

# How to Build a Successful Pawn Business



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## INTRODUCTION

If your pawnshop isn't as successful as it can be, you may sometimes wonder if the business is worth the effort. The truth is, running a pawnshop can be a challenge these days, especially if you don't have the right structure and support in place. The industry has experienced tremendous change in recent years, and many pawnshops are suffering the consequences. Is your business one that will pull ahead and experience growth, or will it be one of many that fail amidst the changes?

Like any business owner, you may be facing issues like employee struggles, ineffective marketing, and an inability to expand into new markets. If you are relying on an outdated approach to technology, employee compensation, sales, and customer service, these issues can be crippling to your business.

Today's most successful pawnshops are willing to adapt their businesses to new innovations. It is possible to take a failing pawnshop and completely turn it around with a proven system for growth. There's no need to feel stuck or hopeless. A complete business transformation is possible. The proof is in the countless businesses that have implemented the right systems and have experienced a more profitable pawnshop despite the declining industry trends.

In this guide, you will learn how to build a successful pawn business—no matter where you are right now. Perhaps you are just getting started. Or maybe you've had a pawnshop for years and are considering closing your doors. At Pawnshop Consulting Group, LLC, we are dedicated to helping businesses like yours go from slow to grow, and we want to offer you the insight and information you need to transform your business.

Keep reading to learn what it takes to achieve success with your pawn business now and in the months and years to come. In the following chapters, we will cover:

- The common obstacles and struggles many of today's pawnshops are facing
- How to implement effective personnel compensation and goal programs
- The benefits of professional recruitment and placement of quality personnel
- How to enhance your standard operational procedure activity to streamline your business
- Strategies for leveraging the internet for your pawnshop



## IS YOUR PAWN BUSINESS FALLING SHORT?

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Ten years ago, the pawnshop industry was on a roll. Thanks to television shows like Pawn Stars, Hardcore Pawn, and American Pickers, the industry experienced a tremendous influx of interest. Everyone wanted to open a pawnshop, and many new entrepreneurs jumped into the industry head-first. It was an exciting time for pawnshop owners who were able to leverage the new interest in the pawnshop experience.

However, since then, the industry has taken a downturn, and the growth has slowed dramatically. At PCG, we speak to pawnshop owners who are struggling to make ends meet as they've experienced a significant decline in profitability. They tend to have a similar story: their business was booming, and then suddenly things started to change. Now, many are just trying to make ends meet and pay the bills to keep their pawnshops' doors open. Making a profit seems like an unattainable goal.

As you move forward to make changes in your pawn business, it's important to take time to assess where you are today. What are the biggest issues and obstacles holding back your pawnshop operations? At Pawnshop Consulting Group, LLC (PCG), we have identified the top struggles today's pawnshops are facing. These include:

- High employee turnover
- Motivating employees to perform well
- Recruiting high-quality employees
- Lack of effective standard operational procedures
- Use of outdated technology
- Inability to use the Internet effectively to market and expand business

Do any of these sound familiar? The strategies and procedures that worked for your pawnshop a decade ago simply won't help your business to grow today. The current market is competitive



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and, as such, your pawnshop to adapt new innovations to compete. Status quo is no longer enough, which is likely why you are here, trying to carve out a new path for your business.

### **A Successful Pawn Business Must Take a New Approach**

Just like in any industry, having the desire to succeed doesn't mean you will. Achieving success in business is about identifying areas of weakness and implementing the necessary changes and new strategies to remain competitive. It's about thinking outside of the box and taking action steps to achieve results. But how do you know what exactly you should be doing? How do you identify the action steps you should take?



At PCG, we have been an industry leader in pawnshop consulting worldwide for nearly 20 years. We've seen the changes in the industry and have developed fool-proof systems to transform any pawnshop business to make it successful. In the next chapters, we will share what we do to help pawnshops like yours to take things to the next level.

