

Slash shrinkage if you want to bump up profits

I heartily agree with Glynn Davis that improving profitability is not just about cutting costs (*Retail Week* November 19).

However, in his list of nine cost-cutting opportunities I was amazed he did not encourage retailers to adopt a more energetic and enthusiastic stance on shrinkage.

Shrinkage has become a significant cost it can represent 25 per cent of net profit even for otherwise well-managed retailers. Too often in an environment of increasing crime, businesses aim simply to make sure shrinkage rates do not get any worse.

Those retailers that have set out to halve their shrinkage have delivered major benefits to their bottom line. Good shrinkage management creates positive behaviour, it helps the top line and it motivates staff.

All retailers should include shrinkage as the 10th item in Glynn's cost-cutting opportunities, or maybe as number one in their list of profit improvement opportunities.

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