

ASSET

PROTECTION

PEOPLE | PROPERTY | REPUTATION

March 10-13, 2013

Pointe Hilton Tapatio Cliff | Phoenix, AZ.



THE VOICE OF FOOD RETAIL 

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OPERATIONAL SHRINK

The Environment

- Three Regional Chains
- Three Market Areas
- Three Similar Approaches

The Reality

- We Cause the Largest Part of Shrink
- Holistic Involvement Required
- Process Improvement is the Key



BROOKSHIRE GROCERY COMPANY

- 153 retail locations located in TX, LA, and AR
- 82 fuel centers, 114 pharmacies, 1 liquor store
- 3 distribution centers, 5 manufacturing plants
- Asset Protection Department responsibilities:
 - Retail loss prevention
 - Non-retail security
 - Shrink Management
 - Crisis Management



SHRINK DEFINITION

- Simply stated – missing merchandise
- Includes all known loss
 - Damage, spoilage, excess production
 - Store use, discontinued items
- Includes all unknown loss
 - Theft related loss
 - Paper errors, unmeasured known loss



MEASURING SHRINK

- Inventories
 - Fresh departments each month (period)
 - Center store semi-annually
- Gross margin
 - Calculated scan gross
 - Calculated actual gross
- Difference between margins equals shrink
 - Dollars are cost dollars
 - Percentage is cost dollars lost / retail sales



SHRINK MANAGEMENT

Included in the corporate strategic plan approved by Board of Directors

- Specific percentage goal for total company
- Cross-functional steering committee
- Multi-tiered approach
 - Process improvement
 - Education and Awareness
 - Audit and Measurement
 - Reduction of theft opportunity



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CONCLUSIONS

- **Operational loss is a large portion of our shrink**
 - Could be as high as 60% to 65% of total shrink
 - Over ordering, over producing, damage, discontinued items, low inventory turns
- **Reducing theft is operational in nature**
 - Lock back doors, lock compactors, check in vendors accurately, merchandising strategy



K-VA-TE FOOD STORES INC.

105 Total Stores 2.2 Billion Sales
(Kentuck-Virgina-Tennessee)

- 94 Food City Supermarkets
- 11 Super Dollar limited Assortment
- 77 Pharmacy's
- 77 Fuel Centers
- 9 In Store Banks
- 1 Liquor Store
- 1 Convenience Store
- Self Distributed 1 DC
- 2 Manufacturing Facilities

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Involved Committed

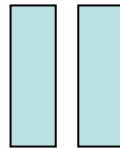


Past Shrink Committee

Joe Fryar, Director Loss Prevention

Typical Scenario

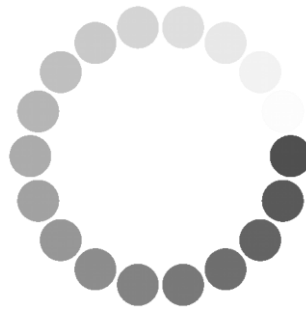
- **The grocery inventory came back bad, go watch the stock crew**
- **The meat shrink is bad, go catch the shoplifters**
- **Nothing has been found, put more hours on it**



Frustration

Break The Cycle

Shrink



Change typically happens as the result of an incident

Create the incident

Pick one store or one department, forget theft as a cause

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A Shrink Committee Has To Have



The Muscle To Make Change

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Shrink Committee

Joe Fryar, Director LP

Kathy Hamblem, Internal Audit

Michael Lockard, Chief Financial Officer

Richard Gunn, Executive VP Merchandising & Marketing

Mickey Blazer, Pharmacy Director

Jeff Compton, Retail Pricing

Steve Debord, DC Inventory

Chris Smith, Director Video/General Merchandise

Haskel Bledsoe District Manager

Blake Lunford, Accounts Payable & Document Management Manager

Mary Roark, Accounts Payable

Eugene Boothe, Information Services

Brian Miller, Financial Reports

Robby Gosnell, District LP

John Cecil, Executive VP Operations

Drema Waters, Director Internal Reporting

Clyde Minton, Comptroller

Last meeting

GUEST: *** , ACCOUNT
REPRESENTATIVE FOR RELIANT
INVENTORY SERVICES**



We Meet Once a Month

If a Member Cannot Make It, A Member of Their Team Will Sub

LP Is The Committee Chair

Members Can Dial In By Phone

No Topic Or Department Is Off The Table

Our Goal ... Solutions Not Blame

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Example A Win

Input From VP Merchandising

Past Shrink Categorized Known or Unknown

Adding Category-Shrink Created By Product Mix Change

Un-Known



Known



TOPS MARKETS LLC.

- 160 retail locations located in NY, PA, and VT
- 47 fuel centers, 79 pharmacies, 1 liquor store (3 distribution centers operated by an independent third party)
- Reports to Executive Level (Store Operations)
- Asset Protection Department Responsibilities:
 - Shrink Management
 - Security
 - Crisis Management



SHRINK MANAGEMENT

Asset Protection/Store Operations devise the plans and oversee their implementation

- Obtain Buy – In From Merchandising and Accounting (Embracing the Shrink Culture)
- Focused on Improving Sales and Shrink and “Putting everything in the Right Bucket”
- Key Performance Indicators
 - Weekly Known Loss Shrink Tracking/Reporting
 - Semi Annual Non-Perishable Inventories, and Period Perishable Inventories
 - Shrink Compliance Audits
 - Incident Reporting

The logo features the word "ASSET" in large, bold, white capital letters on a dark blue background. A vertical red bar is positioned to the right of "ASSET". Below "ASSET", the word "PROTECTION" is written in white capital letters, with a red horizontal bar extending from the left side of the word.

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SHRINK MANAGEMENT

- Created A Manager of Shrink Analysis
 - Analyze data and identify issues contributing to Store/Company Shrink
 - Coordinate efforts with Store Operations, Merchandising, Accounting, and Third Party Warehouse Vendor to resolve Shrink issues
 - Create business profile reports to identify areas of focus for company and store teams
 - Oversee POS Transaction Monitoring



SHRINK PROJECTS/PROGRAMS

- Ship to Scan data reviewed with the Store Teams and Merchandising
- Programs to spot billing issues to prevent/correct paper shrink
- Production Planning used in Perishables
- Shrink Calls held by Perishable Departments based on inventory results
- Shrink Evaluations conducted at select stores based on overall shrink results



SHRINK PROJECTS/PROGRAMS

- POS Transaction Monitoring used to monitor front end activities.
- Front End Shrink Task Force meets monthly to identify and discuss global shrink issues.
- Shrink Training of Operations Managers
- Warehouse shrink analyzed and addressed each period

Questions and Comments

Thank you !!

