

All About Shrink Loss

“Internal Gross Margin Erosion”

3.03%

Average whole store shrink loss in stores not following the 5 Proven Best Practices. (2023)

1.97%

Whole Store Shrink Loss reported by 20% Top Performing companies following 5 Proven Best Practices. (2023)

72%

Shrink Loss caused by a failure to execute daily store operating Best Practices consistently. (2023)

68%

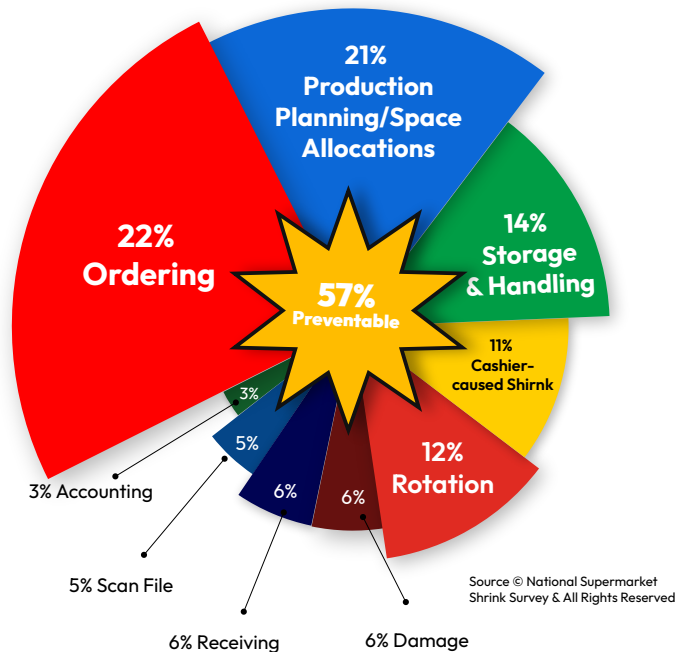
Average shrink loss attributed to Fresh Dept's failure to optimize for Inventory Turns.

Proven Store Operations Best Practices

1. Streamline and Simplify Technology & Analytics for Store Teams. Analytics should support the consistent execution of store operations behaviors, processes, and best practices for gross margin optimization.
2. Leadership & Accountability. Team Leaders at all levels must be accountable to train and coach store teams to use analytics and inspect for execution of processes and practices that ensure optimal Inventory Turns. “Be accountable and hold store teams accountable”.
3. Reduce Internal Gross Margin Erosion with intentional attention to Variety, Ordering, Production Planning, and Space Allocation and Known Shrink Loss tracking so shrink loss becomes visible. Train and act correct Failure to Turn.
4. Teach, Train, and Require store teams to follow the best practices of “The PURPOSEFUL StoreWalk”. [How to Walk, Talk, Look and most importantly “See”]
5. Celebrate consistent Best Practice Implementation successes that lead to improved Inventory Turns, Shrink Reduction, and Whole Store Gross Margin Improvement.

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Reducing and Preventing Shrink Loss and Profit Erosion at its ‘Root Cause’



Best in Class companies report 34% Lower Shrink Loss

Proven Practices for Fresh Gross Margin Optimization

Smart System starts with store-by-store Variety Optimization and rules-based Ordering to cause proactive Inventory Turns for up to 8-12% reduced shrink loss.

Train store teams to track all Known Shrink Loss every day with the “purpose” of seeing its cause and proactively taking action to improve inventory Turns.

Store & Dept Managers must be data-informed and inspect for the disciplined, daily execution of the 5 triggers known to optimize whole store gross margins.



Learn more about expert systems and Practices for Whole Store Profit Optimization Technology, Analytics, and Best Practices Training by Smart Retail Solutions at:

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