MANAGING SHRINK

Shrink: the loss of product due to theft, fraud, error, and faulty processes; it is also expressed as "the difference between the retail value of product received versus the amount received for that product at the time of its sale". Managing shrink is a combination of employee awareness and training, industry best practices, and the use of technology.

BEST PRACTICES FOR MINIMIZING SHRINK:

- Place orders based on actual inventory, anticipated sales and display requirements
- Practice the "Rule of 3" for perishables by ordering only what can be sold in 3 days
- Avoid letting good product wait for marginal product to sell
- Display to promote easy shopping, and in a way that will not damage product
- Train staff in proper product care and handling to optimize quality; most shrink in a perishable department can be traced to improper product handling
- Ensure that receivers are properly checking in deliveries; make sure to check quality, quantity and price
- Update POS systems to ensure proper management of prices and inventory
- Train front-end staff on product identification, Produce Department PLUs, special products, etc.
- Create closing program that ensures proper handling of perishables to maintain product integrity
- Utilize culled produce in samples

Reducing shrink even by a fraction of a percent can significantly improve revenue and gross margin. Improved receiving inventory and ordering procedures can help minimize loss and add to your bottom line.

NOTES

farm to plate
STRENGTHENING VERMONT'S FOOD SYSTEM

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