



Profit Isle

HOW RETAILERS COMBAT SHRINK

Rethink how to approach shrink by identifying and addressing critical **profit peaks** and **drains**.



For More Info
ProfitIsle.com/Retail

ABOUT PROFIT ISLE

Our Enterprise Profit Management (EPM) platform integrates all data from production systems—providing a complete view of profitability down to individual **store items**, **categories**, and **suppliers**—so executives can understand the impact of shrink and determine where to make the appropriate investments.

CHALLENGES AND OPPORTUNITIES

Retail executives allocate significant capital to retrofit stores with fixtures to combat shrink. To prioritize areas of focus, deploy capital appropriately, and effectively manage shrink over time, executives must understand how shrink impacts profitability.



Return on Invested Capital

Executives need visibility into return on invested capital for specific actions related to shrink—or they won't know if those shrink investments are worth it.



Negotiating Power with Suppliers

When executives don't understand shrink relative to item profitability, there's little ability to negotiate with suppliers for better terms.



Managing Shrink Across Geographies

When executives are limited in their ability to manage shrink across multiple geographies, they're forced to take a one-size-fits-all approach to combat shrink.

IDENTIFY PROFIT PEAKS AND DRAINS

ACTIONS	PROFIT PEAKS	PROFIT DRAINS
LOCKING FIXTURES	Evaluate alternatives to locking fixtures to maximize sales of peak products	Add locking fixtures to minimize shrink of drain products
OMNICHANNEL PLACEMENT	Maximize promotion of peak products in all channels	Move drain products to e-commerce channels
STORE LABOR	Focus store labor to maximize sales and minimize shrink for peak products	Don't use store labor to offset shrink for drain products
SUPPLIER NEGOTIATIONS	Negotiate supplier investments for high shrink peak products	Negotiate packaging options to reduce shrink and share the cost of drain products
HYPER-LOCAL PRODUCT MIX	Configure peak product availability by region to maximize sales	Reduce/eliminate drain products in store by region