

A Successful Store Controls Shrinkage

By Reducing Visible Shrinkage

Letter Number 11

WE all know the distinction drawn between "visible" and "invisible" shrinkage but because visible shrinkage is evident and accountable, too little attention is usually paid to it.

We forget that our monthly inventories cover from 12% to 27% of our store's business and a high shrinkage here will strike a terrific blow at the year's showing. Here is the place to set up high standards and lay the foundation for a good record. A good showing here each month will also carry great weight in the year's showing. Set your standards high and you will be amazed at the way your organization will struggle to reach them. 3% shrinkage in Candy is wasteful and 5% in Jewelry is due only to carelessness. One-third of those figures is plenty high enough in a well run store.

The shrinkage record cards in all departments should be accurately kept. Insist upon a record of every broken toy or soiled towel. Count and record every price reduction and enter the loss on the department's card. These records bring the meaning of shrinkage home to your girls and their importance is beyond estimating.

Nothing will so stimulate your girls to sell out old merchandise as will the steadily mounting record of the shrinkage in her department. She does not want you to think she is not working to fight shrinkage and to keep her record she will try to keep her visible shrinkage low. She will, if she sees how vitally interested *you* are.

But more important, she thinks shrinkage, she talks shrinkage, she watches for shrinkage, and out of her work to reduce visible shrinkage comes a steady pressure that also reduces her invisible shrinkage. You are training your girls to *fight shrinkage*. Visible shrinkage is your barometer. It will tell you what weather to expect about January 1.