**T&S Management Services, LLC**

**8/16/2020**

**CiCi’s Market, LLC (Texaco)**

**4110 Southtown Hwy**

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**Tom Terrono**



***“Our Business is Making Your Business Better”***

We were asked to review and make an analysis of the business: operational controls/ procedures, business and financial statements for John and Cinda Hulsey’s convenience store d/b/a CiCi’s Market, LLC. The results of the study and our recommendations for management and operational changes follow.

**Overview:**

* Business and Operational Reports:
* The review included the Balance Sheets and P&L Statements for Year Ending December 31, 2019 and June 30, 2020.
  + Several red flags came up during the review of the business reports:
* Store sales with low gross profits
* Deli sales with very low gross profits
* Salary expense unusually high
* Unknown monthly inventory procedures
* Improper accounting practices with regards to cc fees, fuel and cigarette rebates, deli supplies, etc.
* On-Site Visit/Operational Controls:
* Merchandising and product pricing
* CSR Duties
  + Customer service
  + General overall business flow
  + Uniforms/name tags
* Cash and inventory controls
* Shift check-outs – cigarette and lottery ticket control
  + Money Orders
* Cash handling/shift changes – safe drops
* Daily books/cash over/short
* Manpower/staffing
* Supervision
* Category Management

**Review Financial Records:**

1. The most obvious ‘red flag’ is low gross profit % for in-store sales. At the end of Dec 2019, Gross Profit % (GP%) was 23.2%, and at the end of June 2020 GP% was again 23.2%. Most industry experts agree the in-store Gross Profit Percentage should be in the 27 – 31% range. The actual in-store pricing procedures were found to be higher than normal at your store, which should have resulted in Gross Profit Percentage in the area of 33-35% (or possibly higher). The most likely cause of the low gross profit percentage is ‘shrink’. Common shrink problems can include (but are not limited to):

**Causes For Low Gross Profit %**

* Employee Theft.
  1. Cash and or merchandise
* Friends of employees stealing.
* Grazing
* Cross rings
* Vendor Theft.

1. Not doing proper vendor check-in/check-out

* Incorrect markup, not applying correct formula to achieve desired/ correct retail price.
* Not staying aware of price changes.
* Knowledge of competitive pricing and promotions.
* Credit Card Charge backs, NSF checks.
* Cash shortages/cash overages
* Shoplifting.
* Owner and Owner’s family ‘grazing’
* Excessive specials, discounts, store use items not recorded.

