



M.A.T.E.S
Material for Advancement in
Training for Excellence in Sales

SHRINKAGE AND CLAIMS POLICY OVERVIEW

The information contained in this Policy explains in detail the correct Management of Shrinkage and damaged stock claims processes for Toymate stores.

It is not only important for you to be able to understand this policy, but to also realise the consequences to the business if our best practices are not followed as outlined in this Policy. The Policy is designed to ensure shrinkage in stores is correctly managed and authorised at all times. Failure to comply with the Toymate Policy's may lead to termination of employment. Following the guidelines set out in this policy will ensure that the business expectations are met.

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1. PURPOSE

- 1.1 This Policy outlines the procedures and guidelines for business shrinkage and claims policy.
- 1.2 This Policy, where relevant, operates in conjunction with an employee’s contract of employment.

2. COMMENCEMENT OF THE POLICY

- 2.1 This Policy will commence from 11/7/2020. It replaces all other leave policies of Toymate (‘Toymate’) which deal relating to Shrinkage and Claims.

3. APPLICATION OF THE POLICY

- 3.1 This Policy applies to employees (including temporary employees) of Toymate.
- 3.2 This Policy does not form part of any employee’s contract of employment. The Policy is not intended to override the terms of any award, enterprise agreement or contract that applies to an employee.

4. SHRINKAGE

- 4.1 Shrinkage also known as wastage can be in the form of stock returned by customers which is faulty or damaged. Empty packaging found, products stolen or damaged on the shop floor are also all contributors to wastage.
- 4.2 Correct management of shrinkage in a business is crucial in ensuring correct inventory is maintained and wastage is controlled. Failure to correctly manage shrinkage can lead to huge unknown loss for the business and poor inventory. It can potentially destroy a business.

5. MANAGING SHRINKAGE CORRECTLY

- 5.1 Manager is to set up one designated area in the storeroom for wastage and claims. The wastage bay must have a sign SWAT Stop wastage and theft as shown below.

**SWAT
STOP WASTAGE AND THEFT**

SHRINKAGE BAY



- 5.2 Plastic tubs or a cage must be set up and one labelled wastage and the other claims. Wastage and claims are not to be stored at registers.
- 5.3 All faulty returns/wastage must have a completed faulty item wastage slip attached to it. The slip is displayed below

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- 5.7 It is important to select the correct reason code for the stock adjustment. If its theft, then select theft. Stock adjustments are audited by Loss Prevention weekly.
- 5.8 It is the managers responsibility to ensure the stock adjustments being processed in their store are correct. Entering incorrect quantity or codes can have a detrimental effect on stock integrity.
- 5.9 All wasted items are to be destroyed, discolored etc., to prevent them being taken from the garbage bin and returned.

6. CLAIMS

- 6.1 The stock adjustment spreadsheet is viewed by the Buyers who will establish if we can potentially raise a claim for an item. All effort is to be made at store level in checking the outdoor manual to establish if parts can be obtained for some items such as scooters and bikes. In such cases the Manager is to follow this up with the supplier.

7. AUTHORITY TO DISPOSE OF STOCK

- 7.1 At times head office may make a directive for stores to take certain steps in locating, recording and disposing of stock. There will be specific steps issued to stores in each case as in some cases the items may be a compliance issue requiring return to supplier or wasting the item. The instructions would generally come from the buyers and must be actioned as per the instructions issued.
- 7.2 Once the stock to be wasted has been approved by Loss Prevention to be stock adjusted, the manager or person they elect will stock adjust the items and dispose of the stock.
- 7.3 Loss Prevention and Area Managers will routinely Audit stores wastage controls and items to be disposed of.
- 7.4 No employee is authorized to direct a manager or staff member to dispose of stock unless Loss Prevention have approved it first regardless if the employee is of the belief the item is not claimable. Loss Prevention will investigate to confirm the item.

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