Are associates actively engaging customers?
- Are customer-facing standards sustained throughout the day?
- Are strong results dependent on specific associates or shifts?

WHAT ARE YOU SEEING?

STEP 3 CONTINUED

04 PEOPLE + STAFFING

- Is the store appropriately staffed for the business?
- Are the right people in the right roles?
- Is turnover disrupting execution?
- Are new associates becoming productive quickly enough?
- Is poor performance being addressed?

WHAT ARE YOU SEEING?

05 PRODUCT + INVENTORY

- Does the store have the inventory needed to perform?
- Are stock levels materially different?
- Is product presentation supporting conversion?
- Are availability or assortment issues masking an operating problem?

WHAT ARE YOU SEEING?

06 OPERATING RHYTHM

- Are there clear daily and weekly routines?
- Does the Store Manager know which metrics require action?
- Are commitments followed up?
- Are priorities changing faster than the store can execute them?
- Is accountability built into how the business is run?

WHAT ARE YOU SEEING?

STEP 4

Identify the Real Performance Constraint

You may find multiple issues. That does not mean they are equally important.

The goal is to identify the primary constraint: the issue that, if improved, would create the greatest movement in performance.

WHAT IS PRIMARILY LIMITING THIS STORE?

- | | |
|--|--|
| ☐ Store leadership capability | ☐ Execution consistency |
| ☐ Customer experience / selling behaviors | ☐ Staffing / talent |
| ☐ Product / inventory | ☐ Operating rhythm / accountability |
| ☐ Market or structural condition | ☐ Multiple factors; no single primary constraint identified |

Pressure-test your diagnosis

WHAT EVIDENCE SUPPORTS THIS CONCLUSION?**WHAT EVIDENCE COULD CONTRADICT IT?****WHAT IS HAPPENING IN STRONGER STORES THAT IS NOT HAPPENING CONSISTENTLY HERE?**

STEP 4 CONTINUED

ONE CRITICAL QUESTION

Is the District Manager solving the problem, or building the Store Manager's ability to solve it?

A struggling store can temporarily improve because a District Manager spends more time there, personally sets priorities, fixes execution, directs the team, and follows up on every detail. That may produce movement. But if performance declines again when the District Manager steps away, the underlying leadership capability has not changed.

WHICH STATEMENT IS CLOSER TO REALITY?

- ☐ Capability is building. The Store Manager is increasingly able to diagnose, prioritize, coach and sustain performance independently.
- ☐ Performance is improving, but remains dependent on the District Manager.
- ☐ The same issues continue to return despite intervention.
- ☐ We do not yet know.

NOTES

STEP 5

Turn the Diagnosis Into Action

Avoid creating a long list of improvements. Choose the few actions most likely to address the performance constraint you identified.

THE PERFORMANCE GAP

The most important performance gap is:

THE ROOT CAUSE

We believe the primary driver is:

THE BUSINESS IMPACT

If this improves, we expect the greatest impact to be:

THE LEADERSHIP ACTION

The Store Manager must become more capable of:

THE DISTRICT MANAGER ACTION

The District Manager must coach / reinforce / inspect:

THE OPERATING ACTION

The routine, standard or process that must change is:

THE MEASURE

We will know this is working when:

THE FOLLOW-UP

We will review progress on:

BEFORE YOU CLOSE THE DIAGNOSTIC

Step back and look across the entire district or store portfolio.

- 1 Where is performance variability greatest?
- 2 Which gaps have clear structural explanations, and which do not?
- 3 Are the same leadership or execution issues appearing across multiple stores?
- 4 Are your strongest stores succeeding because of a repeatable system or exceptional individuals?
- 5 Are District Managers building stronger Store Managers, or compensating for weak ones?
- 6 If your strongest leader left tomorrow, would the operating system continue to produce strong performance?

That final question matters. Sustainable retail performance is not created by continuously rescuing individual stores. It is created when leaders, standards, routines and accountability are strong enough to produce consistent execution without extraordinary intervention.

If variation is primarily driven by market or structural conditions, the answer may be better planning, segmentation or more appropriate performance expectations.

If variation is primarily driven by Store Manager capability, the issue is leadership development.

If the same operational failures appear across multiple stores, the issue may be the operating system rather than the individual store.

If performance rises dramatically whenever the District Manager becomes directly involved, the issue may be the field leadership model.

BEFORE YOU CLOSE THE DIAGNOSTIC

If the organization cannot explain why some stores consistently outperform others, the first priority is not another initiative. It is diagnosis.

Running Great Stores helps retailers strengthen store leadership, operating rhythms and execution systems so strong performance can be repeated across locations.

runninggreatstores.com



RUNNING
GREAT STORES