

Source Reduction



- Commitment to Reducing Waste
 - Shift the Focus
 - Margin Results vs Margin Results & Shrink Performance
 - Take Action
 - Appoint a Director Level Teammate to Lead the Shrink Reduction Initiative
 - Create Nine Zone Shrink Specialist Positions(One Per Zone)
 - Initiate Shrink Reduction Teams in all Departments
 - Build Shrink Results into Individual and Department Targets/Incentivize
 - Develop Initiatives/Test/Implement Successes
 - Shrink Committees
 - Shrink Audits
 - Weekly Inventories
 - Fresh Item Management
 - Seek Out Technology to Improve Results
 - Measure/Reward/Coach/Counsel
 - Results-Heading Toward our Best Fiscal Year Since Implementation



Shrink Audit Example



Produce Shrink Audit					
Possible Pts	Question	Audit Standard	Enter Either "PASS" or "FAIL"	SCORE	COMMENTS
0	What is this department's Gap Closure rate(%) from the prior period?	List results from fresh report	LIST ANSWER IN COMMENTS SECTION	0	
0	What is this department's Gap Closure rate(%) year-to-date?	List results from fresh report	LIST ANSWER IN COMMENTS SECTION	0	
4	Is the department achieving YTD shrink budget?	Review the Fresh Report. If the department is not achieving budgeted shrink then this question is a FAIL		0	
0	What actions, above and beyond best practices, are store management taking to improve the results?	If the department is not achieving it's budgeted shrink target, list here the specific actions, above and beyond best practices, that store management is taking to help the department improve.	LIST ANSWER IN COMMENTS SECTION	0	
4	Is the Buy/Sell being effectively utilized in order writing with accurate projections and appropriate orders?	Is the department using accurate projections, on hand inventory listed, and all ordered quantities make sense? Does store note OLOS adjustments in order book?		0	
5	Did you witness proper rotation being done on the sales floor using the double decker cart with one banana box on top and 2 boxes on the bottom? (Yes or No question)	This is to be observed in the morning, mid shift, and evening shift as rotation is to happen all day.		0	
4	Was the sales floor properly culled before working the cooler with no excessive product found during the visit? (No more than 2 boxes found during specialist walk)	Walk sales floor with team lead pulling product that does not meet freshness standards. If more than two boxes of bad product found results in a failure.		0	



Responsibility For Profitability Examples



Store #:		Department:						
AVERAGE Weekly Sales:								
WEEKLY Shrink Tolerance:								
WEEK 1 ACTUAL	WEEK 2 ACTUAL	WEEK 3 ACTUAL	WEEK 4 ACTUAL	PERIOD TOTAL				
DAILY Shrink Tolerance:								
Shrink	Mon	Tues	Weds	Thurs	Fri	Sat	Sun	TOTAL
Week 1								
Week 2								
Week 3								
Week 4								

Store #:		Department: MEAT						
AVERAGE Weekly Sales:								
WEEKLY Shrink Tolerance:								
WEEK 1 ACTUAL	WEEK 2 ACTUAL	WEEK 3 ACTUAL	WEEK 4 ACTUAL	PERIOD TOTAL				
DAILY Shrink Tolerance:								
Shrink	Mon	Tues	Weds	Thurs	Fri	Sat	Sun	TOTAL
Week 1								
Week 2								
Week 3								
Week 4								
MEAT MD STICKERS	Mon	Tues	Weds	Thurs	Fri	Sat	Sun	TOTAL
Week 1								
Week 2								
Week 3								
Week 4								
Note – Meat Markdown Stickers not to exceed 50% of Daily Shrink Tolerance								

Responsibility For Profitability

Examples



Previous Day Scanned Shrink Dollars in:										
Store	Meat		Produce		Deli		Bakery		Seafood	
	Daily	Wk to date	Daily	Wk to date	Daily	Wk to date	Daily	Wk to date	Daily	Wk to date
125	\$45	\$61	\$55	\$193	\$131	\$309	\$39	\$70	\$0	\$0
Tolerance	-\$126	-\$879	-\$197	-\$1,381	-\$142	-\$992	-\$45	-\$244	-\$6	-\$45
132	\$171	\$499	\$164	\$606	\$435	\$1,002	\$225	\$430	\$23	\$67
Tolerance	-\$514	-\$3,596	-\$349	-\$2,441	-\$355	-\$2,484	-\$162	-\$1,131	-\$107	-\$747
140	\$91	\$327	\$377	\$766	\$1,097	\$2,277	\$980	\$1,593	\$38	\$63
Tolerance	-\$862	-\$6,036	-\$1,145	-\$8,014	-\$1,397	-\$9,782	-\$561	-\$3,924	-\$162	-\$1,135
155	\$163	\$539	\$414	\$832	\$408	\$1,075	\$283	\$283	\$144	\$144
Tolerance	-\$352	-\$2,463	-\$345	-\$2,413	-\$406	-\$2,839	-\$290	-\$887	-\$107	-\$751
156	\$434	\$684	\$453	\$801	\$1,019	\$2,664	\$514	\$930	\$310	\$310
Tolerance	-\$749	-\$5,242	-\$827	-\$5,788	-\$1,497	-\$10,270	-\$327	-\$2,291	-\$196	-\$1,369
171	\$463	\$642	\$279	\$497	\$663	\$1,466	\$248	\$388	\$17	\$33
Tolerance	-\$394	-\$2,758	-\$371	-\$2,594	-\$648	-\$4,538	-\$260	-\$1,494	-\$101	-\$707

