

Store Operations Manual

Product Rotation Policy

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- Inventory represents the most important asset that Smart & Final possess, because the turnover of inventory represents the primary source of sales.
- Most products must be rotated on a first in, first out (FIFO) basis at time of stocking. However, merchandise with long shelf life (6 months or longer) may not need to be rotated every delivery, but must be rotated per rotation calendar.
- Product rotation involves moving shelf stock to one side while stocking the new product to the back of the shelf or rack. Proper FIFO rotation practices are important even in the non food categories, because product labels and packaging change frequently.
- As merchandise is rotated and faced, out-of code merchandise, dented, and damaged product must be removed from the shelf. Product that is deemed nonsaleable must be immediately sent to the spoils collection area off the sales floor to be accounted for as reclamation or loss and damage.

Standard Operating Procedures:

1. Product should be rotated based on its shelf life which will drive its rotation schedule on a monthly, quarterly, semi-annual or yearly basis.
 - a. Merchandise has been grouped into the following categories based on shelf life (see chart below). Using this information, a sample rotation calendar is below.
2. Use the category rotation calendar to start as a starting point.



Product Rotation
Schedule

3. Before you start category rotation you will need a utility cart or u-boat and cleaning supplies.
4. Remove all product and place on utility cart or u-bout. If this task is being performed during business hours do not remove the entire category at once. The last thing you want to do is to take that category off sale while being rotated.
5. All shelves should be cleaned with a damp cloth.
6. Restock product newest to oldest from back to front.
7. Date check products and remove and process all expired and damaged product as reclamation or loss and damage.
8. If product is between 7 and 21 days from expiration, it will need to be pulled and set aside for the clearance rack. Product that will expire 30-60 days from expiration will need to be checked before the next scheduled category rotation. Your District Manager will give the store direction on how to handle that type of circumstance.