

# ProfitTalk Bulletin #17

Designed Technology and Team Training Programs  
for Enterprise Profit Improvement by ProfitTrax

## Optimize Inventory to Optimize Gross Margins

It is always time to *Change for Profit*.

*“Change.”* To improve in any meaningful way, Change is required. You can tweak things to *change*, or you can reengineer with the ProfitTrax System for *Big Change*. Here’s how...

To reengineer requires *“strategic thinking”* about the cornerstones for your business success: technology, systems, processes and practices. These then lead to tactical changes of behaviors and practices your store teams can follow every day to Optimize Sales and Gross Margins.

*The Secret? Always appreciate that People Power Profit and Innovation Power People. People are always at the heart of your Business Culture.*

**Let’s talk about how to Make Money...** You price (including a Shrink factors) to achieve a Gross Margin. The challenge is to add efficiency and prevent in-store Profit Erosion.

**When you Optimize Inventory for Turns you will improve Operational Efficiency, Reduce Shrink Loss by 15%, Optimizing Labor Efficiency, Increase Item Sales Per Order and Grow Gross Margins up to 18%.** (Key words here are: *“Efficiency”* and *“Optimize”*.)

**6 Ways Technology Powers People<sup>1</sup> to Reduce In-Store Profit Erosion by 15% and Helps You Grow Gross Margins 18%:** In-store Profit Erosion is broadly known as “Shrink”.

1. **Variety Optimization for CANI** – Smart technology alerts you in just 3 simple clicks to what’s Turning and what’s not to promote freshness, labor efficiency, cash flow and preempts shrink loss.
2. **Efficient Ordering for Turns** in allotted days and to eliminate excessive IOH that will not Turn in optimal days/weeks.<sup>2</sup>
3. **Smart Space Allocation mitigates over-production** optimizes freshness and Turns.
4. **Production Planning for Turns** reduces double-handling and supply expenses, promotes Freshness and is 88% effective in preventing in-store Gross Margin Erosion.
5. **Improve Labor Efficiency** when you GII, GIO. GIS<sup>3</sup> in fewer steps.
6. **Be “Purposeful” when you ProfitWalk** with data driven, plain English Plan of Action. Make every walk count for profit.

These factors come together to create the strategic and tactical foundations of the ProfitTrax “Enterprise Profit Improvement System” that creates an Operating Culture guaranteed to Reduce Your Store Shrink 15-18% to improve your Gross Margins in just 120 days.

**When you’re ready to Reduce Your Internal Profit Erosion for up to 18% Gross Margins Gains call us at (602) 448-8500 or email [Larry@SmartRetailSolutions.com](mailto:Larry@SmartRetailSolutions.com).**