

THE HAYES REPORT ON LOSS PREVENTION

QUARTERLY

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It is that time of year again when cargo thefts are on the increase. This article discusses a sample message for traffic and logistic teams reminding them of the increase in trailer thefts and burglaries that take place during the holidays, and some action points to take to reduce their vulnerability to losses.

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2023 Holiday Season is Fast Approaching



Are you ready for the upcoming holiday season and the influx of both customers and thieves? I say, bring on the customers and all the sales increases, but let's do our best to limit the thieves and shoplifters. I think the use of quality greeters and great customer service will be key this holiday season to limiting our losses, as well as properly utilized anti-theft equipment. In addition, with the increase of seasonal/temp associates, be sure to maintain your audit program to ensure all company P&P and Shrink Program requirements continue to be adhered to during this busy season. Until next year . . . \$

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Take Precautions During Holiday Season - - -

Cargo Theft – Holiday Alert

By Mark R. Doyle

Historically cargo thefts increase up to 40% during the winter holidays and experts expect similar increases for this coming 2023 holiday season. Food & Beverage has been the top commodity targeted so far in 2023, however, during past holiday seasons thieves have preferred Electronics, Designer Clothing and Household Goods. The top two targeted locations for cargo theft are: 1) Warehouse/Distribution Centers and 2) Truck Stops/Parking Lots. As trailer thefts and burglaries increase during the holiday season we recommend companies, especially retailers, remind their logistics and traffic teams to take extra precautions to secure their buildings, trucks and trailers.

Below is a sample message:

This message is a reminder to take extra precautions during the upcoming Thanksgiving, Christmas and New Year holidays to ensure the physical security of our buildings, trucks and trailers is in place, and to protect our physical inventory against loss due to theft. Our assets are particularly vulnerable during this time of year with reduced staffing, vacations and extended periods where the operation is closed, and no one is present on-site.

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Did You Know

From a recent global retail survey:
. In 2023 the total cost of inventory distortion is projected at \$1.77 trillion.
. Main blame/reason for inventory distortions: Supplier Issues; Personnel issues; Internal Processes; Consumer Theft.
. Organized retail crime is estimated to be as high as \$100 billion in the U.S.
. Retailers must make 15 additional sales of an item to break even on the loss of theft of one of the same item.

IHL Group

From a recent Workplace Safety Survey:

. 81% of respondents said that feeling safe at work is “extremely important”.
. Only 58% of respondents thought their employers considered their safety as “extremely important”.
. 83% of employees have experienced an emergency at work at some point in their careers.
. 84% of employees think their employer can do more to make them feel prepared to face emergencies at work.

2023 State of Employee Safety

Winter, and in particular the holiday season, is prime time for retail theft. It is estimated that almost half of all retail theft (46%) occurs in the winter, with 81% of that during the holiday season.

Global Retail Theft Barometer

Anti-Shoptlifting Basics - - -

Holiday Season Challenges

By Jack L. Hayes

Ah, the busy (*we hope*) holiday season is rapidly approaching. With that in mind, I thought it might be helpful to offer a few refresher type pointers on things that any retailer can do to help reduce their vulnerability to losses during the holiday season. I am not going to recommend you run out and purchase expensive CCTV, EAS, P.O.S., or other technology systems; instead, I want to pass along a few anti-shoptlifting “basics” that will work.

Knowledge is Power: One glaring thing that comes across very clear is that the majority of retailers do not have the staff to combat these thieves on a one-on-one basis. Therefore, your anti-shoptlifting plan should include the below strategies:

Physical Security: My first piece of advice would be to meet with your local (in-store or field) LP specialist and jointly review your current physical safeguards. Identify what additional steps can be put in place.

Operational Controls: Here I would place my focus on these four areas:
1. *E.A.S.* works, but it requires good management. Check to ensure that theft risk items are properly tagged, and that your staff responds to door alarm activations, and they are not simply ignored.

2. *Front Door:* The front door has always been a “hot-spot” for theft prevention; any uncovered exit gives the thief a good opportunity to walk out with stolen merchandise. Front coverage is critical, as is a look in the eye “greeting” when the customer walks inside.

3. *P.O.S.:* Those antiquated theft techniques of ticket switching, or simply hiding an item inside of another - still make the shoplifter’s hit list. Your cashiers/associates need to be aware of these techniques. If your store is one that allows customers to self-scan their items, having an associate spot assisting customers or simply observing can reduce your risk in these areas.

4. *Fraudulent Refunds:* For years, retailers have taken a beating in this area. This high-risk area requires a strong refund policy and the ability to track/monitor repeat returns.

Shrink Awareness: Education is key! If necessary, dig out those anti-theft awareness messages from your files and make it a point to talk about one or two specific topics on a daily basis. ***I still sincerely believe that good customer service is the best method for reducing shoptlifting.***

Unfortunately, in today’s world the shoplifter has become more violent than in past years. Make certain that your staff never jeopardizes their safety if a suspected thief is in your store. Let everyone know your company’s policy relating to what actions are to be taken.

