PHYSICAL INVENTORY
How To Reduce Shrink

TeamVision — Eye care, together.

Shink is the difference between what shows on-hand for inventory versus what is physically counted during Physical Inventory. The dollar difference in expected inventory is divided by your locations sales is how Shrink percentage is calculated. This number represents the percent of loss for your location.

You can directly impact shrink through operational procedures including inventory management, Ciao! order entry, as well as asset protection best practices (identifying and reporting known theft, shoplifting, or shrinkage). Unaccounted inventory that is either lost or stolen impacts your practice profitability. There are many steps you can take to control shrink.

How to Read the Report

Store #	Commodity	Store count	Initial Download from PI		Miscellaneous Adjustments		Cycle Counts		Total PI results		Sales	%
			Unit variance	Cost variance	Unit variance	Cost variance	Unit variance	Cost variance	Unit variance	Cost variance		
TXXX	Accessories	313	(99)	$3,094	0	$0	0	$0	(99)	$3,094		
TXXX	Contacts	8	403	$12,272	(458)	($12,569)	0	$0	(55)	($297)		
TXXX	Frames	817	16	$773	1	$54	3	$82	20	$909		
TXXX	Lenses	315	7	$10	0	$0	0	$0	7	$10		
TXXX	Sunglasses	190	(3)	($206)	0	$0	0	$0	(3)	($206)		
TXXX Total		1,643	324	$15,944	(457)	($12,515)	3	$82	(130)	$3,511	$758,781.82	0.46%

Category Definitions:
- **Initial Download from PI** – what you scanned during Physical Inventory (PI).
- **Miscellaneous Adjustments** – adjustments made by the Inventory team (in transit items, CL reconciliation, found items after PI, corrections from high variance audits, etc.)
- **Cycle Counts** (prompted to complete by AP or Ops) – cycle counts completed from last PI to current PI.
- **Total PI Results** – final PI results after adjustments.
- **Sales** – from last PI to current PI.
- **%** - Shink results as a percent of loss.

How to Reduce Operational Shrink
- Follow all policies and procedures around damages and shipments including frame recovery.
- Complete recalls for frames and contact lenses in a timely manner.
- Ensure all product is accounted for and scanned during Physical Inventory including accessories, wellness, and contact lenses.
- Ensure order entry into Ciao! Optical for all sales, remakes, and returns. When special ordering a frame, follow the process outlined to not negatively impact on-hands.
- Train all team members that complete activities in Inventory Management/Fiori and leverage the Inventory Management Guide and communications for step-by-step procedures.

How to Reduce Internal or External Shrink
- Provide excellent customer service, ensure shelves and displays are organized, neat, and full. Be aware of the 3Rs for shoplifting and review with your team regularly.
- Complete al asset protection training and promptly report all theft and attempted theft.
- Follow cash handling and deposit procedures.
- Familiarize yourself with company policies regarding bag and package check process (found in the EssilorLuxottica Employee Guide).
- Report concerning behavior to management or by contacting 1-888-88-SEEIT.

Did you know that according to the Nation Retail Security Survey, employee theft account for 43.7% of all shrinkage. In addition, shoplifting made up nearly 1/3 of shrink in a given year.

INVENTORY MANAGMENT
Field & PM Review

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Activity	Process Review	Action Needed
Shipment Confirmation	Are all shipments or store to store transfers being received in Fiori.	
	Are missing items adjusted in Shipment Log with Confirmation or using Inventory Adjustment if identified after the fact.	
	If 20 items or less are missing from the shipment, submit the form on Smartly and notify Field Leadership and TVOps. (Beginning May 2025)	
Frame Recovery	Does the site have a frame recovery box or designated area for all returns, exchanges, or EPP redemptions. • All returns, exchanges, or EPP redemption frames have the receipt wrapped around the frames and place in the Frame Recovery Box.	
	Weekly, the manager or trained team member will damage frames within In-Store Damages. Use the Inventory Management Guide for all steps included in this process. • The manager will either damage the frames following the process or may find that some frames can be re-tagged and return the selling floor. Reminder, all Rx frames must be damaged. • If patient is wearing frame till new product comes in – make a copy of the tray ticket of the original product (what you will collect) and a receipt of the exchange (to know it was done) and write Patient Wearing Frame. • If product is just damaged in office – enter In-Store Damage in Inventory Management and wrap the inventory movement confirmation around the product and place in box.	
	Monthly, the manager will complete Damage Disposition by selecting and removing the frames they will box up within Fiori. These frames that have already been damaged out and will be returned to NAASC. • Write TeamVision Damages on the box. • Include the Damage Disposition paperwork in each box. • Save a copy of the paperwork, record tracking numbers, and retain paperwork for 12 months. *Note: Damages are a two-step process (enter damage + sign off) and will negatively impact your inventory and replenishment if you do not follow all steps.*	
Contact Lens Returns/ Exchanges	Are all specialty lenses being sent back to the vendor for credit (RGP, etc.) for all returns or exchanges.	
	Are all open ,expired, damaged, written on boxes being damaged in Fiori In-Store Damages and disposed of on a regular cadence following the proper procedure for returns, exchanges, or store stock.	
	Does the site have a box or designated area and are all returns/exchanges and being held for the TeamVision CL Return.	
	During Physical Inventory, all contacts on-hand are scanned and held for the next CL Return (NOVG Recall in US).	