

## Where did the Money go?

by: Susie Fields

Have you every wondered where is all that money is going?

Does it feels like you're selling retail, but you can't account for the cash?

**Well, you are not alone!** One reason could be your budgeting or cash management, but you will be surprised that the number one money gobbler is retail shrinkage a.k.a. **retail theft!**

Recently, I have had some bizarre experiences when it comes to retail establishments. Watching as employees *blatantly stole* from the cash draw, pretending to ring up a sale only to be voided when I gave the clerk my cash! I starting adding up the dollars and evaluated how much business was being put in the clerk's pocket vs. the cash drawer! It came to an astonishing **\$3,900!** Wow, can you image? And that number is conservative!

This had me ponder, how many times had it happened to me in my business, not just from other staff members but clients. In order to be a successful retailer you have to put product in the path of every one, people who can steal and people who can pay! In our salon we experienced shrinkage and put some systems in place to eliminate that temptation!

Here are some simple solutions you can do to stop the shrinkage:

- 1. Computerize your inventory:** You got to move into the 21st century! A computer is a must! I wouldn't be able to balance my checkbook if I wasn't computerized! There are many great software programs out there that can help simplify the process. Milano Software is one of the most technician friendly software companies we have found. Check it out on our website [www.yourbeautynetwork.com](http://www.yourbeautynetwork.com) in our Business Services section.
- 2. Have a manual inventory-tracking sheet:** If you won't get a computer then use the good ole paper and pencil. For small businesses or independent contractors, do your inventory every night before you leave and again when you come in the salon the next morning. If you notice a discrepancy immediately notify everyone in the business. For large salons every week, do an accurate inventory count. Not doing it is probably costing you thousands!
- 3. Keep highs and lows:** Only keep on the shelf what you sell. The reality is, you only want 1.5 turns of inventory on your shelf at any given time. It is important to know the products you sell. Which products are fast movers and which products are sleepers. Don't overstock your retail! That is money you could be utilizing for other business opportunities!
- 4. Use a carbon copy receipt:** A two-part carbon receipt will help you keep organized on what you sold and give you solid records!
- 5. If you suspect a team member stealing:** This is a tricky one. Once a thief always a thief. Ask the team member if they are aware of anyone stealing from you. They will know you are on the ball and, most likely, it will make them uncomfortable enough to stop!
- 6. Install Cameras:** One salon we work with installed cameras and the theft dropped 90%! It can eliminate part of the problem, using the eye in the sky!
- 7. Post a sign:** In the back room or break room post the dollar amount of theft each week. This starts to give unconscious pressure to our bandit!

The best solution is for you to be very conscious of your inventory, being aware of what people are doing. Never accuse a team member or a client, but always inquire or ask if they are aware of anything.