

A GUIDE TO PAIN-FREE WETSTOCK MANAGEMENT



Keeping the World Moving



INTRODUCTION

This Guide to Pain-Free Wet Stock Management is intended to raise the awareness of small and medium sized independent fuel retailers to issues they may be facing every day, even if unknowingly.

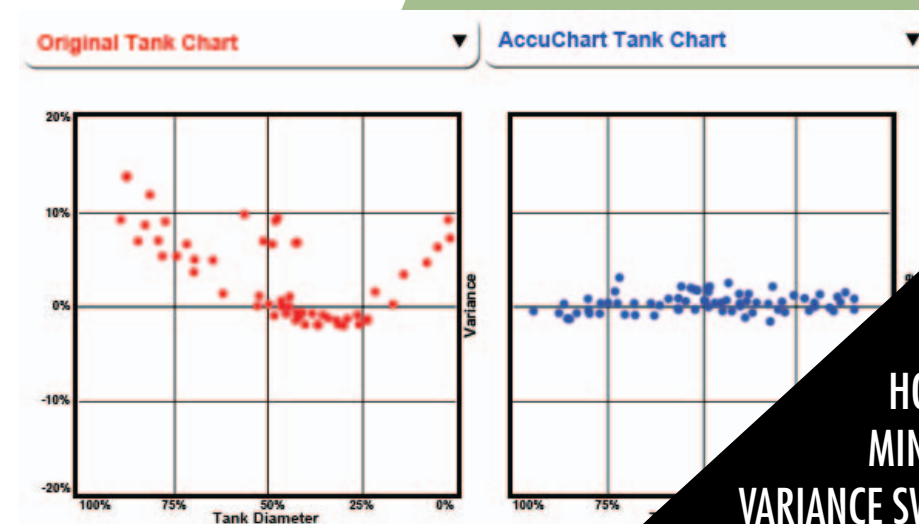
Many assume Wetstock Management is simply monitoring inventory fuel levels. However, it goes far beyond that, involving several different processes from the moment of fuel delivery through to its sale to your customers. Besides its complexity, all Wetstock Management variables can cost you time and money when not properly controlled – and, surprisingly, many forecourt operators don't even realise how much this is costing them every day.

The information in this guide is based on several decades of Wetstock Management experience, learning from problems encountered by both large oil companies and smaller operators, how they have tackled those issues and the tried and tested solutions they found. Thanks to them, we can put together practical advice on how to deal with several pain points related to the daily management of your wetstock. These will allow you to minimise risk, increase efficiency and maximise your business profitability.

VARIANCE SWINGS

Do you find that your variances typically swing between gains and losses, but over longer periods tend to balance out?

If so you may have a calibration issue that could be improved to greatly benefit to your business. At Gilbarco Veeder-Root we have seen that calibration errors can be a very significant factor, **estimated to account for up to 80% of common causes of variance.**



80%

of variances are found to be caused by calibration errors

HOW TO MINIMISE VARIANCE SWINGS

Any measurement tool has to be accurate for it to be effective. But when it comes to measuring fuel in underground storage tanks, this is only the start, because the height measurement from a tank gauge probe or dipstick must be converted to a volume, and this is where unknown conversion errors can creep in.

The effects on variance identification and any subsequent analysis of why losses have occurred are considerable. Of course, variances caused by poor calibration are always virtual, but they can make it difficult to discern about any real trends or exceptional events that need to be identified quickly. When recorded tank data closely matches reductions from sales and increases from deliveries, any losses due to leaks, thefts or short deliveries are more readily discernible. **Improving calibration accuracy through better automation or cloud calibration services is the first essential step to understanding variance.**

LEAKS

An ever-present threat to operators of older fuel storage facilities with single skin tanks and lines are leaks. Tanks and lines may not fail every day, but the loss of integrity of a fuelling system is difficult to detect due to its underground, out of sight location. We have observed from real events that leaks tend to start small but gradually increase over time, so early detection is critical to minimising the impact to the business.



PETROL STATION FINED £30,000 FOR 3,500 LITRE FUEL LEAK

MINIMISE THE IMPACT OF COSTLY LEAKS

Everyone is familiar with the headline news stories where fuel operators have polluted the environment through a fuel spillage or leak, sometimes with serious consequences for local people, property or wildlife.

Apart from the cost of clean-up and damage to brand image, often severe fines are imposed. Larger companies can absorb these costs, but for smaller enterprises the effects can be terminal.

It is strongly recommended to protect your business from this threat by implementing measures to detect any leaks as quickly as possible.

Fortunately there are a number of cost-effective ways to achieve this through automation or remote monitoring services

UNDER DELIVERY

Ever since petrol stations existed and were supplied with fuel, disputes have arisen over delivery verification - "Did I get what I paid for?" is a common concern.

How can such issues be resolved when fuel suppliers need proof of under-measures before accepting compensation claims?



