



When reviewing the inventory levels at FMS we often encounter fluctuations in the inventory at store level. Many “good” managers have a good feeling why the changes took place. However, a good feeling versus good facts can make the difference in understanding your inventory and understanding shrink.

Most individuals we have spoken with use the aisle and category separations provided by their inventory service. The problem is these category separations may not match the layout of your store. In addition, aisle totals are a large area to try and pin point a dollar value issue. Attached is a solution that helps narrow down the hunt for inventory problems. It is most often referred to as the Dot Book. Here is how it works:

- 1) Section off your aisles through the use of colored dots on the top shelf—This indicates where the inventory crew is to start and stop counting as a section. These dollar values for each section will be recorded on the attached form. These sections can be 4 feet, 8 feet, etc.
- 2) Walk your store the day of inventory and note the sections in the most usable format for you. For example, heavy or 80% full or light etc. This will help you determine from inventory to inventory what dollar value you should expect.
- 3) After the inventory crew completes an aisle, you may get your totals from the crew chief and begin to place them in your book. For the first inventory, you will not have a history. However, as you take inventories you will start to develop a history.
- 4) Use the fluctuations by aisle to point you to what Dot Book sections you should review. For example, if aisle five side A is extremely light on the count, compare the sections to the fill level. At this point you may have your service recount that section under your or the crew chiefs supervision.
- 5) Do spot checks of Dot Book sections regardless of the dollar value fluctuation. This will allow for random checks to discover unobvious issues. (Some good areas to check are high dollar areas such as coffee, canned fish, baby formula, and certain HBA categories)
- 6) If you reset a portion of your store you need to begin a new history page for that section. Change in products and categories will obviously skew the results. In summary, the purpose of this ‘Dot Book’ is to be able to better control your inventory crew and the accuracy of their counts. In turn you will be able to better manage your dollars spent on inventory.

If you have questions please contact Robert Graybill, CPA, at (410) 761-9400, ext. 1203.