Have a great and successful season! \$

Testing For Success

The 2023 holiday season is fast approaching, so now is the time to take our short test to see if your AP/LP/Shrink strategies are ready for the upcoming peak crowds and sales.

External Theft

1. Customer Service: Do associates (new hire & tenured) understand this is our best deterrent to shoplifting? (Ask 5 associates) **Yes No**
2. Anti-Theft: Are physical safeguards (EAS, CCTV, locked showcases, etc.) in good condition; and audited weekly? **Yes No**
3. Fitting Rooms: Are they secured and monitored for customer service and shrink control? **Yes No**
4. Cash: Have safeguards been strengthened to protect against robberies/external losses? **Yes No**

Internal Theft

5. Pre-Screening: Will seasonal hires go through a thorough pre-screening process? **Yes No**
6. Training: Will shoplifting and employee theft training be required for seasonal/temp hires? **Yes No**
7. Awareness: Are associates aware of company's confidential reporting line & reward program? **Yes No**
8. Auditing: Does your program continue during the holidays to ensure company policies are adhered to? **Yes No**

If you answered "NO" to one or more of the above eight questions, take it as a "warning sign" to act now to ensure a profitable 2023 holiday season! \$

35th Annual Retail Theft Survey - - -

Apprehensions & Dollar Recoveries Soar

By Mark R. Doyle

The 35th Annual Retail Theft Survey by Jack L. Hayes International, Inc. reports on over 340,000 shoplifter and dishonest employee apprehensions in 2022 by just 26 large retailers, who recovered over \$750 million from both apprehended and non-apprehended thieves.

Eighty-one percent of survey participants reported an increase in shrink in 2022 and this is reflected in their total apprehension and recovery statistics. Total apprehensions increased 45.6% and total recovery dollars from these apprehensions increased 70.5% in 2022.

(Note: Survey stats/highlights were reported in our Summer 2023 newsletter and can be accessed via a link at the end of this article.)

Shoplifting

Many retailers returned to making shoplifter apprehensions post pandemic and focused more of their attention on external theft issues. Our survey revealed shoplifter apprehensions and recovery dollars from those apprehensions increased significantly in 2022, up 50.9% and 90.5% respectively. Recovery dollars where no shoplifter apprehension was made, but merchandise was recovered, increased 44.1% in 2022.

We asked our survey participants why their Shoplifting apprehensions and recovery dollars increased or decreased in 2022; they contributed the following:

Increased (72.7% of respondents):

- Returned to making apprehensions post pandemic
- Increased ORC (Organized Retail Crime) activity
- Less staff on sales floor increases shoplifting opportunities
- Thieves not afraid due to bail reforms and progressive DAs
- Poor economy resulting in more people shoplifting

Decreased (27.3% of respondents):

- More focus on merchandise recovery than apprehensions
- Understaffed police depts with reluctance to prosecute
- Hands-off, no apprehension policy for safety reasons
- Structural changes, less store AP/LP positions

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Believe It or Not

Thieves Steal Two Million Dimes

A group of suspects broke into a tractor-trailer containing about 7.5 million dimes in a retailer's parking lot. They were able to get away with about 2 million dimes or \$200,000 worth. When police arrived, they found dimes scattered all about the parking lot leading into the street.

Councilman Caught Stealing at Self-Checkout

A city council man was accused of 31 self-checkout shoplifting instances where he failed to scan an item at the self-checkout counter. He was accused of skip scanning and when video was reviewed in three of the stores' locations, they found 31 instances of skip scanning over a 2.5 month period.

Police Officer Arrested For Shoplifting While on Duty

An off-duty police officer working guard duty for a large retail chain was arrested and charged with shoplifting at least 9 times while on duty working for the retailer.

Suspects Posed as Cops to Steal Over \$150,000 From Jewelry Store

Two men dressed as city police officers wearing bulletproof vests and one with a detective badge were buzzed into a jewelry store. Once inside they banished guns and robbed the store, but were later apprehended and charged by the real city police.

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Apprehensions & Dollar Recoveries Soar

Employee Theft

Employee theft is perceived by some to be the most severe problem facing our industry today! Many people often think of theft and abuse in companies as being isolated acts, which in themselves cost an organization little. Unfortunately, this is untrue! It is also not true that most employees are caught stealing inexpensive items such as 'pens, pencils, and paper-clips' from their employers. Over the years, Hayes International has witnessed a steady and significant rise in this serious problem. Each year thousands of employees are caught stealing from their employers and co-workers. Furthermore, our studies reflect that this group of thieves are being caught stealing far more than a few insignificant supplies. In our most recent survey, employee theft continued to be a major issue for retailers in 2022, as reflected in an increase in both dishonest employee apprehensions and recovery dollars, 18.0% and 14.7% respectively.