PROVE YOUR DELIVERY VOLUMES

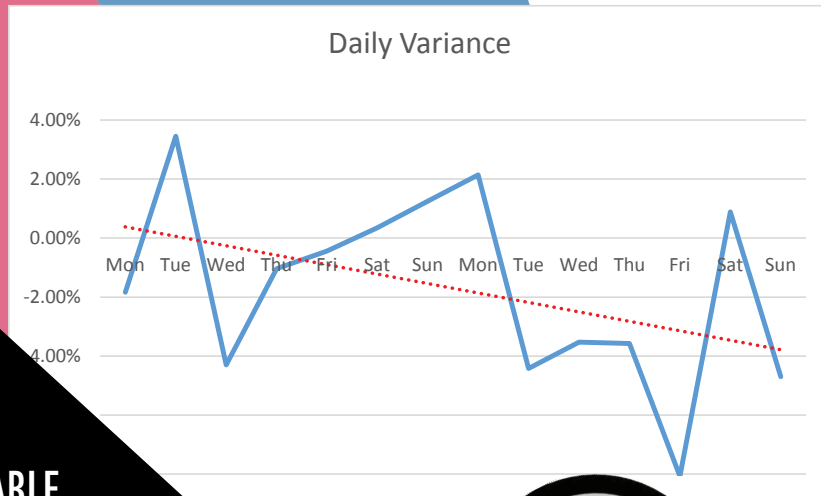
As with many areas of variance identification, accurate calibration of the gauging system is key.

When calibration is accurate, delivery shortages show up clearly against a regular pattern of tight reconciliation, making any compensation claims more credible and less likely to be disputed.

The good news is that even older gauging system calibrations can usually be improved and backed up by credible data to check that every litre paid for is received.

UNACCEPTABLE VARIANCE

Whilst it is generally accepted that fuel retailers will always run with some degree of fuel loss, most operators adopt a threshold which, when exceeded, will necessitate some kind of investigation into the cause of the loss or variance. That is when the challenge begins to quickly determine which of the many possible causes - over-dispensing, short deliveries, temperature effects, theft or fraud, tank or line leaks - is the culprit.



TACKLING UNACCEPTABLE VARIANCES

Tracking down the causes of high variance quickly requires both expertise and state-of-the-art processes employing the best available technology. Rather than place this demand and cost on internal resources, which could detract from other revenue generating activities, this need can instead be met by industry experts who provide specialist services to investigate reconciliation anomalies.

Smaller, occasional losses attributable to theft or fraud can easily go unnoticed; to detect such random events requires access to real-time data. Larger thefts are clearly apparent, but what can be done about them depends on how quickly the alarm is raised.

Consistent risk management and loss analysis services are readily available to all petrol station operators, offering a practical and cost-effective alternative to self-managing issues.



STOCK WRITE-OFFS

From major oil companies to single site operators, a certain amount of fuel stock will be written off the books every year. Why is this and where did it go? Usually, nobody knows for sure. In reality it will be caused by a combination of factors; over-dispensing pump meters, unidentified minor leaks, short deliveries, maybe even theft. The effects of temperature changes can also cloud the picture - petrol volume increases or decreases by approximately 0.5% for every 4° C temperature change.

Category	Loss (£)	Gain (£)
Trade	£ 135,609.00	£ 170.50
fuel	£ 351,651.00	£ 348.00
theft	£ 3,221.00	£ 348.00
	£ 5,468.00	£ 348.00
	£ 1,111,505.00	£ 348.00
	£ 34,358.00	£ 348.00
	£ 216.00	£ 348.00
	£ 154,894.00	£ 348.00

AVOID WRITE-OFFS

Whilst stock write-off may be generally accepted as a necessary, if unwelcome part of business, any reduction of the amounts concerned will improve the bottom line. This can be achieved by a combination of applying best practices for wet stock management and ensuring that monitoring and dispensing equipment is functioning optimally.

For many businesses, remote monitoring by third-party service providers can make a real difference.

DISPENSER DOWNTIME OR REDUCED THROUGHPUT

With fuel margins constantly under pressure, ensuring customers can fill their vehicles quickly and without waiting is vital to maximise footfall in the shop and creating customer loyalty. Dispensers out of action or with low flow rates will slowdown sales throughput and may drive regular customers away.



PREVENTIVE MAINTENANCE THROUGH CAREFUL MONITORING

To maximise station uptime fuelling equipment needs to be regularly maintained and checked for adequate performance. Apart from mechanical failures, microbial contamination can slowly clog filters gradually reducing flow rates that may go unnoticed until too late.

Again, remote monitoring services can remove this concern from operators, keeping a check on fuelling system performance and implementing preventative maintenance to maximise station uptime and profitability.



STAY COMPLIANT

Whether there are national legal requirements or risk based best practices to observe, it's a basic fact that 'the polluter pays'. Regulators and inspection agencies can demand proof at any time that a fuelling facility is operating safely, in compliance with regulations and is in full control of its stored fuel. Where prescriptive legislation requires regular, certified testing of single wall tanks and lines, the annual cost to stay in compliance is yet another drain on profitability.



COMPLIANCE MADE EASY

Staying in control by keeping daily reconciliation records and chasing down any unusual or high variances can demonstrate a responsible approach to risk management and environmental protection.

The most efficient way to comply with the **Blue Book** (Guidance for Design, Construction, Modification, Maintenance and Decommissioning of Filling Stations) requirements is by automating wet stock management and ensuring that all anomalies are investigated and escalated when necessary by persons with suitable experience. Employing the latest technology and services available will maximise protection levels, by utilising independently certified processes and professional expertise.

Every fuel retailer knows what their variance is, but not everyone understands what the underlying causes are; whether it's real or virtual, and most importantly whether or not anything can be done to improve the situation and reduce cost and risk.

Multiple problem areas can affect fuel storage operators at any time. Being aware of the possible causes is the first step to make a real difference to business profitability, but it is also critical to investigate the root-cause and remedy all reconciliation issues to be truly successful.

Gilbarco Veeder-Root has over 150 years of experience in helping forecourt managers solving problems like these. From our precise TLS4/4B automatic tank gauges to cost-effective outsourced wet stock management services, our experts will be able to suggest a solution that best suits your situation.

For more information please get in touch through
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