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New look takes action over shrinkage

Young fashion chain New Look plans to add £5 million to its bottom line over the next four years by reducing the level of shrinkage. The company has appointed retail consultancy ORIS Consulting to address the issue within the business by tackling security issues and glitches in its IT systems over the next few years.

Chief executive Phil Wrigley said: “New Look’s rate of shrinkage has not deteriorated over the years but it is slightly above average against the rest of the high street. It is not unreasonable to think we can add £5m onto the bottom line over the next three to four years.”

Laurence King, managing director of ORIS Consulting, said: “New Look is fairly traditional in that it suffers from public theft, internal problems, process issues and in-store procedures, such as selling merchandise at mark down when it shouldn’t be marked down and writing off stock that doesn’t need to be. This can come from poor point-of-sale procedures and glitches with the Epos system.”

Wrigley added: “We are looking at all aspects of shrinkage and will identify initiatives to minimise this. It’s not just about shoplifting but also about communication with store staff on sales and refunds.”

ORIS Consulting is assessing the issue and will work with New Look’s retail and audit teams on strategies for at least the next year. However, Wrigley expects some “quick wins” to be identified and implemented immediately. King said: “There will be some IT solutions. There will be more staff training required as the best people to tackle the issue are the store staff. Security will be reworked. For instance, not all stores need guards or CCTV.

Some of the initiatives will be implemented in the top 50 stores from April.” King has previously worked in finance and retail operations at Debenhams, the former Burton Group, Bhs and DIY retailer B&Q where he was director of profit protection.

Elsewhere in the business, New Look has appointed Richard Laphorne as chairman. Laphorne is currently non-executive chairman at Cable & Wireless, and vice-chairman of JP Morgan. Previously, he was chairman of Amersham and vice-chairman of British Aerospace. In a further move to strengthen the board, New Look appointed Debenhams product boss Paul Marchant as managing director for buying, merchandising and design last week.