

# ProfitTalk Bulletin #18

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

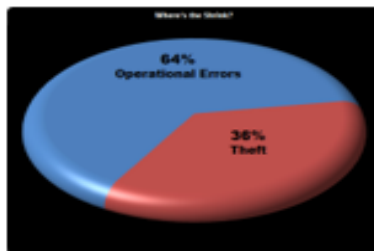
### Avoid These Impediments in YOUR War on Shrink

Company executives tell us all the time that “they have so many things on their plate”. In the end, there is only one thing that matters: That is Growing Profitable Sales. So, the #1 question should always be: *what can we do now to help store managers and teams to run better, more profitable stores.*

1. **Get Out of Your Box.** DISRUPT YOURSELF. If things are good or not so good, what you have been doing got you here. Simple Rule: If you want BIG, NEW RESULTS you cannot continue doing what you've been doing and expect bigger or better results.

Leadership demands a vision of a more profitable future, a bias for action and a general intolerance for “average” or mediocre improvement. Forget focusing on low hanging fruit. There are clear ways to focus on the whole Fruit Tree – systemically.

To achieve significant profit gains take a measured look at where you are, why, and what obstacles exist must be overcome for your new strategic and tactical plan of action. “Diagnose” current practices, compare them to the very best proven best practices and “change your game plan” to reduce your Internal Profit Erosion.



2. **Avoid “QF” Training.** Quick Fix, one-off training most often doesn’t “stick”. Don’t confuse *activity* with *action*. QF training makes us feel better because we’re doing something, but quality training must be *curriculum-based*, on-going training designed to engage and inspire every store team member to join-in in your drive for profit through shrink reduction. On-going training should create a cultural “evolution” of awareness, know-how and everyday action to improve. Empowered People are the backbone of plans to grow store sales, reducing shrink for profit improvement.

3. **Change Your Technology Expectations.** Technology assists people to do their job, but technology is not the cure. People using technology to support consistently, daily execution of proven best practices make up the basis of a profit optimization equation. Technology can certainly provide “rear-view” data, but people must use that data or you will suffer big data paralysis. The best true *technology* is a combination of analytics and people. Technology assists but People solve.
4. **It’s NOT About Shrink.** *Shift the paradigm.* People get stuck thinking too much about shrink and not enough about removing the impediments to optimal *profit realization*. The 2023 updated National Supermarket Shrink Survey reports “average” shrink at 2.42% of retail sales and net profit at 1.66%. Top performing companies report total store shrink at 1.72% (29% better than average) If you are “average, your *optimal profit* improvement opportunity from shrink reduction, labor saving, sales increase and cash flow provides a potential a 29% profit upside.

**Concluding.** By now it should be obvious that I believe in “people”. Even in the toughest of hiring and retention environments, I believe that people are at the center of improving sales and profit. Failure to address these 4 mistakes inevitably leads to lost profit.

Store Manager’s and their Teams make up our first and #1 shrink reduction / sustainable profit improving expert teams. What’s needed is a *cultural* shift to get out in front of shrink loss causation. In this regard, programs and leaders must both be *sticky*.

When it comes to creating a culture to optimize gross margin by reducing internal profit erosion, give me well-trained Store Teams enabled with smart, expert technology and supported by well-trained and accountable supervisors, and your result will be sustainable gross margin and bottom-line profit gains.

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