

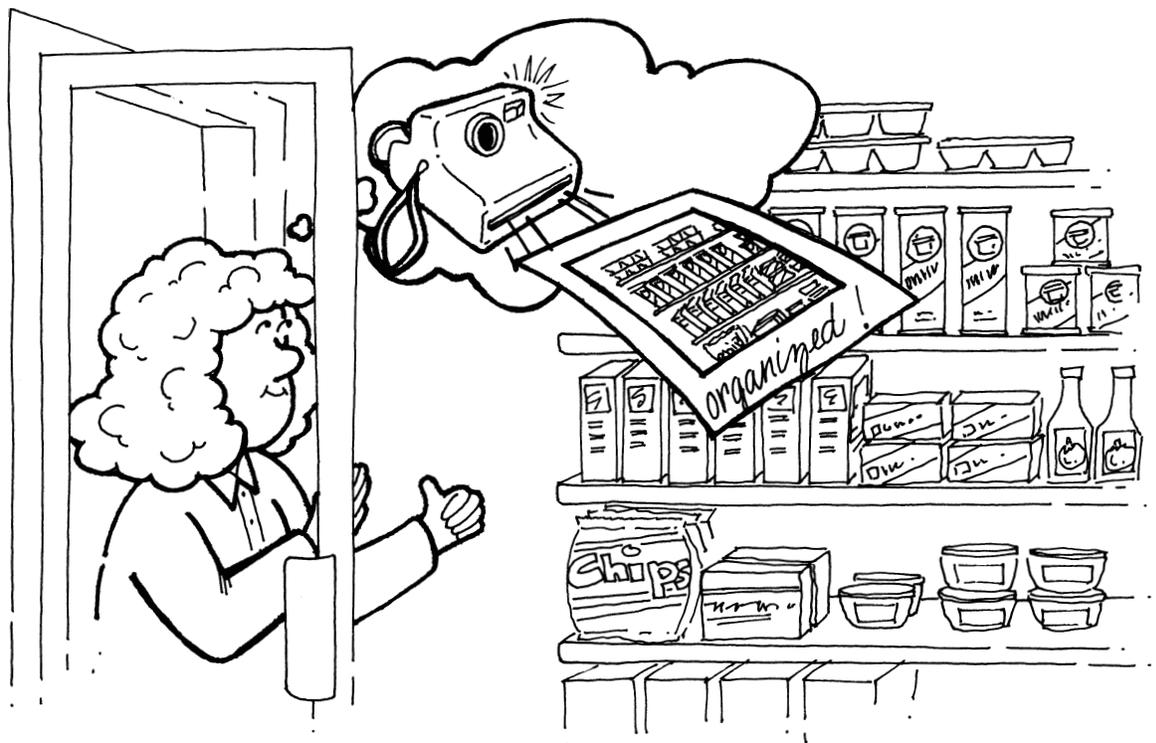
Snapshot Indicators of C-Store Shrink

\$5.00

When Quantum Services auditors walk into your convenience store, they take a mental snapshot. The things they notice often indicate the way the store is managed.

KEY POINT: There is generally an 83% correlation between shrink losses and how well-managed a store is.

You, too, can learn to take mental snapshots of your stores. What you see will help guide you in making decisions about the overall operational quality of the store.



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Quantum Services

Quantum Services, headquartered in Columbus, Ohio, has performed more than 1,500,000 c-store audits since the firm was founded -- and serves the c-store industry *exclusively*. Quantum's audits and inventories are backed by in-depth knowledge about store level operations to help operators and store managers rapidly improve profits and performance.

TRAINING



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TRAINING

Here are three things to look for when you enter the store:

Clutter: Clutter causes numerous problems.

- It sends a message to employees that the store is disorganized. To a dishonest employee, this indicates it probably will be easier to steal.
- It sends the message that image doesn't matter to the store manager or to the company. Stores having cluttered areas often have sloppily dressed employees, who provide inconsistent or poor customer service.
- Clutter makes it more difficult for the store manager to "know the inventory." Keeping track of damaged goods, paperwork, and the security of cash and cash equivalents all deteriorate in a cluttered store.

Image of Employees: Image often reflects attitude, and also can relate to quality.

- A sloppy image often indicates sloppy service, loose control of the cash drawer, and haphazard ringing of merchandise.
- Employees having poor dress habits and inadequate personal hygiene habits often don't care about the accuracy of checking in vendors, nor do they care about keeping accurate shift logs.
- An indicator of awareness and attitude can often be seen in the cashier's handling of long lines of customers. Does the cashier make eye contact with customers waiting in line? Does the cashier immediately ask for help? Does the cashier thank customers for their patience?

Appearance of Prepared Food: An indication to auditors about how well the store is managed, is often seen in a glance at the prepared food.

- Prepared food that looks old or that should be removed can indicate a lack of attention to detail.
- Poorly packaged and presented food may indicate a lack of merchandising awareness.

