



Merchandise Damage Program

Leader's Guide

Damage prevention and the proper handling of damaged merchandise are key elements in driving profitable sales. All Associates play a role in processing, stocking, handling, and recovering merchandise with care.

Program Resources

The **Standard Operating Procedure (SOP)** provides stores with detailed instruction on how to plan and execute all merchandise damage processes, including Mark out of Stock (MOOS), Store Generated Markdowns (SGM), Merchandise Salvage, and Merchandise Mismates.

The **Damage Execution Planner** supports stores planning, compliance, and completion of each damage process, providing at-a-glance critical knowledge for fast decision making by the entire store team.

The **Damage Center Planogram & Signage** kit provides stores with the necessary setup instruction and signage templates to create and maintain standardized Damage Centers in both the backroom and front-end of the store.

The **Mark out of Stock Detail** and **Store Generated Markdowns Detail** reports equip leaders to review and analyze store MOOS and SGM performance within any chosen timeline and for any store, district, or region at the location, department, and item level.

Validation

Store, district, and region leaders have an important responsibility to ensure that the Merchandise Damage Program is properly managed, assessed and enforced by their teams. Regular observation and discussion of the program is critical to maintain high standards. The Merchandise Damage Program has been included as a part of the Pulse Check and LP Validation store walks in ThinkTime.

Observe the following:

- Visit the Store Damage Centers; are the spaces properly setup and maintained?
- Review merchandising and recovery standards throughout the store. Do Associates know how they support damage reduction?
- Walk clearance areas to ensure items are in salable, unexpired condition and not stacked on top of each other
- Review current MOOS/SGM reporting

Ask the following:

- What are the top 3 damage generating departments in your store?
- When/how often are you processing damages and salvages?
- How does your team know when to SGM versus MOOS?
- How are you preventing in-store merchandise damage from occurring?
- What is your current damage performance? (destroy/salvage)