1. John Hurley has a full-time career outside the convenience store. Cinda works at the store several hours a week. They have relied on employees to operate the store, for the most part. They were VERY dependent on Chris, their store manager for most of the time they have been in business. Chris resigned the evening prior to my store visit. While it would be convenient to blame Chris for ALL the problems associated with the store operation it would be unfair to him and unfair to the Hurley’s. Chris did in fact make up his own rules, sometimes contrary to the knowledge of the Hurley’s. Due to the fact that the Hurley’s did not have any C-Store retail experience, they totally were dependent on his expertise. I think a valuable lesson was learned about allowing any one person to have total control of the operation.
   * A common problem that often occurs when owners have outside employment from the store is too much money is being spent on payroll. Many single store owners do not have an on-site manager. The owner fills that position as well as a part-time cashier. The industry benchmark for payroll generally is 30% of Total Gross Profit. Through Dec 2019 Payroll Expense compared to Gross Profit was 67% and EOY June 2020 Payroll Expense compared to Gross Profit was 44.6%. I attributed the higher payroll expense through Dec 2019 to improper staffing and low sales/gross profit, AKA ‘Growing Pains.’ The payroll expense through June 2020 had improved, but still above benchmarks. It was explained to me that Chris was not a working manager. That means if Chris wasn’t out running errands to Sam’s Wholesale Club or working with vendors he was ‘working’ (or possibly hiding) in his office. He did not lend a hand at the cash register when business demands required *somebody’s* help. Another way to look at a high payroll benchmark is not HIGH payroll, but LOW sales/gross profit!
2. For successful c-store operations ***it’s imperative a store inventory is taken*** ***monthly (sometimes using an outside service).*** This will provide a more accurate business report and just as important, a very useful management tool. It appears that Regis was conducting a monthly inventory. If there were any discrepancies in the count/gross profit % it was dismissed by Chris that a new person was conducting the count and he made mistakes. It is imperative that Regis knows what items are in what departments and prices throughout the store MUST BE clearly posted. Retail inventory will not be accurate if these facts are not discussed prior to the count. I recommend double checking on a different department each month. For example, next month count beer after the Regis counts. The following month count cigarettes, and so on. I think it’s good for Regis to know they are being checked, but it assures you that the count is correct!
3. Begin using the Daily Break-Even spreadsheet**\*** immediately with the GP% numbers I left with you, on a regular basis to better track your gross profit, sales, and expenses. It appears to me that your daily expenses are $1,465 per day. You need to achieve $1,465 in gross profit OR reduce expenses to the gross profit level you are doing. Either way or both will help make you profitable.
4. Utilizing employee incentive (commission) to help reach certain goals should assist in two ways. First, it helps you deal with making objectives, one day at a time. Second, and most important, it tells your staff what your store needs each day to remain profitable. You recognize the fact that your store will meet your objectives *through* the efforts of your employees. Employees will respond and do a better job when they know ‘what to do,’ and what is expected of them.
5. Start using the Monthly Business & Profit Plan spreadsheet**\*** in October. I think at that time you will have a better idea of store sales (monthly and daily), expenses (monthly and daily), and your gross profit percentage.
6. We also discussed the importance of counting cigarettes after each shift. I understand this has already been taking place for a short period of time. One of the key factors that has been missing was, only one person counted (nobody rechecked the count). The fact that you have already started counting cigarettes each shift is great; you just need to take it one step further. You will work through the minor issues as you progress. Reduce cigarette SKU’s from 230 (currently) to 150. If cigarette cartons cannot be returned to your wholesaler for full credit, use a mark-down basket. Discounting cigarette packs 25¢ to 50¢ will move ‘old cigarettes’ out quickly. Have a written goal that you will reduce your SKU’s in 90 – 120 days. Have a plan to keep popular cartons available for sale

**\*** sent via separate E-Mail (i.e. Marlboro) at all times. I think it might be a good idea if you build a locking cabinet in your storeroom (near the fuel tank monitoring system & walk-in cooler entrance) to store excess cigarettes. This will facilitate the counting procedure at shift change and secure unused cigarettes. In the interim, I suggest taking a portion of the oversupply of cigarettes home with you for safekeeping. Again, the supply at the store will be adequate to meet the demands of business and until you get your inventory level to a manageable level, removing them from the premises will prevent cartons from disappearing.

We did not discuss electronic cigarettes. I don’t remember seeing any in your store. Check with your wholesaler, many retailers I’ve talked to are enjoying above average profit margins in the sale of e-cigarettes.

1. Be sure the Lottery scratch-off tickets are under lock and key (including back stock). These should be accessible to you or your manager only! The extra tickets could be locked in secure cabinet your also keep extra cigarettes. Verify the beginning and ending ticket numbers at the end of each shift***. Employees should not be allowed to play the lottery while on duty or after their shift*.** Reduce the overstock of lottery tickets immediately and lock up extra tickets even if you have to take some home and periodically replenish the store inventory until it gets to a manageable level. Since lottery tickets are delivered weekly, try to limit orders to meet that service.
2. I recommend customers sign (including address) on your POS receipt for all lottery paid outs. I also recommend all winning tickets be given to you (and take home to your trash), on a regular basis. Even if you don’t look at all the tickets each time, the CSR’s will think you are, and that’s enough to keep them somewhat honest.
3. Find out the particulars regarding lottery payments and drafts. I mentioned that determining an accurate analysis may require a 3-month rolling average.
4. Most states have scratch-off ticket vending machines. I am not an advocate of vending machines, but it is definitely one way you can go to improve lottery gross profit percentage and profits! This should reduce shrink/theft.