## IMPLEMENTING EFFECTIVE PERSONNEL COMPENSATION AND GOAL PROGRAMS

One of the most significant obstacles today's pawnshops are facing is keeping good employees and knowing how to motivate them to perform well. High turnover rates plague nearly all businesses in all industries, and the solution is the same: *You need engaged personnel who want to be there and who are dedicated to doing their jobs to the best of their abilities.*

Imagine how much easier it would be to run a successful business if you had employees who believed in what you are doing and wanted to be part of it. Not only that, but they had personal goals that kept them motivated and facilitated high performance that led to increased profitability for your business. This would be a game-changer for your pawnshop, wouldn't it?

At PCG, we help pawnshops to implement obtainable rewards and compensation goals for employees designed to motivate them to exceed customer expectations. When you have employees who are committed to the customer experience, you will be able to facilitate customer loyalty and produce more loan transactions, layaway activity, and of course sales. It's that simple. However, you must have the employee rewards in place to engage them in the process. The truth is, few employees will go above and beyond for your business without an incentive. By incorporating customized training programs and compensation packages, you will finally have employees who are engaged and committed to your business goals.



### Establishing Systems that Lead to Success

While there is no magic wand to make employees want to do their best and stick with your business, having compensation packages that are in sync with productivity is the next best thing. When your employees have the tools and skills to succeed in their jobs and have built-in productivity systems that lead to rewards and better compensation, you will be amazed by how the threshold of productivity increases.

### BENEFITS OF OUR PAWNSHOP COMPENSATION AND GOAL PROGRAMS

Your employees' pay should reflect the amount of effort they put into doing their jobs. However, many pawnshops have a productivity-compensation gap, which is a disparity between effort and reward. When productivity exceeds compensation, there must be a system in place to ensure the employee is paid accordingly. However, if compensation exceeds productivity, your business will undoubtedly suffer.

By utilizing a strategy that includes prosperous wages, measurable goals, and predictable outcomes, you can get the best possible performance out of each employee. PCG consultants work with pawnshops to implement customized compensation and productivity programs to increase employee morale and performance. When your employees have a clear understanding of the expectations and the rewards, they will rise to the occasion. They will not only work harder for you, but they will also experience more satisfaction in their job and grow more loyal to your company.

What can you expect from implementing this system for your pawnshop?

- Employee retention
- Better customer service
- Greater productivity
- Increased sales and profits

**HIRE  
TRAIN  
MOTIVATE  
RETAIN**



### PROFESSIONAL RECRUITMENT AND PLACEMENT OF QUALITY PERSONNEL

Running your business is a full-time job, so chances are you don't have time to devote to creating and implementing a system like this on your own. The PCG customized compensation and goal programs take the guesswork out of the process for you. Our programs are measurable and predictable, and we create calculated goals for your management team as well as for your sales and support staff. You'll never get a cookie-cutter program; we customize each program to meet your specific company needs.

What if your pawnshop's primary struggle is that you can't seem to get good employees to begin with? Even the best compensation and goal system means little if the employees you hire aren't up to the task. Many smaller mom and pop operators tend to outfit their pawnshops based on hourly wages and parameters. Because there is so much complexity in the industry, including many rules and regulations on every level of compliance, in many cases, owners offer minimal payment for personnel. The result? Low-quality employees who perform at the lowest levels possible—just to get by.



At PCG, we take an entirely different approach to getting the right employees in place. We would rather see a business pay someone 1.5 times or more to get the output of two employees who provide low to marginal output. Pawnshops are set up for success when they are willing to pay more money to recruit and develop quality personnel who can think on their feet. These are the employees who will get out there and conduct business in a positive fashion, putting their best face forward—they are “all in” and dedicated to their personal success and the success of the business as a whole.

#### **How to Get High-Quality Employees for Your Pawnshop**

It's all too common for pawnshop operations to neglect the recruitment of the right employees. Rarely do shop owners have the time or knowledge to recruit and develop personnel, even

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when they know the employees they currently have aren't a good fit. Your expertise lies in pawn brokerage, not in employee recruitment and development. That's why it makes all the difference to have a professional recruitment program in place.

PCG specializes in the recruitment and placement of seasoned, experienced pawnshop professionals. We work with experts who locate and recruit personnel for pawn operations worldwide. Our consultants leverage a network of people who are seeking employment opportunities in the pawn industry and then match the right candidates to the unique needs of your business. From profiling and 1-1 interviews to store interviews and orientations, we specialize in the entire process of getting and keeping high-quality employees for your pawnshop.



