

Inventory Your Backroom

My old boss used to say, “Keep the bathroom cold and the backroom small – neither one makes me money.” He was half joking, but mostly right.

The truth is, the only good backroom is a small backroom. In most cases, backroom areas are where items go to never be seen again. Backrooms or storage rooms are mostly used for pharmacy supplies, not everyday retail stock. Items in a storage room are easily forgotten and many times the product never makes it to the front of the store. I was recently in a backroom that had thousands of dollars’ worth of Beanie Babies in unopened boxes. Other backrooms I have been in had E.T. dolls, a Star Wars floor display, unopened floor displays, aging private label OTC products, and lots and lots of giftware.



Every inch of your store should help you pay rent or make you and your patients feel comfortable. What is your backroom doing for you? Backrooms hardly ever pay rent.

DO NOT let your backroom look like this!

Here’s a list of action items for inventorying your backroom and keeping it clean:

1. Separate the backroom into three areas: seasonal, out front overstock, and sidewalk sale/clearance items.
2. Inspect every box in your backroom. Touch each item only once: it either stays in the backroom, goes out on the sales floor, or gets thrown in the dumpster.
3. Place a note on the front of each box with a date stamp so the contents can be known without reopening the box and the age of the product is obvious.
4. Organize your backroom as if it was part of the OTC shelving out front. Add a control tag in front of every space where an item is located.
5. Damaged and/or outdated product does not belong in the backroom. Return or recycle it.
6. Any item with an expiration date must be shelved with the earliest date in front.
7. Make one person responsible for the backroom. Staff should check the back room no less than once a week for product that can go out on the shelf.
8. It’s better to have six items on the shelf out front than to have three in the front and three in the backroom.
9. Place a marker on the out-front shelf tag of every item that has overstock in the back.
 - Shelf tag tip: Shelf tags out front and in the backroom should be placed in front of the item, starting on the left-hand side. When double-facing (i.e., having two rows of the same product) or triple-facing, place the shelf tag on the first item in the row on the furthest left.

10. If you are offered a discount on product and the entire order cannot fit on your out-front shelves, consider the labor costs of storing overstock. **You must save at least 15%** before the purchase can be consider a good investment.
11. It is better to double-face or even triple-face an item out front than it is to store the overstock in the backroom.
12. Security concern: items in a storage room or backroom can easily be thrown in the trash for an unsavory pickup later. Most first stops for internal theft of merchandise is through the trash bin, only to be taken out of the bin after closing.

One final action item for the *front* of your store: Open all of those drawers and storage bins at the bottom of your greeting card fixtures. In one store in New York, I found over \$5,000 worth of greeting cards in a few Hallmark storage bins. Greeting card managers are frightened when I get down on one knee to open these bins up. Some fixtures have camouflaged bins and owners have no idea that a company representative had put unsold cards in the storage unit. Check your bins today.

-- *Gabe Trahan, NCPA Senior Director of Store Operations and Marketing*
Front-End Overhaul