TOTAL STORE	P1	P2	P3	P4	P5	P6	P7	P8	P9	P10	P11	P12	P13	YTD Total
7	\$578	\$1,094	\$2,755	\$23,820	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$21,581
125	\$1,418	\$7,331	\$5,726	\$6,904	\$1,670	\$3,177	\$3,191	\$2,568	\$1,233	\$6,602	\$479	\$495	\$1,634	\$34,830
132	\$5,257	\$28,021	\$3,305	\$5,576	\$668	\$5,563	\$1,881	\$14,450	\$6,804	\$5,210	\$4,858	\$12,256	\$5,354	-\$37,182
140	\$1,002	\$1,666	\$16,103	\$14,068	\$2,603	\$290	\$11,902	\$3,801	\$10,610	\$9,360	\$1,328	\$5,429	\$10,390	\$26,440
155	\$4,309	\$9,546	\$4,337	\$7,924	\$6,398	\$1,049	\$1,107	\$6,281	\$5,630	\$4,261	\$1,320	\$7,436	\$6,776	-\$33,511
156	\$3,359	\$18,490	\$5,729	\$1,646	\$11,807	\$4,382	\$10,293	\$672	\$14,563	\$20,006	\$9,000	\$25,447	\$18,947	\$95,868
171	\$8,007	\$17,139	\$4,143	\$8,287	\$14,859	\$4,248	\$4,179	\$1,323	\$1,411	\$4,473	\$14,070	\$1,412	\$1,494	\$4,266
203	\$6,423	\$19,620	\$10,005	\$626	\$13,547	\$15,617	\$3,308	\$10,022	\$25,695	\$4,423	\$17,359	\$12,956	\$2,898	-\$7,453
204	\$57	\$2,910	\$17,004	\$15,118	\$13,606	\$2,521	\$15,244	\$142	\$5,455	\$10,214	\$11,403	\$1,990	\$2,051	-\$19,209
205	\$2,869	\$20,121	\$5,656	\$6,176	\$1,138	\$2,219	\$4,466	\$1,047	\$1,378	\$11,235	\$2,869	\$2,269	\$9,044	\$4,066
209	\$5,802	\$9,557	\$10,582	\$20,739	\$10,266	\$613	\$7,381	\$7,642	\$1,767	\$3,693	\$108	\$8	\$1,658	-\$46,600
221	\$4,107	\$17,766	\$1,995	\$7,707	\$4,898	\$1,078	\$10,161	\$14,110	\$5,526	\$3,665	\$2,950	\$1,735	\$7,392	-\$22,549
232	\$2,317	\$8,483	\$5,633	\$3,032	\$3,261	\$1,294	\$12,498	\$2,027	\$3,795	\$9,789	\$652	\$8,832	\$991	\$50,018
233	\$6,168	\$4,985	\$16,227	\$6,175	\$4,666	\$4,333	\$9,653	\$2,250	\$1,379	\$4,726	\$1,452	\$6,555	\$186	\$60,979
246	\$697	\$742	\$12,904	\$2,412	\$4,913	\$4,807	\$8,673	\$4,995	\$3,769	\$1,695	\$615	\$4,254	\$4,207	\$9,206
248	\$5,925	\$37,895	\$21,225	\$20,212	\$19,604	\$17,326	\$2,367	\$15,203	\$8,341	\$2,555	\$13,639	\$12,719	\$16,375	-\$90,961
Zone Total	\$56,292	\$120,969	\$5,953	\$95,286	\$102,297	\$16,997	\$97,808	\$66,812	\$66,866	\$56,725	\$37,742	\$46,885	\$40,716	\$6,626

Weekly Inventory Learnings



- Weekly Inventory Learnings (Store Manager Feedback)
- Ordering and scheduling are the top two keys to success
 - Every order needs to be scrutinized before it goes out
 - Pay special attention to orders that have to carry you multiple days. This was a big problem that was identified. We are drastically over ordering on these orders.
 - Use the tools at your disposal to write effective orders:
 - Ad Classified
 - Days on Hand Report
 - Buy/Sell
 - Etc.
 - We need to ensure that we have our Team Mates scheduled to maximize sales and to minimize shrink
 - Don't front load schedules and sacrifice in the late afternoon and evening
 - Ensure Department Managers have the time to write a good order and to take an accurate inventory. They cannot manage the sales floor when trying to complete these tasks
 - Detail schedules each week
- Store Manager involvement was key to our success. Detailed walks in struggling departments need to happen 3-4 times per day. Other departments may not need that same type of attention. Spend your time where it needs to be spent
- Review the shrink and question it daily
 - What could we have done to prevent this shrink?
 - Did we recognize an issue and react in time?