### **Experience Expert Employee Placement and Onboarding**

Employee turnover is expensive, and it's important to avoid it all costs. In fact, the price tag is around \$25K per employee in the U.S. For your pawn business, the cost includes onboarding, licensing, training, and loss of revenue during the training period.

At PCG, we aren't here to hire warm bodies for you; we are here to hire competent, efficient people who want to meet and exceed expectations and increase your profitability. Then, we ensure you have the onboarding system, including training and compensation-reward programs, in place to make them as effective and successful as possible.



### **ENHANCING STANDARD OPERATIONAL PROCEDURE ACTIVITY**

The standard operating procedure is the backbone of any business. Many pawnshops in the industry are crumbling because they do not have strong procedures in place to keep productivity high and the business organized and successful. Today's pawnshops must have the right technology, sales tools, financial record keeping, and updated marketing strategies not only to remain competitive but to keep the doors open.

Your pawnshop may be feeling the effects of the market, the economy, and a failure to adapt as technology and the global marketplace continually changes. PCG consultants come alongside pawnshops to help them leverage these changes instead of suffering from them. We care about the industry and want to see pawnshops of all sizes and in all locations succeed. Because of this, we are dedicated to providing customized standard operational procedure programs to strengthen and build your business from the inside out.

### **Get on the Fast Track to Operational Success and Profitability**

Our consultants begin with a comprehensive questionnaire that enables us to build a profile of who you are and what your business looks like now. We identify your business goals, assess your financial data, and identify areas of weakness in how you are leveraging technology. Other pieces of information we analyze include:

- Customer call list and pull list
- Process for decreasing forfeitures and increasing loan yields
- Opening and closing procedures
- Cash and jewelry counts
- Firearm counts and verifications
- Buy walks, loan walks, and layaway walks
- Process for inspections

## ENHANCING STANDARD OPERATIONAL PROCEDURE ACTIVITY

It's difficult to have consistency, quality control, and maximum lending behaviors unless you are inspecting what's happening with all customer transactions. We take our assessment of your operations and help you to implement a proven system to streamline and make operations more efficient and effective. We follow up the assessment with customized procedural training that establishes consistency and gets all management and personnel on the same page for optimal business operations.

In short, inspect what you expect.



### **Bring Your Pawn Business into the Age of Technology**

An essential piece to successful standard operational procedures is technology. It's impossible to move forward and remain competitive without it. If you aren't keeping up with the latest tech trends, there's no doubt that your business is falling behind. We can help you to integrate financial planning and software into your current operations, creating a seamless transition. You will have a clear picture of your financial metrics and operations at all times, so you can know where and how to make changes to keep your business healthy.