**On-Site Visit:**

I arrived at the store in Gainesville on Monday August 15, 2020. I drove around and visited 4 c-stores in your general area. The locations I visited sold gasoline close to your price. The CSR appearance and the general overall store appearance looked superior at your location! You should be proud!

We met at the hotel on Monday evening and discussed some of your concerns regarding store operation and profits. I arrived at the store on Tuesday at 6:45am. I wanted to observe 7:00 shift check-out. As I watched the general overall traffic flow, the efficiency of your staff seemed to handle this well. Shift check-out was delayed due to the demands of the business. This was handled well. I’ve been to some stores that perform shift check-out at the appointed time, regardless of who is waiting. You have discussed moving check-out to 6:00 or 6:30 to better accommodate the needs of your customers. I totally agree.

I noticed that two fuel dispensers did not have Pre-Pay signs. I also found contradicting policies among your staff and the question remains, are you ON pre-pay or NOT? To avoid possible discrimination issues try to be consistent in your payment policy.

You are open 24/7 and you should display your store hours on the front door. Since you are also open on holidays, post that as well when the holiday nears (see example in Retail Management Seminar workbook).

Obtain 3 *Height Sticker Indicators*: 2 on the front door and one on the rear. Those can be purchased in the *Concepts* magazine I left with you.

***Category Management***

Pricing of merchandise in your store is poor, very poor. It is a well-known fact that customers cannot and will not make a buying decision if prices are not displayed. Since you scan at the register, this can be simply accomplished by a sticker on the shelf, display rack, or counter display. The milk/dairy case, ice cream displayed NO prices. There was a nice display of cookies (they looked homemade) on the cashier counter without ANY prices. Certain cooler shelves, i.e. Red Bull, some juices did not have any prices! I was told this was not done because Chris did not think it was important. I recommended reducing some duplication of items (i.e. one SKU of paper plates instead of three, one SKU of toilet tissue instead of four, etc.). Some items, such as sardines don’t sell in a C-Store. They might, but I seriously doubt it. Valarie has a good working knowledge of this information within the store and can assist you in this matter. Remove slow moving items, replace with items that do sell, for example, maybe increase the Frito Lay display. Don’t forget, if an item doesn’t sell in 90 days, send it back to your vendor, or put it in your *mark-down* basket. If some of these items appear important to carry, consider raising the retail price on some of these staple items to the upper end of the GP% benchmarks. Reduce the units on-hand of cell phone charger units. You currently have 360+ on hand. Reduce that to an inventory of <100, I don’t think it will affect sales. The number of caps (football, hunting, college, etc.) you have for sale are way too many! Return 75% of your inventory now. You have lots and lots of trinkets (junk), male enhancements drugs, etc. around the cashier counter. I doubt the sales from this ‘stuff’ amounts to $50 a month. Send it back if you can, sell it 2 for one in a discount basket, but get rid of it. Some returns to suppliers may simply be a credit towards future purchases. That’s fine as long as you will make future purchases of items that will sell. Put high gross profit peg items (crackers, mints, etc.) here instead. Visit other stores and look at their front counter areas and decide for yourself what should be displayed there. Question: if you make 100% gross profit on an item (I know that’s not really possible) and you only sell one or two a month, did you really make any $ $?

During one of our conversations including Cinda, Karen, and Valerie, I realized that the retail pricing strategy was incorrect. While I believe many C-Store owners short-change themselves by selling merchandise too low (and don’t realize it), you on the other hand were probably selling general store merchandise too high. I think this was done for a variety of reasons:

1. Chris didn’t know the correct pricing procedures.

2. Chris purposely priced merchandise too high so ‘red flags’ would not appear.

3. Chris was given bad advice at one time or another regarding pricing.

Valerie admitted that there were some customer complaints due to store prices. I think this is normal, remember we sell ‘convenience’ and sometimes that comes at a price. I left with you a Mark-up and Margin Conversion Chart in your workbook. You are currently doubling the wholesale price to arrive at a 50% gross profit. I think you should re-price those items to 40% gross profit. As indicated in your chart, multiply cost X 1.67. I suggest you start on one row of shelves and work your way through the entire store. This process could take 30 days. Be sure you update your Price Book.

