

A Successful Store Controls Shrinkage

By Rigid Stock Control

Letter Number 13

A LOW shrinkage goes hand in hand with good merchandising. A high shrinkage almost always follows a high inventory and an overstocked condition. The reason for this is obvious. A store is never overstocked with fast-selling merchandise. When an overstocked condition prevails the stockroom and counters are loaded with slow-selling merchandise.

We are in a period of increasing values. The goods in our stores are worth less each week, goods bought a few months ago are forced into the background by better values. Selling the older goods brings price reductions and loss. Heavily stocked stores are hit hard by price reductions and improved values.

It must also be remembered that merchandise deteriorates with age, loses its freshness, its newness, its salability and counter shrinkage increases. The girls become discouraged with their old merchandise and careless in their treatment of it. There is loss and shrinkage all along the line.

We must not forget the final inventory. The stockrooms are crowded with rewrapped, reboxed and relabeled goods. The work is slow and cumbersome. Goods are miscounted, understocks are cluttered and the counters are loaded with old merchandise. The wonder is not that there is a high shrinkage, but that it is as low as it is.

Thinking managers are convinced that keeping the stocks low, buying carefully according to turnover, with *instant elimination of slow sellers, unsalable merchandise, and "lemons"* are most important factors in a low shrinkage.