

TAKING STOCK – The Shocking Truth about Theft and Waste

I don't mean to startle you, but I think you should know some of your salon product is falling victim to the five finger discount. I'm no fear monger – I don't parade down Main Street on the weekend wearing a sandwich board proclaiming, "The End of the World is Nigh", or worse still, "Fluro is sooooo Making a Comeback". I'm just telling it to you straight. If you don't have strict stock management systems in place, you're losing money on product – guaranteed!

Yes, even if you trust your team, love them like a family, have known them for 20 years, yes even if your team gave you a kidney (in case you need one someday), they are stealing from you. Maybe not all of them, there are honest people in the world, but your salon is experiencing theft – and it's your own fault.

Why?

You've made it too easy for people to steal from you.

Now at the risk of sounding like Douglas Adams – Don't Panic! I'm going to share with you the secrets of stock management. With a few simple changes you'll improve your bottom line and wipe out theft and waste.

First of all, let's talk tools (no, not the drunkwits you meet down at the pub). You'll need a few tools to keep stock levels under control:

Lockable Bulk Store

Quarantine Area

Stock Bins

White Board

Permanent Marker Pens

White Board Markers

What is the Lockable Bulk Store?

Your lockable bulk store is a locked cupboard in the salon which stores a large amount of stock. Only the Salon Owner and Salon Coordinator have access to the key for this cupboard.

What are the Stock Bins?

The stock bins are used to record the usage of all consumable items in the business. Everything which is consumed must be placed in the stock bins once emptied or used: beauty products, envelope boxes, pen boxes, tissue boxes, cotton bud canisters, everything!

What is Quarantine?

Quarantine is the area where all damaged stock, lost property and client orders are kept. No one is to take anything out of Quarantine without the permission of the Salon Coordinator.

STEP BY STEP STOCK CONTROL PROCESSES

Stock control, ordering and receiving is one of the most important functions in a successful salon. You will be able to determine theft, forecast seasonal trends and par stock levels simply by operating the correct procedures for stock control. This will enable you to hold and order the right amount of stock.

Receiving...

- NEVER unpack products in the main body of the salon.
- Check the incoming stock levels against the delivery docket to ensure you have received all the correct stock.
- If there is a discrepancy tell the Salon Coordinator immediately and if there are extra products put them aside in Quarantine.
- Always add your name, signature and date to the invoice/delivery docket so that it can be tracked if there is a query or mistake.
- Mark the invoice/delivery docket "Processed" when you update the computer stock levels by receiving the order.
- Once this is done sign the delivery docket and a copy of the received order print-out and file them.
- Place all products into the appropriate section of bulk store.
- Individually price any retail products and put them on display for sale.

Ordering

- Replenishing salon stock from the bulk store should be done on a weekly basis.
- Wherever possible, only order new stock for the bulk store on a monthly basis.
- When generating a stock order decide if the quantity of the 'Required Order Levels' are actually what you want.
- Take into consideration seasonal trends, salon promotions and supplier specials so you order enough stock to get you through the next few weeks.
- The Salon Coordinator or Salon Owner must check the order to confirm it.
- It is the responsibility of the Salon Coordinator to send/phone/fax/email through the order to the companies supplying the required stock.

Used Stock...

- Place any packaging from used stock in the stock bins.

- If you've run out of a stock item you can request more from the Salon Coordinator. S/he will then replace used stock with items from the lockable bulk store.
- If you find that you've used the last of something you must write it up on the white board. This will notify the team you are out of product X and is the cue for the Salon Coordinator to process an urgent re-order.
- At the end of each day check off packaging from the stock bins through the computer.
- Mark used stock packaging with a permanent marker. At bulk store do a bottle for bottle, box for box, tube for tube swap. This means you can not take an item from bulk store without producing the equivalent empty/used item.

Checking used packaging will help you to reduce wastage and theft. You may find tubes which are 90% used winding up in Stock Bins, which allows you the chance to put the 10% unused portion of product back into circulation. You might think that salvaging the last 10% of a product is a little stingy, but it all adds up. Salvage 10% of product ten times and you will have saved an entire tube of product. Plus, your clients and team won't be tempted to pocket any half used bottles of moisturiser or almost finished pots of wax with the 'tube for tube' stock replacement system in place.

Stocktaking....

The amount of stock kept in the salon should be enough to get the team through a busy week. If you discover that you are constantly running out of items you will need to increase the required stock levels in the computer.

On a weekly basis you will need to conduct a stock take using the stock take feature in your computer system. Bulk store and salon stock operate as one stock system, this means that when you do a stock take you must count all stock in salon use and in bulk store to obtain accurate levels.

The figures listed on your stock control reports should match exactly to the salons current stock levels. If it does not match (less or more), you will need to highlight the item and list the actual level you have counted. You will then adjust the levels in the computer to match the actual stock levels in the salon. You may also choose to address the stock discrepancy with your team to ascertain the problem.

LOOKING GREAT

Your team will be less likely to pilfer product if you keep them looking great. You can do this by giving your valuable team some special benefits (no, not a kidney in case they should

need one someday).

Style Session...

Every four weeks at a Style Session allow your team to have all services and treatments done for free. Yes, free. A Style Session benefits you *and* your team, so don't be stingy!

Style Sessions keeps them looking great which is important for the clients' perception of the salon and the team. No one wants to have their brows done by someone with uneven brows full of regrowing hairs. It hardly engenders a feeling of being in capable hands. Style Sessions also keep your team feeling great about working for you, and it's always cheaper to keep good team members than it is to find and train up new ones.

If they want multiple services done during the Style Session they will need to work as a team to get them done within a suitable time frame. All team members must book the required services into the appointment book like a client and be checked out through the till as a no cost transaction. The salon is closed to regular clientele during a Style Session. If team members are unable to attend the Style Session allow them to book in as a client on their day off and receive 50% off all salon services.

Product Benefits....

Your salon team should also receive all retail stock at cost price plus tax and delivery. Sure, you don't make any profit from this sort of sale, but stolen product ends up costing you money.

Fair Pay = Fair Play...

Play fair with your salon team and pay them award wage or more. It's too easy for people to internally justify theft from their workplace if they are underpaid...

"The salon can afford to lose this product, it's not like they're spending their money on wages."

"If s/he didn't want me to steal this, s/he'd pay me better. If I could afford to pay for this I would."

"I can't believe they expect me to pay the same price for this as the clients do."

Your team will always be more inclined to play fair with you if their conditions are excellent and your stock system is water tight. Another bonus is you're less likely to see high staff turnover when you play fair with your team.

If you need help implementing a stock management system which is proven to work, you'd like stock take training or help setting up your computer to handle your stock, contact NEXUS REVOLUTION at info@nexusrevolution.com.au