Conduct a price survey of competition for your deli items. Maybe you can’t raise the price of ‘chicken meals’ but you may be able to raise prices on breasts, legs, etc. This should include portion amounts as well. My instincts tell me that reasons for low gross profits and low gross profit percent’s are due to:

1. Portions too large.

2. Too much waste/discard.

3. Too much employee munching, grazing.

* + Giving away food to family and friends.

4. Vendor theft – the merchandise was never brought into the store.

5. Retail prices are too low.

That’s all it can be. One or more, OR ALL of the 5 reasons stated are the cause of low GP%!

We also talked about the ‘visibility’ of your deli. I think some display racks (hats are on one) are blocking your customer’s view of your deli counter. I did notice 2 Nathan’s Hot Dog tent signs at your deli counter. I moved one to the area around your register. I suggest having a Champs Chicken sign and Hot Dog sign at your registers. Let’s tell the customers who are simply paying for gas or drinks that you have hot food. When they are standing at your deli counter, they already know you have it.

***Shift Change***

It was also apparent that as the cashier coming on-duty did all the POS functions, including counting the money. This must be a 2-person job. Having each CSR count, avoids either cashier pointing fingers. It was also apparent to me that ‘counting the drawer’ did take a longer time than I would have liked to see simply because there was too much money in the drawer. This could be eliminated by the 11-7 CSR dropping more money prior to beginning the end-of-shift functions. I must admit, I did not see what happened to the money after the drawer was counted down to your $200 base. Stacks of money on the counter at or after check-out are dangerous since it shows to all customers that this store has lots and lots of money on hand. This makes your store an easy target for hold-up.

***Staffing***

We talked about the number of CSR’s on duty, and the operation of the second POS. I disagree with your analysis that customers waiting in line sometimes 4-5 deep will make impulse purchases while they wait. I think when there are 2 CSR’s behind the counter (as a customer when I see Cinda behind the counter, I think she is a cashier, whether she is in uniform, or not). While morning rush is not quite the same as evening rush, both must be considered. I don’t think you have a consistent policy when to open the second POS. The entire time I spent at the store on Tuesday, the second POS was not opened. When I visited the store on Monday afternoon, I was waiting in line to pay for my purchase when the second CSR said out loud; “I can help you over here!” I did not observe Ruth (deli person) assisting with any coffee preparation, maybe she did. This could be a job where Ruth (or anybody performing her duties) could be cross-trained to stock, clean, prepare the coffee area when the CSR is busy.

It does appear that all CSR’s wear a uniform. That’s great, it looks professional. Some cashiers wear a name tag that is so small you cannot read it. Customers want to get to know the CSR’s in your store, make it easy for them to get to know them. Cinda should wear a uniform, with a name tag. She may be the owner, but she **is** behind the counter, helping customers, she should look professional. The customer perception that, “Oh she’s the owner, it’s different for her.” Actually it’s not, anyone providing customer service must *look the part!* If you want your staff to look and act professional, you must do so, as well. I will send you a flyer from CBC-Learning Center in a separate email. The name tags look good and the price is reasonable. As a suggestion, order an extra name with the name engraved, “New Cashier” or “In Training”. I like this since you are able to give this to a new CSR in your store on Day 1 while the permanent name tag is on order.

