Loss Prevention Tips: How to Reduce Shrinkage at Your Dispensary

Loss prevention tips are something that all business owners should be aware of. Shrinkage can be detrimental to any company, but additional challenges exist for dispensaries where inventory is tightly regulated. There are many different strategies for reducing shrinkage, but not all of them work in every situation.

This article will cover what shrinkage is and how you can minimize its impact on your dispensary's bottom line.

What is Shrinkage?

The first step is to understand how shrinkage works within the retail industry. Shrinkage refers to all of the products that are lost or stolen from a business over time, and this number can really add up quickly! Depending on how big your dispensary is, you may have hundreds of dollars worth of items go missing every day.

There are a few different strategies for preventing shrinkage, and this will depend on how you run your dispensary in general. For example, if you have a high number of employees than customers coming in the door, it is more likely that people will be stealing from your business instead of an external entity.

Inventory Audits with RFID

One way to reduce shrinkage within your dispensary is through inventory audits. This will help you keep track of how much product is actually in the store versus how much should be there, and you can then use this information for future business decisions like buying more or less weed from suppliers.

Inventory audits are done by using radio-frequency identification (RFID) technology. This type of technology is essentially just a small tag that you can attach to every product in your dispensary so it will be kept track of throughout the day.

Here are more of the ways RFID solutions can help:

Inventory overview - RFID inventory reviews keep track of all the items you have on hand. It may also identify deterioration, loss, and spoilage in a matter of seconds.

Avoid human error - Inventory loss prevention often comes down to human error. RFID allows for automated and real-time reporting of data, so there is no inference by any employees.

Quick scanning - RFID can scan up to 900 tags per second, saving you time and labor costs as well as reducing shrinkage

Monitor product expiration dates - An essential factor in keeping your shrink percentage ideal is monitoring the expiration dates of the products you have on hand. RFID helps you locate expired items and reorder to replenish stock quickly.

Making deliveries with ease - Create delivery orders fast with RFID scanning giving you peace of mind knowing the customers are getting the products they ordered with no mistakes.

Higher customer focus - With quick scanning and effective tracking, your employees can focus on why you have a business, the customers. More time spent getting the customers what they need will net you more business and repeat customers.

How to Reduce Shrinkage

There are many different strategies for how to reduce shrinkage in retail. It depends on how you run your business and what type of inventory management system you have set up.

Some of the factors to consider when looking to prevent shrinkage include:

- Store Layout
- Access Control Systems
- Security Cameras
- Loss Prevention Culture
- Checking Inventory Often
- Preventing Internal Theft
- Point-of-sale (POS) Systems
- Monitor Expiration Dates

Store Layout

First, how to reduce shrinkage depends on how you layout your store. This is important because if the product placement doesn't make sense or isn't organized, customers can easily pick up an

item and walk right out without paying for it, which will be recorded as shrinkage in your inventory reports.

Also, you want the store to be laid out so that it is easy for your employees to quickly access all different areas of the store. This will make checking inventory easier, which can help reduce how much shrinkage you see and how often you experience it.

The store layout should also allow your employees to see as much of the store as possible. Security cameras will be able to do this but having your employees in a central location means they can see how many customers are coming and going, how long lines are getting at checkout, etc. This makes it easier for them to keep an eye on everything that is happening within their sightlines.

Access Control Systems

If unauthorized people are coming in and out of your store, then how can you prevent shrinkage? Another strategy on how to prevent shrinkage at your dispensary is through access control systems like door alarms. All employees need to wear their IDs so that the access control systems work effectively.

This will help track who comes into your dispensary and how often they come in, which helps reduce how much inventory ends up being lost.

Security Cameras

When thinking about reducing shrinkage, you also need to consider the security cameras in your dispensary. These devices are great at keeping track of activity both outside and inside your store.

However, you need to make sure your employees know where the security cameras are at all times. For example, suppose an employee is caught on camera stealing products or money from the cash register. In that case, it will be recorded as shrinkage in your inventory reports because they should have been watching out for that type of activity and preventing it instead.

You may want to consider making sure your security cameras are constantly recording when not being streamed. If the cameras don't have a constant feed, you lose all data that comes in through them, which can help identify potential thieves or internal problems within the dispensary itself.

