

# Safety, Security, and Loss Prevention

## *Strategies for success*

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**F**ood co-ops may be some of the best-intentioned enterprises across the retail spectrum. They are guided by core values of shared responsibility, environmental stewardship, support for more equitable communities, and conscious consumption; it's hard to imagine a more mindful and ethical social venture. Yet even the best intentions do not make a co-op immune to the myriad challenges the retail industry faces every day.

Safety and security are our bread and butter, and concerns like shoplifting and employee theft, vendor fraud, and emergency response are realities the industry as a whole has to face to remain viable and profitable. That said, safety and security are also subjects that makes people cringe when they hear about them. No one likes to be reminded that, regardless of intentions, we are always going to face unforeseen challenges and instances of dishonesty and impropriety that are going to test our preparedness, resolve, and creativity.

Without compromising mission or intentions, co-ops can get out ahead of these issues and institute thoughtful, dynamic loss-prevention strategies that improve their ability to be successful and prosper.

### The data download

According to a recent National Retail Federation security survey, “retail shrinkage—a loss of inventory due to employee theft, shoplifting, paperwork errors, or supplier fraud”—totaled approximately \$34.5 billion in retail sales in 2011. While that is down from the year before, the numbers are still staggering. Of that \$34.5 billion, 43.9 percent of total shrinkage was due to employee theft, 37 percent the result of shoplifting, 12.1 percent administrative error, and 5.0 percent vendor fraud.

We'd love to think that only the big box retailers and national chains have to deal with these concerns. But the unfortunate reality is, theft and fraud are ubiquitous, and if you're not



seeing it, that's likely to be because you're not looking for it.

Being vigilant in the face of these challenges does not have to mean eschewing our core values; quite the contrary. If we are thoughtful and diligent, we can actually bolster our fundamental values in raising our standards of excellence, increasing our commitment to exceptional customer service, and improving the viability and profitability of our stores for our communities—through promoting positive strategies to mitigate loss that are predicated on the cooperative culture and shared responsibility inherent in our businesses.

### Professional responsibilities

Having a designated safety, security, and loss-prevention professional on staff has been standard practice in mid-to-large retail chains for decades. Bear in mind, however, that today's safety and security professional is not yesterday's security guard. An agile, cross-disciplined, management-level professional is able to fulfill various safety and security roles that would otherwise be spread across a number of positions and generally underserved by doing so.

The value of having a key staff person responsible for overseeing your safety and security protocols and coordinating a cooperative and well-organized approach to loss prevention must not be understated. This person would be responsible for everything from observing for shoplifting and fraud to internal theft resolution, emergency preparedness, administering

safety and security trainings, operational coverage throughout the store, crisis management, and access controls, to name a few. That is a value-added member of your team!

At a recent safety, security, and loss-prevention audit of a co-op with multiple locations, we identified an example of a situation where a single, well-trained professional could be employed to oversee and coordinate the operations mentioned above at each of the separate stores. Individually, each store had spread these vital responsibilities

out across multiple staff people, staff whose other responsibilities could come before their safety and security duties. A single individual charged with managing and monitoring these responsibilities across the three locations would be able to streamline the system and bring the co-op's current safety and security posture to a significantly higher and more reliable level.

Emergency preparedness, for instance, is often best served by an individual who has the time and experience to ensure your business is optimally prepared, your staff is well-trained, and your infrastructure is safe and well maintained. We have seen a number of instances where basic emergency response procedures and protocols were lacking or inconsistent, where training was negligible and sporadic, and where fundamental emergency necessities were being neglected. On the contrary, where an emergency preparedness posture is taken very seriously, where a co-op stresses the need for training and procedure development and follows through with the creation and dissemination of both, even the most straightforward emergency situation is often handled much more efficiently and effectively.

Co-ops that recognize the value of advanced emergency preparedness will often be best prepared to deal with a nonemergency crisis as well. Managing a crisis or emergency will not be an everyday occurrence, but when it does occur, having a levelheaded, thoughtful professional as your go-to person is essential to

avoid exacerbating the situation. Your safety, security, and loss-prevention manager or team should craft protocols to deal with any number of crises your business may face. Taking the guesswork out of dealing with emergencies is essential in meeting those situations deliberately and successfully.

## Awareness and training

Building and maintaining a vital and effective loss-prevention program is a big task. While a trained professional can orchestrate your strategy from the top, its ultimate success lies in how well that person harnesses the strengths and value of having an invested cooperative team at work throughout the store.