We didn’t talk about one of favorite subjects in the c-store, that’s *Suggestive Selling*. I don’t recall hearing any solicitations by your CSR’s. Suggestive Selling can be as simple as offering a cigarette lighter with the purchase of a pack of cigarettes, advising customers who purchase a bottle of soda or water that you offer a ‘2 For Price.’ I think you might consider telling customers *you have a deli* in your store. Now this may sound silly and very basic, but as I mentioned when I was at the store I knew you had a deli and I had to ‘look for it.’ This can be easily handled when you have ‘Specials’ each day. For example:

Monday – chicken legs & Mt Dew @

Tuesday – chicken wings & Coca Cola @

Wednesday – coffee and Danish @ *in am,* Coke & Frito Chips @ *in pm*

Thursday – chicken meal @

I think you get the idea. This gives your cashier something different to solicit each day. Maybe the customer is buying milk and your cashier suggests a loaf of bread. I don’t look at it as high pressure sales, I look at it as suggesting things the customer may need and forgot to pick up. You could possibly receive payment from Coke, Mt Dew, or Frito for suggesting their brands. Check with your suppliers.

I think there could be a change in your deli business when Blimpie’s opens next door. You could lose some lunch customers to Blimpie’s or quite possibly you could see an increase in lunch time traffic since more people will make your location a destination spot since you now have choices, deli @ CiCi’s or Blimpie’s. You also discussed adding a sandwich line to your store. That could add even more to the choices for your customers. If new customers make your location part of their lunch/dinner destination, I think your gasoline sales should see positive results. I think it’s a win-win!

I think you have done a wonderful job when it comes to recycling deli food before it is discarded. You seemed to have figured out how to reduce waste. There is some waste in the deli business, how much, I’m not sure. We discussed putting *‘old food’* in a bucket or container for you to personally discard. This will reduce the number of old food ‘thrown out’ and/or eaten by your staff. We joked about the three items on the 11-7 shift that your CSR says he discarded. Was that his dinner? You were not sure.

I think a ‘schedule or log’ of items should be kept each day. Somebody should write the time when each food item is ‘sold out’. This may assist you in determining when to ‘stop cooking’. Each day will be different, and weather may also affect the sales for that day, but it will give you a better handle on your daily needs. John understands it would be better to sell-out of items instead of dealing with left-over’s.

Here is a worksheet to assist counting merchandise and discards. For example:

Date \_\_\_\_\_\_\_\_\_\_ Shift \_\_\_\_\_\_\_\_\_\_

Opening chicken count: Boxes \_\_\_\_\_\_\_\_\_\_ Each \_\_\_\_\_\_\_\_\_\_

Waste/Spoiled Each \_\_\_\_\_\_\_\_\_\_

Ending chicken count: Boxes \_\_\_\_\_\_\_\_\_\_ Each \_\_\_\_\_\_\_\_\_\_

Sold Boxes \_\_\_\_\_\_\_\_\_\_ Each \_\_\_\_\_\_\_\_\_\_

Gone Boxes \_\_\_\_\_\_\_\_\_\_ Each \_\_\_\_\_\_\_\_\_\_

Difference (Explain) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Here’s a worksheet that may help you track when food items *sell-out*.

Date \_\_\_\_\_\_\_\_\_\_\_ Food Item Green Beans Cooked by \_\_\_\_\_\_\_\_\_\_\_\_

Time Last Cooked/Prepared: \_\_\_\_\_\_\_\_\_\_\_\_\_\_

Sold Out Time \_\_\_\_\_\_\_\_\_\_\_\_\_\_

*Or*

Discarded Time \_\_\_\_\_\_\_\_\_\_\_\_\_\_

Amount of waste \_\_\_\_\_\_\_\_\_\_\_\_\_\_ Name \_\_\_\_\_\_\_\_\_\_\_\_\_

***Account Posting/Chart of Accounts***

I suggest you change how you expense credit card fees. It is a general rule in the industry to put CC Fees in ‘Expenses.’ It’s a simple line item expense that should not be used to reduce the gasoline gross profit. If Deli items are used in the preparation of items for sale, then that should be reflected in COG. For example, Styrofoam containers used for packaging food is a COG.

Break-out Deli and fountain/coffee sales. This should help pin down gross profit ‘red flags’. Amcom should help you do this.

