Inventory loss problems

- Shrinkage – Items are used or missing, but not paid for (theft, pocketing cash, free giveaways, mis-scans).
- Spoilage – Perishable items expire or go bad (milk, yogurt, sandwiches) because they were overordered or not rotated (back cooler).

Stock and forecasting problems

- Overstock – Ordering more than can be sold before expiry, tying up cash and causing spoilage.
- Understock / Stockouts – Running out of popular SKUs (e.g., yogurt 25/day) by 2PM, causing lost sales and unhappy customers.
- Wrong stock mix per site – Same order pattern for Westin, Bldg80, Brandt even though their demand levels are different; leads to both spoilage and stockouts.

Process and logistics problems

- Poor FEFO / shelf rotation – Old stock stays in the back cooler; new stock goes to the front, so near-expiry units never sell.
- No cross-site balancing – Excess at one site (Bldg80 Turkey, Westin milk) is not systematically transferred to sites with shortages.
- Weak visibility on MED/LOW operator risk – Bldg80 and Brandt initially lacked clear HIGH/MED/LOW operator views, so audit focus and CCTV checks were not targeted.

Financial impact problems

- Daily margin leakage – Combined effect of shrinkage, spoilage, overstock, and stockouts ≈ 1,055 per day lost at pilot sites (~605 waste + 450 missed sales).
- Escalation risk – If many LOW/MED staff copy HIGH-risk behavior, projected future shrinkage exposure is very large (your 454,970 “hidden risk” scenario).