Here are three things to look as you move about the store:

Condition of cooler storage: This area is a barometer of the store manager's level of control. Is attention paid to the cooler surplus area? If not:

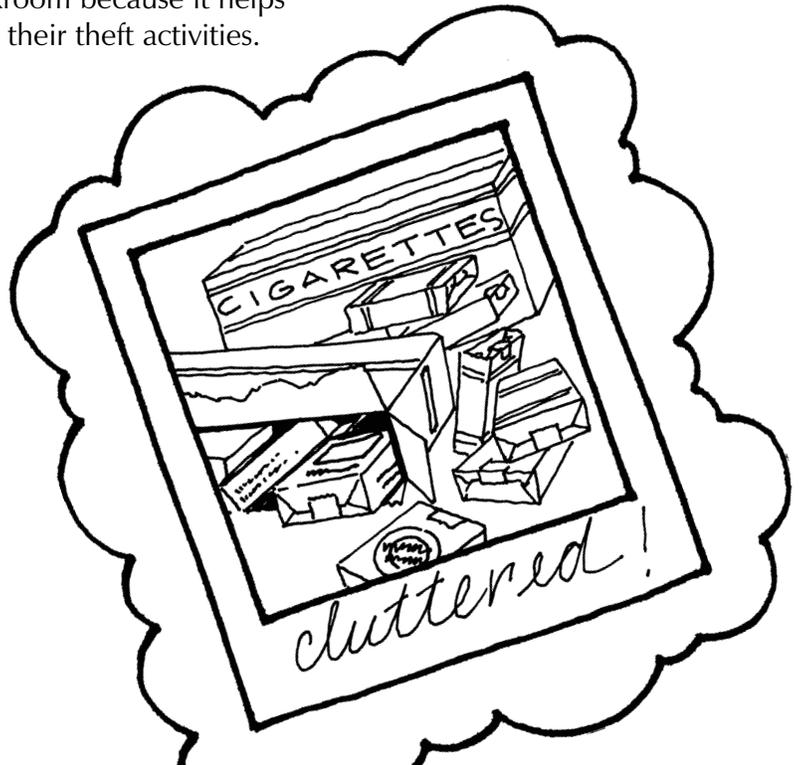
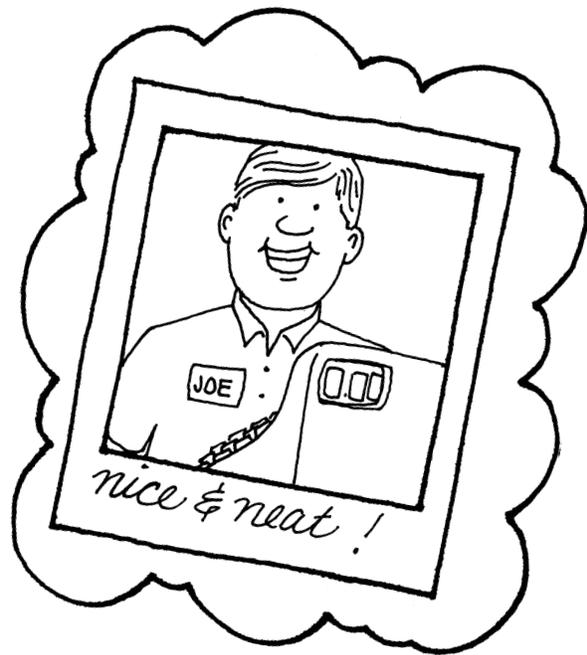
- sales suffer from understocks
- profitability suffers from over-stocks
- customer service suffers because of out-of-dates
- inventory becomes muddled
- ordering becomes a guessing game
- employee opportunities to steal increase
- deliveries take extra time, and
- vendor opportunities to steal increase.

Neatness of cigarette area: Cigarettes are a high-shrink item.

- Neatness is important, and makes it possible to have fast and accurate stock counts.
- It's a must that storage areas and under-counter areas are in order.

Neatness of the backroom: Orderly backrooms help reduce shrink.

- Managers and clerks who steal merchandise prefer a messy backroom because it helps hide their theft activities.



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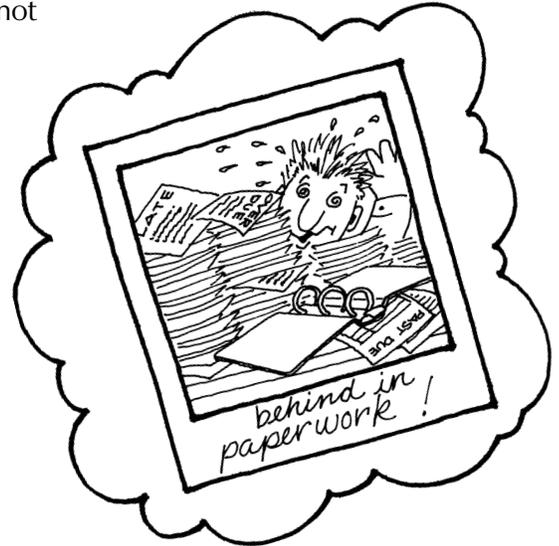
TRAINING

Here are three things to look for as you complete the audit:

The Manager cannot complete the paperwork: A manager who cannot readily complete the paperwork does not have a good handle on the store books. The reasons vary. Some relate to shrink.

The Manager “Dances”: A manager who “dances” (has unusual movements or changes in speech patterns) when s/he learns of a negative audit result, may indicate that the store is poorly operated. “Oh, I forgot to give you the pricing changes,” or “Gosh, I know that invoice is here somewhere,” are dancing phrases. Sometimes they indicate a simple oversight, however, a manager who dances at every audit should be helped and/or investigated.

The number of recounts required: Excellent managers will request a section recount because they will want to pinpoint problem areas — where they intend to take action. Managers who request numerous recounts at every audit — and who never seem to take action — are not operating stores at their highest profit potential.



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Quantum is the largest company of its type in the world providing audit/inventory services *exclusively* for convenience and petroleum stores.

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Thank you.