

IDENTIFYING EMPLOYEE THEFT AND MANIPULATION IN YOUR BUSINESS



In the retail and hospitality industry inventory variation (food Cost) is the single most significant controllable expense. According to “experts” -the predominant contributor to inventory variation is employee theft...representing as much as 45% of annual inventory shortage. Loss Prevention professionals and Operations Managers estimate that you can tack on another 20-25% of your losses due to employee negligence, manipulation, errors and indifference to policy and procedure.

Stating the obvious is easy. The real challenge is finding the time and resources to properly protect and control your inventory while meeting all of the other demands of your enterprise that generate sales and more tangible profits.

Inventory control is everyone’s job. Roles and responsibilities may vary, but best practices dictate that it should be as much a part of the daily business as customer service, marketing, ordering or taking out the trash.

Loss prevention is like a chain ([The Chain Link Theory of Loss Prevention](#)). Each link in the chain represents your policies, controls, equipment systems, and everyone in the organization. Your chain is only as strong as your weakest link. The weakest link in that chain is always, without exception - people! And more often than not, it is you, or a subordinate manager.

The foundation on which you operate your bar or night club includes the systems you use to track liquor and food. How much does the customer owe the server/bartender, and in turn, how much do they owe you? Also, what liquor and food do you sell the most? The systems you choose depend on the type and size of bar you have.

Many owners believe bartenders are the primary reason for losses. They certainly can be one of the problems, but experience has shown that it is theft in general.

In most bars, only the bartenders and servers handle money. Cashiers or takeout staff may also have cash- handling responsibilities. Your accounting system might leave holes open for theft at all levels, not just servers and bartenders. No one thinks they are hiring a thief. Many people who might steal if and when the opportunity presents itself do not consider themselves thieves either, so they don't come off as such.

All of the pre-employment screening, training, fancy systems with the bells and whistles, the shrinkage committees, shipping and receiving policies and procedures, vendor controls, cash controls are only as good as the people we employ, train, supervise and inspect on a regular basis. If you do not inspect What You Expect you are setting yourself up for a big loss.

If you use the cash-and-carry system, where the drink is ordered by the server verbally and then paid for before the bartender or server rings it up, you might find many "forgot to ring it up" drinks, as well as a few given away for free. It is the nature of the system and very costly.

Joe Szvetitz and Jim Close are experienced loss prevention professionals and the Managing Partners of Risk Management Services Loss Prevention, LLC. They will be presenting a one hour program designed to help you jump start your loss prevention program at the [Night Club and Bar Show in Las Vegas March 7- 9th, 2015 in Las Vegas.](#)

This presentation is MORE THAN JUST WAR STORIES. They will share real world video examples of employees stealing money and product from businesses just like yours. You will learn how to identify the tactics dishonest employees use and how you can use and enhance your current system to stop it, in most cases without spending any additional money!

Speaking of War Stories: Years ago, while conducting a pre-employment security interview I asked a candidate about prior thefts. He admitted that once, during his first year of college he stole a check from his employer. He pointed out that he knew it was wrong but that it was not like he had used the money to buy drugs or anything like that...but for books and tuition and that he had intended to pay it back.

He was a likable person and his "admission of prior theft" was within the policy range of "acceptable" (How scary is that?) and he was eventually hired. About a year later a "shopper" caught him not ringing up sales. I travelled from Hartford to Boston at 1 in the morning to interview him. He admitted to several thousand dollars in theft but said it was not like he had used the money to buy drugs or anything like that... (wait for it)...but for books and tuition!

The lesson here is to never reward somebody's confession of dishonesty with employment. Let some other employer take a chance. You are in business to make money, not rehabilitate thieves! As for this person, he admitted to several thousands of dollars in theft and the company filed criminal charges!

IDENTIFYING EMPLOYEE THEFT AND MANIPULATION is designed to motivate business owners and managers to "Inspect What You Expect" by leveraging existing sophisticated systems such as POS and CCTV. Prevention is your best protection and as such you will walk away with tips to not only capture stealing but to also spot trends and be proactive with policy procedures & audits. All of which, including today's "war story" reinforces how important hiring right the first time helps control shortage before it becomes too big of a number.

If you are planning to attend the [Night Club and Bar Show](#) in 2016 this session is a must see. If you were not planning to make it to the show, you might want to reconsider.

Whatever you do, don't be the weak link in your Loss Prevention Chain.

Get started today. Inspect What You Expect. RMSLP.COM