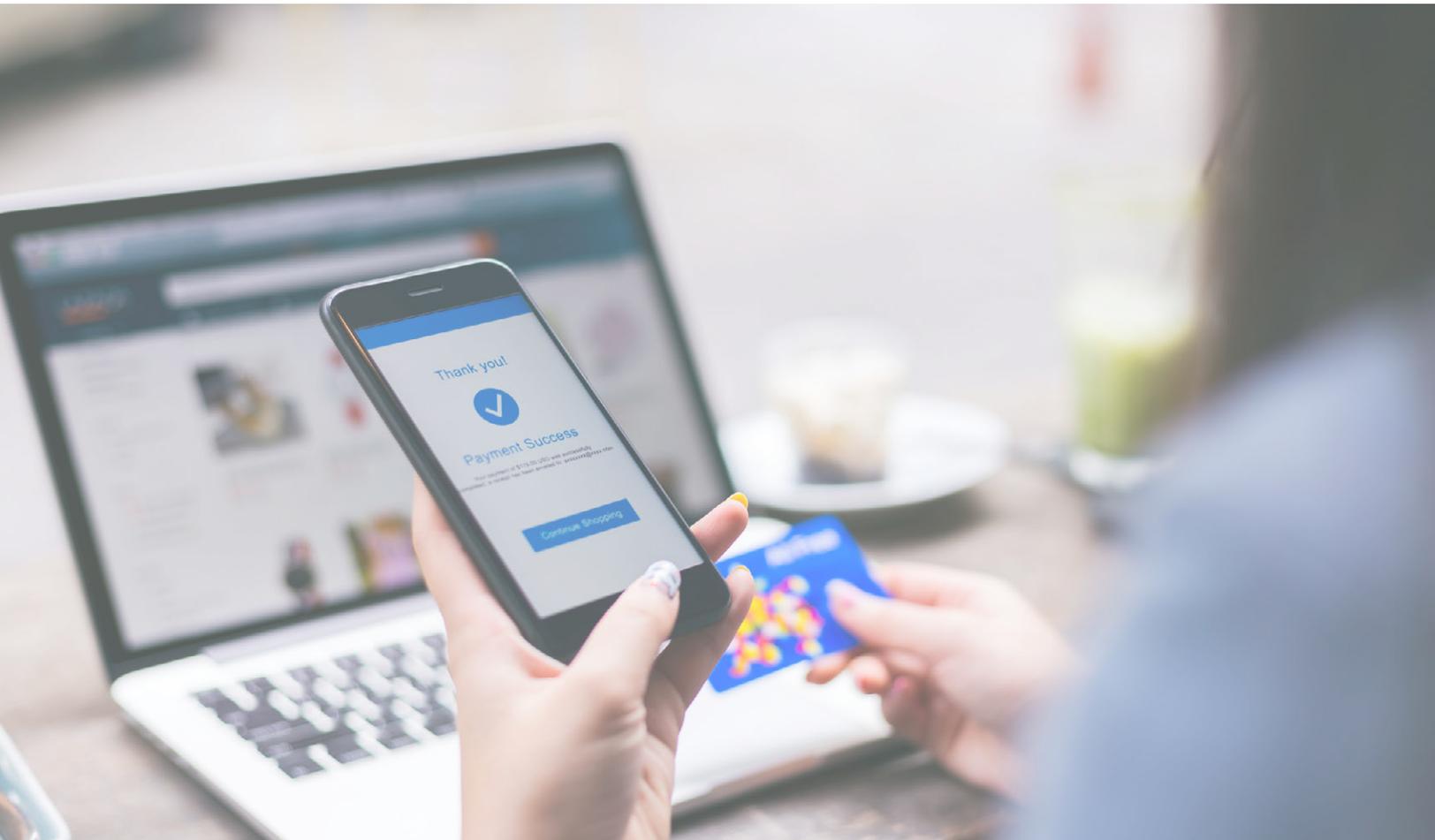
## LEVERAGING THE INTERNET FOR YOUR PAWN BUSINESS

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One of the most significant obstacles to a successful pawnshop business today is the failure to use the Internet for sales and marketing purposes. If your pawnshop is experiencing a decline in retail revenues and you aren't focused on creating and maximizing your online presence, it's safe to say you aren't going to gain a position as a competitive player in the pawn industry.

At PCG, we've found that pawnbrokers, in general, tend to be slow to adapt to technology, including online marketing and e-commerce. The problem is the days are long gone when you could experience success just because you had a storefront on a busy street. We are living in the age of Amazon, which means push-button convenience for consumers. Offering this level of convenience to customers is no longer a luxury; it's expected.

30% of the population is part of the millennial generation. This is a technology-driven population that uses the internet daily for shopping, socializing, and online business. Your pawnshop can't afford to ignore this generation or the trends of technology that are only going to become more prominent with time.



## LEVERAGING THE INTERNET FOR YOUR PAWN BUSINESS

### Get on Track for Online Success and Sales on a Global Level

If you've fallen behind, it's not too late to catch up. Our consultants can help you with all aspects of bringing your business to where it needs to be in the online world. From marketing yourself, developing your Unique Sales Proposition, and spreading your message effectively online to incorporating online sales over a wide range of platforms, you can leverage the Internet to offset the drop in traditional brick and mortar retail sales.