I’d like to see your Financial Statements look similar to the samples I left with you. It is imperative you have the tools necessary to manage your business. For example:

1. Gasoline gallons, Gasoline $ Sales, Gasoline Gross Profit, & GP% are listed

2. In-Store $ Sales, Store Gross Profit, & GP% are listed

3. Totals: $ Sales, Gross Profit, & GP%

This will help you view both segments of your business, Gasoline & In-Store. Your In-Store breakdown should look very similar to the sample(s).

***Security***

I recommend you change any passwords, locks, etc. that Chris may have access to. This may include:

1. POS flash reports, set-up, etc.

2. Alarm company.

3. Money Order system, Lottery

4. Any other contacts that Chris had knowledge of.

If possible give each of these vendors a code or password so it cannot be changed back by somebody in the future without your knowledge. For example, Chris could call the Money Order Company and change passwords back so he can access the system. I know you would like to think that’s not possible, but let’s be sure. One of the rules at your store is, ‘former employees are not permitted behind the counter, in the office, or storeroom for any reason!’

I recommend a photo of each employee placed in their employment file for your records (I always did this!).

Install two blind-spot mirrors in your store. One over the beer cave and one in the other corner above the juice/beverage cooler doors. This should give you complete coverage of the rear area of the store.

You currently utilize a Vendor Log and Vendor Schedule, that’s great. I also discussed writing down your ‘Vendor Rules’ and handing out copies to each. Have a signed copy on file for each and every vendor! That way they will know your rules and realize you are serious about vendor check-in policies and procedures at your store. You should also dictate on your rules, who makes out the order, you or them. Verify with each vendor contact name, phone, and address (if applicable) for rebates and refunds.

Implement a better safe-drop policy. I recommend CSR’s count down their $1’s, $5’s, $10’s, and $20’s every ‘XYZ’ minutes. My suggestion is 30 minutes, but that time may vary due on different shifts. As we noticed, when I asked the 3-11 CSR how much money was in the drawer, she had more money on hand than she should have. Insist the 11-7 CSR stops using SOS (Signs of Stealing) now! His method of prepping for safe drops is probably a way of counting (keeping track of cash). **I don’t like it and he** **should stop now!** If you utilize the Safe Drop Procedure I just stated, he won’t need to do that. Watch the video surveillance video and make sure he is following your policies.

Begin to keep a log (on a clipboard) of Money Order sales. Since an EOS report is not possible (and the theft of money orders is very possible), this will reduce the chances of theft. Remember, employees are looking for ways to steal from you, in ways that you have not thought of because there is no oversight. For example:

Money Order # Date/Time $ CSR initial

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_

Reconcile this data with EOD sales on your POS and reports that may appear in your bank account.

We discussed performing ‘surprise check-outs’ or cash audits from time to time. This should normally take place 1 hour before regular shift change. Many irregularities will surface just prior to shift change. I think as a start, try to conduct 2 a month. As time goes, maybe once a month will be adequate. Another suggestion we discussed was ‘padding’ the drawer. By that I mean from time to time, add a $20 or $50 to the cash drawer and see if your CSR is over for the shift by that amount. Eventually your CSR’s will catch on, that’s OK. The saying at my stores over the years was, “Oh, Tom must have been playing in the drawer again.” They knew, and that’s OK with me!

You have a checkbook at your store for vendors that require COD. I believe these checks are pre-signed. Each check should have a rubber stamp ***‘VOID’*** if over $250’ or $500, or whatever is necessary. This will allow anyone to give a check to vendors without the risk of major theft or loss.

You should vary the time Cinda and the store manager are on duty. This may spread out the times that a ‘responsible person’ is on duty.