We asked our survey participants why their Dishonest Employee apprehensions and recovery dollars increased or decreased in 2022; they contributed the following:

Increased (73.1% of respondents):

- Better trained AP/LP staff focusing on internal cases
- Upgraded EBR programs yielding more internal cases
- Associate burnout resulting in DEs rationalizing their thefts
- Exploited promotional programs to commit theft/fraud
- Associates see shoplifters getting away with theft, try same

Decreased (26.9% of respondents):

- Updated EBR software created less opportunities for theft
- Increased use of CCTV
- Structural changes; less AP/LP positions
- POS changes created better prevention
- Less associates, less theft

The full survey can be viewed and/or downloaded/printed from on our website at:

<http://hayesinternational.com/news/annual-retail-theft-survey/> \$

Advisory Board

Mark R. Doyle

President/Owner of Jack L. Hayes International. For over 35 years has consulted with some of the finest companies in the world assisting them in the design and implementation of programs to control inventory shrinkage and loss.

Jack L. Hayes

Internationally recognized expert on Asset Protection who has consulted for some of the finest retail companies world-wide over his 50 years in the industry.

David J. Cherrington

Professor of Organizational Leadership and Strategy at BYU; certified SPHR, and recognized authority on employee dishonesty and white-collar crime.

Michael Mershimer

Globally recognized advisor to America's favorite franchised, retail & food service brands. For 30 years, has advised on & designed solutions which improve franchise sales reporting, brand compliance, and inventory shrink.

The Hayes Report is published quarterly by Jack L. Hayes International, Inc. 27520 Water Ash Drive-Suite 100, Wesley Chapel, FL 33544. Telephone (813) 991-5628.

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Cargo Theft – Holiday Alert

In addition, trucking companies and parcel carriers will use many 'temporary employees' during the holidays, thus increasing our exposure to people we don't know.

Some basic items to consider include:

- Advise your local security/alarm provider of your work schedule and the times when the building is not occupied. This is also a good time to verify your call-list with the alarm company and the protocol they have on-file. Damage from fire, sprinkler systems or water line breaks can also create significant inventory loss; therefore, make sure your monitoring company is alert and has an up-to-date call list.
- Verify the security systems in place (locks, access controls systems, CCTV, etc.) at all building entrances and exits, including dock doors, are in good working order. Double check to ensure that alarm points-of-protection are activated and functioning by conducting an "alarm test" with your alarm company.
- Ensure all trailers have 5th wheel locks/air brake locks in place, side and backdoors are padlocked, and delivery vehicles are locked and secured.
- Remove keys from all facility equipment and place them in a secure location, especially motorized pallet jacks and forklifts.
- Advise local law enforcement of your Holiday schedule and request additional patrols of your building's exterior and parking lots.
- End-of-Day transactions should have strict vetting processes; a second look by a supervisor prior to tendering a load to a carrier may prevent a theft.
- Beware of a trucker willing to take an undesirable load for a lower rate than the industry standard, they may be setting you up for a theft.

Your location could a target; Do not assume you are not! \$



Jack L. Hayes International, Inc. is recognized as the foremost loss prevention/inventory shrinkage control consulting firm in the world. They offer a variety of related services and products utilized by hundreds of the finest retail, manufacturing and industrial organizations throughout the world.

Consulting Services/Products:

- Shrink Control Analyses and Assessments
- DC/Whse. LP/Security Reviews
- Custom Designed & Implemented LP & Safety Programs and Audits
- 3rd Party Store & DC/Warehouse LP and Safety Audits
- Outsourced LP Services (Full or Hybrid)
- LP Organizational Review
- The Hayes Report on Loss Prevention Newsletter (quarterly)
- Annual Retail Theft Survey (35th)

For additional information on Jack L. Hayes International's loss prevention/shrinkage control and safety services, including consulting and outsourced LP Services, visit our website at:

<https://hayesinternational.com/>

You can email Mark R. Doyle @ mrd@hayesinternational.com

Visit us on Social Media:

- Linked-In
- Twitter
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The Bulletin Board

Pushout Theft Stats 2022

(A person or people who roll through a retailer's store exit with a loaded shopping cart of unpaid merchandise.)

- . Average Pushout Theft Dollar Amount: \$1,160
 - . Percent of Pushout Shoplifters Not Caught: 49.3%
 - . Percent of Pushouts That are opportunistic: 82.7%
 - . Average Age of Pushout Theft Shoplifter: 35
 - . Day of the Week With Highest Pushout Thefts: Saturday & Tuesday
 - . Average Time of Pushout Theft: 3:00pm
 - . Top Pushout Theft Average By Retail Type: Home Improvement (DIY); Specialty Store; Department Store; Drug Store
 - . Most Pushed Out Items: Electronics; Grocery; Alcohol; Clothing; Baby Supplies
- (Source: 2022 Pushout Theft Annual Snapshot)*

Share your favorite 'Bulletin Board' items. Submissions for "The Bulletin Board" should be addressed to:

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or emailed to: operations@hayesinternational.com

Safety Issues: We Can Do Better!