Achieving the maximum advantage from your approach to deterring theft and fraud requires a high level of safety and security awareness across your staff and management team. Most co-ops will have some amount of general safety and security material tucked into their employee handbook. However, without comprehensive training in deterrence, theft, and fraud indicators, plus safety and security concerns, along with shared responsibility and mutual benefit, even the most attentive staff can miss the signs.

Not all stores will have the resources to devote full-time staff to address issues of store safety and security. The best approach, when you can, is to have a member of your team with a high degree of training orchestrate your safety and security strategy, administer accountable policies and procedures, raise awareness, and build a cooperative culture of safety and security responsibility.

That said, every store can increase awareness and promote a safer and more secure business by bringing these important concepts out into the open and administering thoughtful training. This can provide staff with the tools to understand and respond appropriately to all kinds of safety and security situations.

Your front-end staff in particular is uniquely positioned to play a greater role in monitoring and responding to theft and fraud; they just need to know what they're looking for and how to respond. A front-end security training should include all the basic register scams and shoplifting profiles to look for and include a reliable response procedure that alerts more senior staff to respond directly to concerns.

For the rest of your staff, general safety and security awareness training should be built into every new-employee orientation and include all the OSHA-compliance required safety trainings along with specific safety and emergency

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response trainings as they pertain to your individual business.

Awareness should also include an emphasis on the cooperative context; when the co-op is successful, we're all successful. Sharing the responsibility for keeping our co-op safe and secure will also mean the co-op can do more for its members, its staff, and community. Everybody wins.

## 10/4, good buddy

Exemplary customer service is one of the key values that really set co-ops apart from other retailers. The culture of inclusivity and responsibility that defines the cooperative experience can be best appreciated when it is reflected in a co-op's commitment to outstanding customer service.

Fortunately, great customer service is also the number-one way to deter theft and fraud. Perpetrators of theft and fraud require anonymity and privacy. Honest customers appreciate the attention and service, and dishonest ones will bristle at the approach of helpful staff.

In general, the "10/4 Rule" is a good guide for attentive and responsive customer service. Staff on the sales floor should make a habit of making eye contact with every customer within 10 feet and greeting every customer within four feet. Something as simple as eye contact can make the difference between someone shoplifting and having second thoughts.

The more staff you have on the sales floor, and the more easily recognizable and attentive they are, the better. Staff can have a tendency to "hide out" in the back room, where their attention is not on customer service or attending to sales floor needs. Plenty of work will need to be done behind the scenes, but whenever possible, move these tasks to a part of the sales floor where they are out of the way but provide visibility and availability. This is one way to improve staff presence on the sales floor without immediately increasing staffing expenses.

## Leadership, oversight and accountability

For any department to thrive and exceed expectations, dedicated leadership, reliable

oversight, and accountability are paramount. Your leaders need to lead, and your staff needs to be both respected and held to account. Remember, approximately 44 percent of total retail shrinkage is due to employee theft—that's a huge number! Intentional leadership and real accountability can go a long way towards reducing those numbers.

Ultimately, each person on your management team is responsible for maintaining the highest level of safety and security within individual departments. Along with building general awareness at the whole-store level, each department should be guided by policies and procedures that put safety and security at the forefront, emphasizing customer service, adequate training, and shared responsibility.

The cooperative approach is particularly suited to creative leadership strategies and deterrence. Management and staff can take ownership together to ensure a safe and secure workplace for all. Good leaders emphasize inclusivity and cooperation with staff to strengthen safety and security commitments and share the rewards.

Some co-ops have initiated enlightened ways of keeping their management and staff active and on the floor observing for safety and security issues, availing themselves to customers' needs and overseeing the work of their fellow staff. One co-op we recently visited has instituted a "Floor Monitoring" program that goes above and beyond the norm, with virtually around-the-clock monitoring of the entire store for security- and safety-related issues.

## Adding it up

If your store sees in the neighborhood of 2,000 people per day, and if every person who walks through the door were to eat one dark chocolate almond from your bulk department, it would cost \$200 a day. If every fourth person had "a few" (four or five) roasted cashews, it would cost \$980 per week. If every 10th person had a "small handful" of milk chocolate peanuts, it would cost \$25,480 a year!

Small, incremental losses over the year can have an enormous impact on your bottom line. When your bottom line suffers, your business is less able to deliver the highest value that it could be were you able to minimize those losses and tighten up some key controls.

Even the most aggressive loss-prevention measures will inevitably leave some openings. Loss is pervasive, but great loss is preventable. A little bit of awareness can go a very long way. Don't underestimate the value of bringing your entire team on board to help build the safest and most secure co-op you can. ■