

*Dedicated to Operational Excellence
& Employee Growth*



The CoGo's organization consists of approximately 500 employees and some 60 stores in the Pittsburgh metropolitan area. The company is highly respected by its industry peers, and well liked by many thousands of customers.

The chain, founded in 1962 by the Colteryahn family, also virtually "lives" by a philosophy that people come first, and that employees and customers are the biggest contributors and assets to the success of the business.

CLIENT PROFILE

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Client Profile: CoGo's Co.



Wayne Unks; Controller

Values & Vision Help Company Focus On Quality

"We feel that treating people right gives employees a reason to stay with us," says Wayne Unks, company controller. "Our owner holds these values high, and I think because we are family-owned these feelings help keep the overall focus on excellence in our business."

The company's mission statement further illustrates this credo – "CoGo's...This Is The Place...Committing Ourselves To Excellence."

Accordingly, the CoGo's organization works hard at providing clean, well merchandised store environments for both workers and shoppers, offering fresh, high quality products at the most reasonable prices, while providing outstanding customer service. There is a feeling of family among employees, and between staff and customers. In fact, management feels so strongly about the store's values orientation that CoGo's does not sell adult-oriented publications or cigarette rolling paper in its stores.

In addition, the company also is highly regarded for its efforts in the area of employee development and retention.

Experienced Operators Face Challenges

Well-managed companies face challenges head on. In CoGo's case, shrink losses became a focal point when they began to grow. "Historically, we had been able to manage shrink fairly well," Unks says. "And we had been able to hold the system-wide average shrink well below 1% of merchandise cost. As far back as 1988 and 1989 shrink control at CoGo's was handled internally. We still used our own auditors and performed our own counts."

In the early 1990s, CoGo's management decided to bring in outside counters, but kept its own audit team, as well. Later changes in company structure resulted in a corporate downsizing; among those positions eliminated were the company's auditors. As a result, CoGo's district supervisors picked up many of the paperwork responsibilities previously handled by auditors.

"Things started to go the wrong direction," Unks says. Shrink crept above the 1% threshold. Bouncing audit results became an increasing concern. The audit service's lack of c-store experience also was a factor that Unks and other senior officials noted.

"There was absolutely no confidence in the numbers coming out of the audits, and store managers let us know it," Unks says.

Promises Made, Promises Kept

“During our selection of a new audit service, the people at Quantum made three promises to us,” Wayne Unks recalls. Here is each promise, the action taken, and the associated result:

Promise 1: Eliminate the reasons for bouncing audits, and the need for recounts.

Action: Quantum instituted regular monthly audits that follow a consistent approach. Audit results are provided to store managers on site before the audit crew leaves.

Result: Bouncing results attributed to incorrect counts were reduced to zero. As confidence in audit results grew, recounts were reduced from an average of 8/month, yielding a cost savings of \$13,000.

Promise 2: Increase Area Sales Manager (ASM) productivity.

Action: Because Quantum conducts all audits and handles all related paperwork, ASMs are no longer required to attend audits.

Result: ASMs gain 4 days per month, giving them more time to focus on increasing store profits. The ASMs time is valued at \$63,000.

Promise 3: Reduce shrink.

Action: CoGo's operations management team committed to reducing their tolerance of shrink and increasing store manager accountability. Quantum developed a CoGo's-specific SPOT report and provided store manager training.

Result: Shrink decreased from 1.31% to .95%, a savings of \$100,000.

New Shrink Control Solution Sought: Specific Goals Identified

CoGo's senior management had several goals in mind once the decision was made to seek a new service provider to help with the shrink problem.

The first goal was to eliminate the reasons for the bouncing audit results. Company officials knew that they could not have a good handle on actual shrink when audit figures varied so widely.

Secondly, the company wanted to increase the productivity of its area sales managers. Productivity had declined significantly due to the huge volume of paperwork that related to the way store audits were conducted.

