

## Chris's Corner: The Cash Register you forget about

I have been in this business for practically 30 years and have sold scales for my entire career. In fact, due to my fascination with technology, it is one of favorite pieces of equipment to sell, deliver, install and train my customers on.

Despite my experience, at times, I lose track of how important a scale is to the economic vitality of a retail operation; more specifically, retail operations in which you are selling product by the pound.

It is so important in fact, the Commonwealth of Pennsylvania and many of its counties have dedicated Weights and Measures departments who are tasked with enforcing laws and operating practices to protect consumers where products are sold by weight.

On its face, the practice of selling by weight is ages old and is probably the best way for both the buyer and seller to get a universally accepted fair deal. Food, precious metals and even nails, etc. have been sold by weight. The seller sets the price per pound and the buyer agrees to those terms. The net weight of the product is determined and either manually or via the scale the transaction cost is determined.

So if we are selling nails for \$1.00 per pound and we have .98 of a pound net weight, the charge or price for the nails is \$.98. One of the key words to the statement is the net weight. If the retailer puts the nails into a bag or other container in order to put them on the scale without them rolling all over the place, you have to deduct the weight of the bag from the total weight to obtain the net weight. In other words, you can't be charging the customer \$1.00/ lb for the container.

A smart retailer thinks about their packaging costs and incorporates small cost into their product markup to account for the packaging.

This deduction in weight for the packaging material is referred to as a tare. Most of today's scales have a tare feature built in, whereby you can manually deduct the weight or can use the scale to determine it and deduct it. As a matter of fact, always taking a tare where applicable is required by law and Weights and Measures can and do check retailers for accurate tares.

One point to bear in mind is that on the one hand you have to have a tare; on the other hand if your tare is too high you are losing money on the product. Generally speaking, legal for trade scales have to be accurate within .01 of a pound from .01 pounds to 30 pounds, or one one hundredth of a pound from zero to 30. Tares generally are entered or determined by this same increment. If your tare is .01 of a pound too high, in our example of the \$1.00 per pound nails, you are giving away 1% in gross profit. So if you are selling an exotic piece of cheese or an expensive meat, that might be \$20.00 per pound, you are losing \$.20 per pound. You sell 100 pounds, you lost \$20.00.

I had an experience recently with a customer who was experiencing some shrink, or unexplained loss of gross, in their deli department. We did some investigating and were dumbfounded to discover the root of the problem. Let me simply explain the situation via a story of how one deli clerk typically was handling a deli transaction.

A customer asks for a pound of ham. The clerk took the ham from the slicer to the scale with their best guess of what a pound was. The scale might read 1.05 pounds. To give the customer exactly a pound, they entered a tare of .05. Read that again, they were rounding the actual

weight down instead of saying to the customer, “it’s a little over, is that ok?” or taking a little bit of product off the scale. Mind blowing!

Over and above the accuracy of the weighing device, if the prices used to calculate the value of the transaction are incorrect you will lose money. If you have a dumb scale, with no resident memory used to store and access product prices, you are dependent upon the scale operator to put in the correct price for the product. A mistake, regardless of why, can result in a loss. Typically customers will catch mistakes that cost them money but rarely do they catch mistakes that save them money.

If you have a scale that uses product up look ups and has pricing information for each product sold in the scale stored, you still have to keep up with making sure your prices are accurate. If you have multiple scales in the same department, you have the added complexity of making sure the prices are the same between all the scales for the same product.

Even if you get everything right at the scale, you have to worry about the transaction getting handled correctly at check out. If you have a dumb scale and are writing the package price on the package, you have to worry about that information being read and entered correctly by the checkout cashier.

So maybe you want to up the ante and at least get a dumb scale with a printer, so that you have an easily legible label that can be entered correctly. Perhaps you want to go even further and have a PLU (product look up) scale with a printer, so that the label will have a product description and a UPC bar code that a scanning system can read. Plus your product receipt you give the customer will have a detail

to match the product sold. More importantly, you can track what leaves the scale and compare to what is paid for. I weighed and wrapped ten packages, ten total pounds for ten dollars of ham on Wednesday and I sold the same amount. No shrink. Nice.

Hopefully you can see that while the concept of selling products by weight is simple and fair, it is fraught with potential to cost you money if not handled with discipline. With my years of experience, I can help you achieve as much or as little discipline as you want. I have dumb scales that meet the legal minimum although the way through the most sophisticated scales and software system that provide a networked computer based methodology of managing these cash machines of the sales floor.

One other point to make, that I will point out reluctantly, is that you are much more potentially exposed to employee fraud and theft on the scale side of things than at the cash register. Here is how you can be taken:

- Putting in a high tare weight
- Using open codes, with generic descriptions and prices below market
- Weighing and labeling expensive products using codes for less expensive products
- Overriding the actual price and giving a much lower price

That's off the top of my head. We can help you secure your systems as best we can. A cunning thief will always find a way around the system. Our scales can work in tandem with your front end to track sales and find products that don't jive. We can track operator changes at the scale. We can help.

If you have any questions or concerns about your current or future operations, give me a call; as you can see, I am very passionate and enthused about scales.