

**Retailer Newsletter**

**January 1, 2023**

**Tom’s Business “TIPS”**

***“To Improve Profits”***

**RE: It’s The Start of a New Year**

***Happy New Year!!***

**I recently received a phone call from a retailer asking me about the sales tax differential I mentioned in my September *Tom’s Tips*. He said he didn’t understand the point I was trying to make. So, I thought I should explain my statement in case there are others of you that would like clarification.**

* **Many times, your EOS *(End of Shift)* or EOD *(End of Day)* report will state: Taxable and Non-taxable Totals. Your register will compute the sales tax using your programmed %.**
* **For example: taxable sales of $2500 with sales tax @ 7%= $175.00. Yet, when your manager/bookkeeper computes the daily sales on your report, the daily sales is reported at $2200 with sales tax = $175.00.**
* **As you can see, the sales tax is computed on the $2500. This is a red flag showing that you need to investigate why the store sales were reduced by $300. It could be that the missing $300 was stolen by decreasing *(changing)* the actual sales; however, the sales tax computation COULD NOT be adjusted because it was computed by the actual store sales.**
* **That is one of the reasons I believe owners should periodically investigate the accounting procedures by your staff, whether you suspect anything is wrong or not! *Trust BUT Verify*. I believe we must *TRUST* our staff, but we must also *VERIFY* their work. You will discover this inconsistency by comparing register tapes for both EOS and EOD. While reviewing journal tapes was never my favorite thing to do, I generally discovered that it was very productive because it always left me with a question or two for a CSR.**
* **This is exactly the scenario that many retailers refuse to acknowledge happens at their store(s). To maintain financial security, you, or someone you trust unconditionally must ‘look’ for unknown problems. For me, I often enlisted the help of my wife to come to the store and ‘dig into the books’ to uncover any problems or verify that everything is being done correctly.**
* **Another flagrant problem I have frequently seen is a store manager or bookkeeper who makes bank deposits, writes checks, and balances the checkbook each month. When I owned my stores my managers/bookkeepers would make bank deposits and write checks, but I picked up the bank statement from the bank each month. My rule since ‘Day 1’ was that ONLY I had the authority to pick up the bank statement. The envelope was marked, ‘Hold for Tom Terrono @ 103rd St Branch’. Usually, my wife would balance the checkbooks, but under no circumstances did I allow any employee to do this vital function. I have witnessed too many business failures because one dishonest employee controlled the *Triple Threat* *(making bank deposits, writing checks, and balancing the checkbook).***

**I have read countless studies that claim ‘The 90-Day Rule’ is vital to long-term employment. HR specialists feel that if a worker can stay with a company for that period, he/she is likely to stay for a longer term. Some companies offer a bonus if personnel stay 90 days. I’m not going to tell you that all new hires should stay 90 days. We all know that some new hires do not work out. You can interview someone thoroughly and they answer all the right questions, you hear the right answers, but they still don’t work out. If you find one of your new hires is one of those people, I suggest you cut your losses sooner, rather than later. Start looking for a replacement NOW, don’t wait until they quit.**

**According to a recent article on PR Newswire: *71% of shoppers say they discover new products and brands in convenience stores, creating an opportunity for consumer-packaged goods and brands.***

1. **62% visit a convenience store at least once a week.**
2. **91% of Gen Z says c-stores provide a good shopping experience**
3. **49% of Gen Z shoppers have used a delivery service for convenience store shopping**
4. **70% of c-store shoppers are more likely to purchase items they've seen promoted on c-store social media.**  **\*Generation Z is defined as “people born between 1997–2012”.**

**Be sure your store is meeting the needs of these customers.**

**Since we are starting a new year, I thought I would begin something different. Each month I will share a couple of items we have on our website.**

* **Business Forms & Reports For Your Business (this page is the most popular with visitors to our website)**
  1. **5 Day Training Checklist – this is a checklist you can use as is or modify to your needs. Remember, many employees quit because they do not feel comfortable doing their job (they were never trained).**
  2. **Accident Report – this form is vital for your staff to record the necessary information for any incident that may occur at the store, i.e., accident, suspected shoplifting, etc.**
* **Tom’s Business TIPS – previous editions of our monthly newsletters.**

**According to the Food & Drug Administration (FDA) several companies are being investigated for illegally selling food and beverage products containing cannabidiol (CBD), the non-psychoactive ingredient of marijuana. I’m not fully knowledgeable regarding the pros and cons of CBD, or the laws in the various states, just be sure you are compliant with the law.**

**Since my very first training seminar where I covered Cash Control, I have always quoted a FDIC *(Federal Deposit Insurance Corporation)* regulation requirement that employees must take off 1-2 weeks of mandatory leave. I verified the reasons for this regulation with a bank friend, and she told me, “It is a fraud prevention technique. If a person is committing fraud or simply hiding bad decisions or practices, this would most likely be revealed by someone else doing their job for a couple of weeks.” Now I’ll admit, many retailers do not provide 2 weeks paid vacation for employees (but maybe you should). If you have an employee involved in:**

1. **Bank deposits**
2. **Check writing**
3. **Moving $$ between accounts**
4. **Reconciling bank statement**
5. **Taking inventory**

**These people MUST take a minimum of 7 days off. That means they are not permitted to enter the premises for that period of time. Some staff members may tell you they do not need or do not want to take the time off. Your answer must be, “You need the time off, we will manage to get by without your assistance during that time”. Now, I’m not telling you everyone who does not want to take off the necessary time is dishonest, but can you tell which ones should? No, you cannot. I believe it is good business practice to require everyone, and I mean everyone, should be required to take at least 7 days (in a row) off. No exceptions!**

**If your store is not as profitable as you think it should be, give me a call or email. If you are a supplier or organization with retailers, and they are struggling to maintain profitable stores, please reach out to me. We can help these stores operations and improve profitability!**

**"Success is simple. Do what's right, the right way, at the right time."**

**Arnold Glasgow**

**Don't be a victim of the 5 Dangerous Words –**

***‘Maybe I’ll Do It Tomorrow’***

**Do it today because tomorrow (~~could be~~) will be too late!**

Tom                                                                       
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***“Our business is making your business better!”***