We discussed the Cashier Trend Report (I left you samples). I think your manager should prepare this report for your viewing only. Most answers will simply come off the EOS tape. I also believe you should verify (you need to check on the manager) to make sure the numbers and statistics are legitimate. ***One of the most important parts of business*** ***ownership is checking up on our staff!*** Everyone and I mean everyone, should be checked on by the person that has the most to gain or lose! **That’s you! Shrink and employee theft is the #1 reason businesses of all size fail!**

***Store Management***

As mentioned previously, it would be easy to *blame* Chris for all the problems in the store. While it’s true he did things that cannot and should not be condoned, he also did it because he knew it would not be detected or discovered by anyone. There is no excuse for a employee not to follow the rules and policies stated by the owner(s). Routine TBV (trust, but verify) will assure you that the store is being operated the way you desire.

***Training***

We discussed the 5 Day Training Checklist**\*** I left with you. I encouraged you to become familiar with the entire checklist. I recommend all employees at your store undergo the entire checklist NOW! As a matter of policy, I think the entire checklist should be reviewed with all your employees on an annual basis. I think it’s important that you understand what should be done, so you can better calculate who can do what and

how long it will take (thereby better able to estimate the size of staff necessary to do the job).

As you may remember, I have a phrase that I often use in the seminars:

***The Five Dangerous Words - “MAYBE IT WILL GET BETTER”***

Things won’t get better unless you do something about it!

Keep the laminated Guide to Key Formulas handy as your reference for Industry Benchmarks and gross profit calculations.

Keep all this information and notes we discussed in the binder I left with you: Convenience Store Operations Manual.

**\*** sent via separate E-Mail ***BackOffice Computer***

I believe Tech Support at Amcom has already been in touch with Valerie and they are ready and able to train her on the proper steps to follow to insure accurate daily sales posting. I believe within 60 days Valerie (or your soon-to-be-hired replacement manager) should be able to perform functions that are currently done by Teresa. Teresa tells me that she puts in approx. 4 hours per week. I believe Valerie can:

1. Complete most daily sales reporting using back-office computer.

2. Perform daily banking functions.

3. Fill-in, when needed, to help CSR’s when business demands it.

This should save the ‘Professional Expense’ you currently budget for Teresa. Many single-store owners do the above functions, and much more, without the benefit of a contracted bookkeeper on retainer.

**In Summary:**

As I mentioned when we met at your store, you have some serious issues with regards to sales, gross profit, and gross profit percent. The good news is I think your store does very well and making the right decisions can help you become profitable. I enjoyed working with you; do not hesitate to contact me if I can be of assistance.

Now comes the really hard part, “What Do I Do First?” I’m sure that thought has crossed your mind as you read through my lengthy report. Here’s my ‘To Do List’

1. Secure excess cigarette cartons and lottery tickets. Reduce cigarette SKU’s.

Discuss with 11-7 CSR his S.O.S., (his method of tracking safe drops). It must stop now!

2. Have Valerie work with Amcom to start obtaining important daily reports.

3. Begin a log of Money Order sales

4. Confirm the correct retail price for items and begin to put on price stickers.

5. Change locks, combinations, and passwords that Chris may have had access to.

6. Ask your staff for input regarding Daily Deli Specials.

7. Reduce inventory of phone chargers.

8. Conduct price surveys of deli items.

Ask 1-2 of your employees to do this as well. Don’t tell them that you will be doing this also, tell them you just want different opinions. Employees now feel like you are asking them their opinions, they like that and they’ll respond in a surprising way.

9. Start removing dead stock from the shelves and return to vendors or mark it down and move it out!

**10. Here’s the final and most important step, keep in touch with me! I’d like an email at least once a month, maybe a phone call from time-to-time. I’d like to know what’s happening – tell me the good AND the bad.**

Add a time-line to the 10 items listed above. Make out a schedule now to encourage completion of these actions. You may need to revise dates as time goes along, but it will assist you to get things done in a timely fashion.

I left your store at 5.40pm that evening.

Regards,

Tom Terrono

*Note: The above material and forms are suggestions and recommendations only and may be used in the planning process and analysis of business records at the sole and absolute discretion of the user. They are not intended as a guarantee of profits or any other results and should not be construed in that manner.*