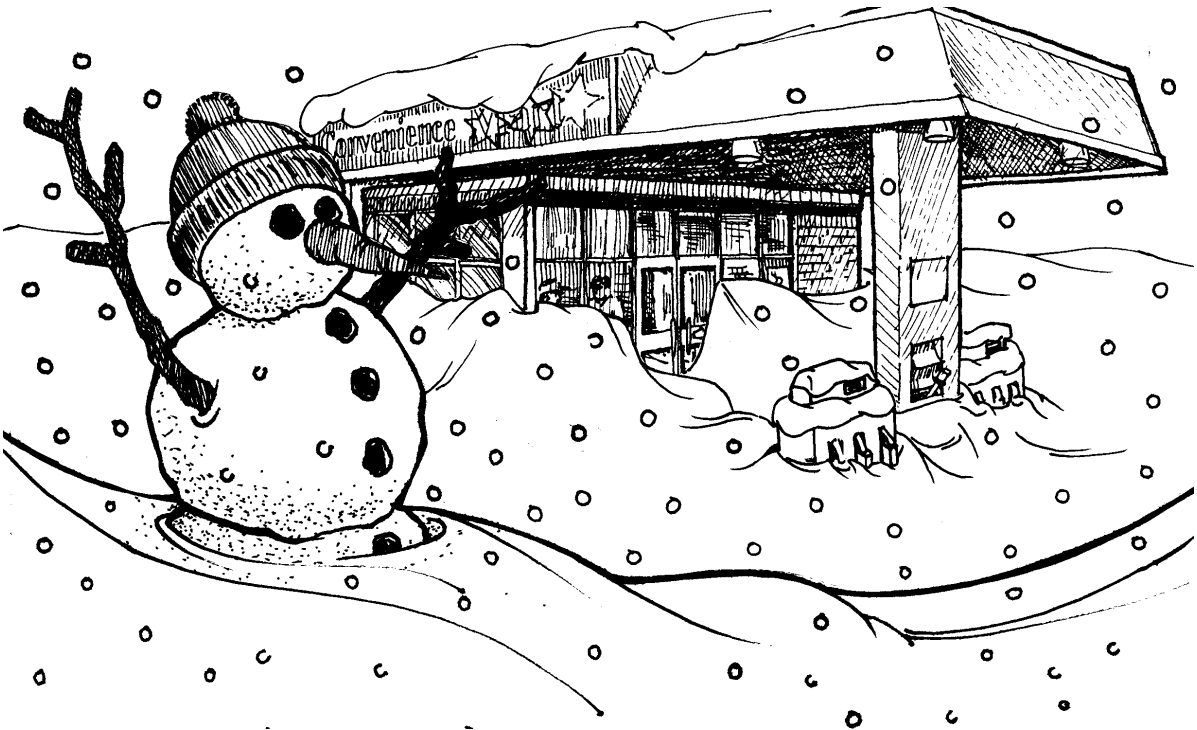


As Temperatures Drop- So Can Profits!

Ways To Reduce Shrink During The Holiday Season \$5.00

Convenience and petroleum stores face a **significant increase in shrink** during the last two months of the year. Some reasons:

- more vendor deliveries
- holiday-related aberrations from standard operating procedures
- more business
- more cash to count
- more paperwork



ALERT!

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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.

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Ways To Reduce Shrink During The Holiday Season

As a result, it's critical that managers:

Maintain the everyday fast pace.

The holiday season is important to profits and overall store performance, but is not drastically different from the rest of the year. A crowded store with customers buying gas and taking advantage of promotions is an "average day" in the c-store industry. As always:

1. your customers expect speed and convenience,
2. your stock needs to be replenished, and
3. cash must be deposited.



Watch your attitude.

It can be easy to "let things go" until after the holidays — to expect less from your staff. But allow your attitude to become more lenient — consciously or unconsciously — and you're providing thieves with an invitation to steal.

Understand how thieves rationalize.

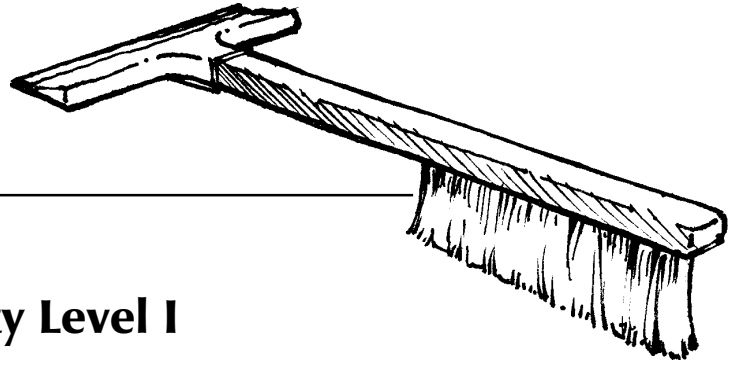
"After all," thinks the dishonest vendor or employee, "I need to buy gifts for family and friends. This is a big company with plenty of money; why shouldn't we have a little more this year?"

What can be done?

A basic guideline is that you need to do everything you do throughout the rest of the year.

- 1) FOLLOW THE SYSTEM YOU ALREADY HAVE! If your system is strong, you have a foundation in place to remove the opportunity for people to steal without detection.
- 2) Work with your audit crew/service to keep a close watch on inconsistencies and shrink. Ask the audit supervisor for insights into what is going on in your store.
- 3) Prioritize your activities. For example:

! T R E A I A



Priority Level I

- **Careful Vendor Check-In:** Don't let untrained employees check-in vendors, give invoices back to vendors, or check-in vendors on the run. Also, increase your vigilance as your order sizes increase.
- **Paperwork:** Don't allow vendor invoice "mistakes." Invoices must include unit costs and descriptions. Carefully check extensions, complete all paperwork in a timely manner and send it to your home office on time.
- **Pricing:** Price all merchandise immediately after it's checked in — don't leave cashiers guessing at prices during busy times.

Priority Level II

- **Consistency:** Check everything that you check during non-holiday months; continue to review no-sale rings, shortages of cash, sales trend dips, register tapes, and shift reports as you've done the rest of the year.
- **Maintain Price Files:** Managers of stores that have scanning technology should stay alert to dated pricing information. Dated pricing invites cashiers to be dishonest. Keep prices current on your system!
- **Continue Training:** Postponing important training tells employees that "the rules" are different during the holidays. Rather, this should be a time to maintain training activities.
- **Awareness:** Get your people involved in controlling shrink *before* the holidays arrive. Make them aware of the potential problem and its importance to the company.



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Ways To Reduce Shrink During The Holiday Season

If your system works January through October, it will work in November and December. Shrink is higher during the holiday season because we allow it to be. Standards and expectations we set during the holidays typically carry over into the new year. For example, if shrink is allowed to increase during the holiday period, you can expect to see higher losses in January and February as well.

Your Next Steps:

- Start preparing now for the holiday season.
- Keep skill levels high on: paperwork, pricing and vendor control.
- Maintain consistency and promote employee awareness.
- Be vigilant for changes in employee behavior.



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Thank you.