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**PREFACE**

*The House* is a spreadsheet analysis of the financial performance of a family clothing store in a small college town. As you read and work with the material in this electronic text, you can answer the problems and, if necessary, print out your answers. The software used is *Microsoft Office,* which integrates word processing *(Microsoft Word)* and spreadsheet analysis *(Excel)*. You will be able to work the problems as they are presented since the spreadsheet worksheets are linked to the electronic text.

The spreadsheet model is introduced in five phases which increase in sophistication. Generally the spreadsheet exercises can be used with any of the many retail principles and retail management textbooks on the market. The five phases coincide with the contents of *Retailing* (2011) by Dunne, Lusch and Carver, however, the exercises are applicable to other books. Two exercises are developed to accompany each chapter of *Retailing*.

In the first phase, the student only needs to be familiar with a few basic accounting concepts. This phase is used to acquaint the student with a basic return on asset model. Such a model is a good frame of reference for managing profit performance in retailing. The second phase introduces critical environmental forces such as consumer behavior, channel behavior, competitor behavior, legal constraints, and how changes in these environments influence store performance. The third phase incorporates certain location concepts which allow different location decisions to be assessed. The fourth phase introduces and develops a sixth-month merchandise budget. Finally, in phase five, certain retail decisions such as pricing, promotion, merchandising and compensation are discussed and a model is developed to assess how different retail decisions will influence store performance.

Throughout the spreadsheet exercises the student will be presented with problems that develop an understanding of important retail concepts. However, in all exercises the student will be sensitized to the fact that everything that happens in retailing has a bottom line financial impact. The problems are presented in brief overview scenarios of *The House*, which is a family clothing store. The student is provided with an electronic spreadsheet which will calculate the effects of the decisions made or phenomena occurring have on the financial status of *The House*.

Once the student becomes familiar with the spreadsheet models introduced in *The House*, they can be used to further student understanding and study of retailing. For example, the models presented can be used in a variety of ways.

1. The models can be used to further acquaint the student with how financial performance of a store changes as a result of certain changes in the external environment and decisions that store managers make. This can be done by modifying some of the assumptions in the exercises presented.

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1. The models can be used to help the student design and simulate a retail store that they might consider opening.
2. The models can be used to help the student develop their own problems that allow the exploration of the many interrelationships found in retailing.