And, of course, CoGo's wanted to reduce shrink at its stores. By 1995, shrink had grown to 1.2% and was continuing to rise.

How Progress Was Made

After evaluating several auditing firms, CoGo's brought in Quantum Services of Columbus, Ohio in late 1995 to help create a new, comprehensive shrink control program.

Together, CoGo's and Quantum:

- Developed an audit procedure manual;
- Developed an in-house shrink control program that increases accountability for everyone involved in the operations of a store property;
- Ensured proper and consistent cut-off information through the use of an Inventory Audit checklist, and a newspaper reconciliation log;
- Trained CoGo's store personnel in shrink reduction, and
- Developed a customized SPOT! Report which provides valuable store observations to both store and senior management.

Added Values... Value Added

“Quantum has been great about pointing out areas where we can tighten up, and things to watch out for,” Unks observes. “It really gives us a chance to share in the information that Quantum collects via the thousands of c-store audits it conducts every month throughout the country. For example, Quantum recommended that we implement a different procedure for processing invoices. We followed their recommendation, and the change resulted in major savings in our finance department. This recommendation just came as a part of the way they do business with us.”

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Working together to Achieve Performance Impact

"The relationship with Quantum is truly more of a partnership," says CoGo's Controller, Wayne Unks. "It is really a collaborative effort." Here are a few examples of the impact of the CoGo-Quantum collaboration:

Instant Results at Store Level –

CoGo's accounting staff do not have to wait for a "verified physical count" from Quantum Services. Store managers see count results instantly and when results are out of tolerance, audit findings can be faxed to accounting immediately upon completion, enabling immediate verification.

Store Manager Training –

Quantum Services provides CoGo's with training that helps reduce shrink and improve store manager performance.

Customized SPOT! Report –

Quantum Services became CoGo's "eyes and ears" with each monthly audit. Quantum auditors make observations in CoGo's stores in the following areas:

- Vendor check-in
- Customer service
- Pricing
- Cash control
- Store cleanliness and conditions
- Merchandising

The Bottom Line

CoGo's estimates that the collaboration with Quantum Services resulted in an impact on the bottom line valued at \$176,000. The impact on performance, although more difficult to measure directly, also has been significant. Performance impacts can be seen in: increased skills of store managers; continuous improvement efforts; greater efficiencies; sales increases due to store cleanliness and to having items in-stock; and accounting system improvements. (For details, see sidebar: "Promises Made, Promises Kept.")



CoGo's & Quantum Services collaborate to increase store profits.

CoGo SPOT Report	
Store Number	Date
	Day
	Time In / Time Out
Store Image	
	May Be a Problem
	Acceptable
	Exceptional
1) Are island and pumps clean?	0000000000
2) Pump topsure and signage (pre-pay) on each pump?	0000000000
3) All hoses and nozzles functional with splashguard?	0000000000
4) Squelgers and washer fluid available?	0000000000
5) Trash cans clean and lined?	0000000000
6) Is exterior free of litter?	0000000000
7) Is deli and bakery clean, appealing lit and tagged?	0000000000
8) Is backroom and office area clean and well organized?	0000000000
9) Is cooler rear clean & organized, no pop & milk 5 high?	0000000000
10) Do any areas of the store appear cluttered?	0000000000
11) Is all inside lighting working?	0000000000
12) Are restrooms clean, stocked and fixtures working?	0000000000
Personnel	
	May Be a Problem
	Acceptable
	Exceptional
13) Employees friendly, courteous, helpful to customers?	0000000000
14) All employees wearing casual slacks in dark color?	0000000000
15) Employees wearing clean fastened smock & name tag?	0000000000
16) Is employees hair clean, neat and moderately styled?	0000000000
17) What did personnel do during slow times?	0000000000
List Question # and Comments for Store Image and Personnel:	

CoGo's and Quantum Services customized this report to increase the effectiveness of store operations.

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Thank you.