Want to expand your pawn business globally? We've got the system to get you there. By setting up your business to sell through websites like Amazon and GunBroker, we can help you to reach customers anywhere around the world, 24/7, even while you are sleeping. Our services include website development, social media, and online reviews to help you increase your online visibility and connect with more customers who want what you have to offer.

Participation

Concept

Database

Success

Goals

Advertisement

Lending

Cost

Search

Online Pawn Shop

Finance

Strategy

Financing

Technology

Internet

Vision

Develop

Microlending

Global

Manage

Social

Research

Innovation

Communication

## CONCLUSION

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While it may seem like the pawn industry is in decline, we see the exact opposite results for our Pawnshop Consulting Group clients. There's no need to be in a constant state of struggle and even facing the potential demise of your business when you can quickly turn things around with the right systems and support from our experienced pawnshop consultants.

No matter where you are today in your business, we have the customized programs available to result in dramatic improvements to your business—from professional recruitment and compensation-reward systems to streamlined standard operational procedures and the latest in online marketing and technology strategies. Let our experts create the right package to meet your unique pawn business needs, goals, and budget. To learn more about the consulting services we offer or to request a free consultation for your pawnshop, [connect with us online](#) or call 954-540-3697.



**FREE CONSULTATION**

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Is your pawnshop living up to its potential? Maybe it's time to consider a consultant to help you do more, be more, and make more.

**Call Now: 954-540-3697**

**Request a Consultation**





### ABOUT THE AUTHOR

Jerry Whitehead is a second-generation pawnbroker who has worked in the industry directly and indirectly since he was a child starting in 1968. His family started in the pawn business in 1962 in Ft. Worth Texas and grew to 12 stores by the early 90's. The family brand was known as Uncle Joe's Pawn and operated under Whitehead's Investments Inc.

While Serving as VP of Operations in the later years of the organization, their focus moved into a new generation of high-end, ultra-clean and high technology stores. Uncle Joe's Pawn was acquired by Cash America in late 1992 in a deal totaling some 10 million dollars at time of acquisition.

Between 1983 and 1988, Jerry had moved to Maui Hawaii and started his own sound and lighting production company. He then returned to the mainland in 1987 to continue doing sound production work in Texas before rejoining the family Pawn business and moving it along in late 1988.

After Uncle Joes' was acquired, Jerry moved on to serve as the COO for Doc Holliday's Pawnbrokers and Jeweller's out of Austin Texas in 1993. While serving as the COO of Doc's, he and the team took Doc's from 8 stores in the Austin region to over 50 stores in 6 states with the intent on an IPO within 30 months.

In late 1996 Mr. Whitehead put into motion the initial contacts with Cash America who later acquired Doc Holliday's in late 1997 for a deal totaling close to 35 million dollars with the leases at time of acquisition.

From 1997 to 2002 Jerry and his investing group acquired several pawnshops in Florida and developed a chain of title loan stores in the South Florida market. In 2000 and 2002 he sold his interests in the Pawnshop operations and started the Pawnshop Consulting Group formally in 2002.

The Pawnshop Consulting Group has since worked with more than 600 clients in more than 40 countries world-wide. PCG was the first true global leader in Pawn Consulting and remains the leader today in the Pawn Consulting space.

Jerry has served the industry for some 30 years as an active board participant on numerous trade associations. Those include the Texas Pawnbrokers Association, the National Pawnbrokers Association, and the Florida Pawnbrokers Association and has been an advisor to other associations in Mexico, Colombia, and England.

## ABOUT THE AUTHOR

He has produced and written many articles over the years and remains a leading content provider for “Today’s Pawnbroker.” He has provided content over the years on a wide range of subject matter for the National Pawnbrokers Association magazine, the Globalpawn publication along with numerous trade association publications to name a few.

Today PCG is widely recognized as the global leader in Pawnshop Consulting and has been for close to 20 years.

PCG is an industry member and participant as:

National Pawnbrokers Association - Industry Partner  
California Association of Pawnbrokers - Industry Partner  
Vendor Council - California Association of Pawnbrokers  
Advisory Board - Jewelry Appraisal and Gemological Institute