Loss Prevention Culture

Creating a loss prevention culture within your dispensary is how to reduce shrinkage at a retail business. This means you should have the mindset that every inventory loss comes from somewhere and needs to be tracked down.

You also need to make sure all employees are treated fairly so that they don't appear to be targeted because they might not fit in with how other employees act.

This also means you should have a consistent process for handling situations with theft or anyone caught breaking the rules so that it is clear and all employees know what will happen if they step out of line.

Checking Inventory Often

Reducing how much shrinkage you see in your dispensary is all about how often you check on the inventory. If it isn't monitored frequently, then there could be a problem with reducing shrinkage for cannabis dispensaries, and if something goes missing, how will anyone know?

Make sure your staff is keeping an eye on how much product they are putting out and how much inventory should be present. This will help them recognize if something goes missing, which could indicate how to reduce retail shrinkage or theft internally.

Preventing Internal Theft

Internal thefts can be the most problematic issue to solve when reducing shrinkage at a retail business. There are many ways to prevent loss in dispensaries, including security cameras and access control systems. Still, sometimes employees steal from their store due to how much inventory they have access to.

The best way to reduce shrinkage is through the hiring process because you can make sure all of your new hires are trustworthy individuals who care about more than just getting a paycheck.

It would be best if you also had an open-door policy for your employees so they can talk to you about any problems or concerns that come up within the dispensary. This will help them feel as though they are being heard and valued, which could reduce how much shrinkage comes from internal theft, such as stealing cannabis products instead of money.

Rewarding valuable employees will also help you create a loss prevention culture within the store because they feel like they are part of something bigger. This will make them more likely to care about your business and its products, meaning stealing would be out of the question.

Point-Of-Sale (POS) Systems

Using a POS system is an effective way to reduce shrinkage in retail stores. In addition, POS systems are excellent since they can be integrated with other inventory management software like RFID scanners, meaning there won't be any issues when it comes to reducing the loss for dispensaries.

The point-of-sale (POS) system is also a great way to track how products are selling and to know how much inventory you should have on hand. This will help you reduce shrinkage in retail because you won't have to worry about missing anything, which could be a sign of theft or poor management.

Suppose your POS system is integrated with other inventory management software like RFID scanners. In that case, the two systems can work together and provide accurate data for both loss prevention and sales operations. This will take a load off you as the owner and prevent shrinkage.

Another consideration with regards to the POS system is proper training. Make sure you train all of your employees on using the system correctly and understand everything it has to offer. Knowing how to use the POS system can also help avoid mistakes that an employee could make if not aware of how to ring out customers accurately.

Also, Employees will feel more valued if they know what is going on with inventory management, including reducing shrinkage for dispensaries, which could reduce theft rates significantly.

Monitor Expiration Dates

Keeping track of product expiration dates is an important task to ensure how you are reducing shrinkage at your dispensary. However, if proper care isn't taken when it comes to monitoring the expiry date, there could be many cannabis products that go bad and have to be thrown away. This will end up resulting in financial losses for your dispensary, which you could have easily prevented.

To reduce shrinkage, you should implement an inventory management system that can monitor the expiration dates of all products in real-time and let you know when they are about to expire. You can take such proactive measures instead of waiting until it's too late. It also helps to

ensure that your employees know the expiration dates and that they are correctly trained on using inventory management software like RFID scanners.

Also, make sure employees understand FIFO (first in, first out). It is essential to sell the older products before the stock that just arrived. The last thing you want is to run out of a product because you sold the new product before the product was close to expiring. This will help you reduce shrinkage for dispensaries because it is better to have fewer cannabis products on the shelf than none at all.

Prevent Loss and Improve Profits

At IndicaOnline, we understand how important your retail dispensary business is and how to reduce shrinkage in the process of running it. That's why we have developed a comprehensive inventory management solution that includes RFID scanners and more.

If you would like to learn how our system can help reduce shrinkage in your dispensary, feel free to contact us to go over the details. Our knowledgeable representatives will be happy to answer any questions you may have about reducing losses for dispensaries with our inventory management system.

From inventory audits with RFID solutions to using a modern POS system that works best for dispensaries like yours, our goal is how you get set up on the right path towards success today!