

INTERNAL & EXTERNAL THEFT – THE HIDDEN PROFIT ROBBERS

According to Dun & Bradstreet, the SBA and other retail consultants, the cause of most small business failures are the results of:

1. Insufficient capital
2. Not enough knowledge of their business
3. Poor management

We acknowledge these factors but believe the reason that the overwhelming majority of small businesses get into trouble is due to two main issues:

1. Not enough Sales
2. Internal and External Theft that drains their profits and causes them to make decisions that put them out of business

Most retailers blame the fact that they are not making money on:

1. Their inability to purchase at prices they feel will make them competitive
2. Not enough capital to operate properly
3. Their overhead is too high
4. Not enough help from their wholesalers or vendors

NOT ENOUGH SALES

Most retailers spend 70% of their time buying, 25% of their time running the business and 5% on increasing sales. (% varies, but concept is same.) Obvious, but true: No business can exist unless it does business.

INTERNAL THEFT

We continually counsel unhappy retailers who assure us that their problems have nothing to do with their people or vendors. Employees who have been with them for long periods of time cannot possibly be part of their problem.

We have systematic ways of reviewing internal controls from receiving room to checkout counters to determine if internal theft is an issue.

There is a direct relation between tight controls and bottom-line profit.

PILFERAGE

If sales are even, or up, but gross profit is diminishing you may have a problem.

If inventory is rising but sales are even or down you may have partners.

If sales are good but cash is diminishing you may have partners.

Pilferage can be internal or external. The greatest losses occur from internal pilferage.

Unexplained loss of gross profit may indicate a pilferage problem exists.

INVENTORY CONTROL

The many facets of inventory control, if not properly systemized, can affect your bottom line profits.

We review inventory procedures and systems to look for loopholes, which may be affecting your bottom line.