

Retail Theft Prevention

In retail, you want your products to fly off the shelves... but only after they've been paid for! Shoplifting losses vary by store type, but can account for about one-third of the total inventory shrinkage. According to the website www.muhammadsecurity.com, it is estimated that shoplifting occurs 330 - 440 million times per year at a loss of \$10-\$13 billion dollars. Nationwide, that equates to 1.0-1.2 million shoplift incidents everyday at a loss rate of \$19,000-\$25,300 dollars stolen per minute.

When you factor in employee and vendor theft, this sum skyrockets to an estimate of over \$33 billion dollars stolen per year. Depending on the type of retail store, retail inventory loss ranges from .7%-2.2% of gross sales with the average falling around 1.70%. Entire retail chains have gone out of business due to their inability to control losses from theft. And even worse, it is estimated that these losses cost the average consumer nearly \$423 annually, leaving the honest shopper less money to spend.

Employee Theft

The biggest threat facing storeowners is employee theft, which accounts for nearly half of inventory shrinkage--more than shoplifters, more than administrative error and more than vendor fraud. Unfortunately, although you may minimize the possibility of employee theft by hiring only people with references that have been checked carefully, this is still not a guarantee.

Standard controls should be implemented to detect losses from your cash drawer and inventory. These include:

- Maintain rotating employee assignments. Team different employees together or with you.
- Initiate procedures for balancing the cash register or drawer after each employee's shift.
- Take physical inventory annually or more often.
- Check daily receipts against a list of items sold.
- Randomly monitor the inventory of particular items and compare with sales over a period of time.
- If you suspect an employee of stealing, randomly audit sales by contacting customers to verify sale details. You may routinely survey customer service.



Don't be so obsessed with catching a potential thief that you treat your employees with suspicion and disrespect. If so, you will ultimately still see losses in the way of turnover and low productivity.

Shoplifting

Shoplifters are another story. You'll have less opportunity to catch them as you won't necessarily recognize their faces or be on the lookout when one comes into the store. Still, there are a few steps you can take to reduce the temptation for would-be shoplifters.

- Put items that are easy to shoplift close to the checkout counter.
- Maintain a good line of sight to sections of your store where desirable items are displayed.
- Use packaging that is hard to conceal.
- Make your presence known throughout the store. Don't hound your customers, but try to wander through the store periodically, greeting customers in a friendly manner.
- If your losses warrant them, install mirrors and/or closed-circuit TV cameras to monitor all portions of your store.
- Consider using electronic tags with a sensing device at the door, if you are unable to control theft any other way.
- Pay particular attention to people you do not know, people carrying bags, and mothers with strollers or carriages.
- Post signs stating your policy of prosecuting shoplifters.



A WORD OF CAUTION:

Do not confront someone whom you suspect of shoplifting, unless you are sure--and then only when other employees are around and you have ready access to security forces. Do not try to stop a shoplifter when you are alone in the store. Some can be dangerous, and recovering a stolen item is not worth endangering your life.