

THE HAYES REPORT ON LOSS PREVENTION

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The Holiday Season: Good & Bad



Are you ready for the upcoming holiday season? Well, it is coming whether you are ready or not, so let's do this! The Good: We look forward to a rush of customers, increasing our sales and profitability for the year. The Bad: The holidays also bring more shoplifters, both professional and opportunistic, so we need to be vigilant in our loss prevention and anti-theft efforts. See below for a few quick anti-theft tips for the upcoming holiday season. To our valued readers, I hope you have a wonderful holiday season in both your personal and work lives. Thank you for being a subscriber to this newsletter, and until next year....\$

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Holiday Season Anti-Theft Tips

With the busy holiday season rapidly approaching, here are a few quick tips to help keep your profits:

Shoplifting

- . Use a Greeter to welcome all customers and offer assistance
- . Focus on Customer Service, and not "Tasks"
- . Walk the salesfloor and maintain good sight lines
- . Limit item quantity on salesfloor for high \$/pilferable products
- . Control Fitting Room activity (use FR attendant & lock doors)
- . Protect your merchandise with EAS/Ink Tags, merchandise alarms, product tie-downs, Keeper boxes, locked showcases, etc.
- . Educate associates on signs of shoplifting & how to approach a suspected shoplifter.

Employee Theft

- . Prescreen new hires (do not hire the "bad apple")
- . Increase LP training & awareness for current and new associates
- . Promote confidential reporting line and reward program
- . Ensure overhead doors are locked and emergency exits alarmed
- . Supervise trash removal process
- . Thoroughly check associate bags at time of exiting
- . Closely supervise POS transactions (sales, refunds, voids, discounts, price overrides, etc.)

(Conduct surprise audits to ensure continuous compliance!) \$

Did You Know

A recent study revealed:

. The #1 challenge facing the grocery industry is increasing theft and fraud, as noted by 85% of survey respondents.

. Two-thirds (64%) of survey respondents cited social challenges, including a lack of civility, drug use and violence as issues negatively impacting operations.

. Employee retention was another hot-button issue for retailers.

. Technology is playing a bigger role in grocery, with 41% of survey respondents reporting using artificial intelligence (AI) for parts of their business.

FMI: The Food Industry Speaks 2024

Retailers must make 15 additional sales of an item (at 25% gross margin and 5% net profit) to break even on the loss of theft of just one of the same item.

IHL Services

A self-checkout survey found:

. 69% of respondents believe that self-checkout lanes are a contributing factor to shoplifting at stores.

. 15% of respondents admitted to stealing items via the self-checkout lanes.

. 44% of these respondents stated they were likely to use this method to steal in the future.

Lending Tree

Seventy-Five percent of employees say employers' safety efforts have not been very effective.

Alert Media- Stated of Employee Safety

Time to be Prepared & Vigilant - - -

Cargo Thefts Surge During the Holidays

By Mark R. Doyle

Last year (2023) cargo thefts surged 68% in the fourth-quarter making the holiday season a favorite for these specialized thieves. Cargo theft is defined as "The criminal taking of any cargo including, but not limited to, goods, chattels, money, or baggage that constitutes, in whole or in part, a commercial shipment of freight moving in commerce, from any pipeline system..."

Over the last five years, during the winter holiday period the top 3 targeted areas were:

. Commodities Stolen: Household Goods (Appliances, Furniture, Cleaning Supplies); Food & Beverage; and Electronics (Televisions, Computers)

. Locations for Thefts: Truck Stops; Parking Lots; and Warehouses/DCs

. States: California, Texas, Georgia

During the holiday season there have also been spikes in the theft of building materials, industrial products, designer clothing and shoes. Therefore, with trailer thefts and burglaries increasing during the holiday season, we recommend retailers send a reminder message to their logistics field management teams to take extra precautions to secure assets, buildings and trucks/trailers.

Here are some security tips and best practices from CargoNet you may wish to include in your safety reminder message.

Supply Chain Fraud Security Tips:

. Cargo thieves enjoy the holidays because shipping volume of desirable goods increases, as does demand. Freight brokers should be extra diligent during the holiday season as fictitious pickups increase.

. 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.

. A trucker that is willing to take an undesirable load for a lower rate than the industry standard may be setting you up for a theft.

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Testing For Success

With the holiday season fast approaching, take our short test to see if your anti-shoplifting strategies will be effective for the upcoming busy season.

1. Will seasonal hires be trained on shoplifting prevention strategies and taught what to do if they suspect a shoplifter? **Yes No**
2. Many shoplifters want and need privacy to commit their acts of theft. Have store associates been trained and are they practicing effective customer service techniques on the sales floor and in the fitting rooms? **Yes No**
3. In high theft stores, will high value/highly pilferable items be displayed in limited quantities on the sales floor, or locked-up/secured to prevent large quantity thefts? **Yes No**
4. Does your store have open/clear site lines on the sales floor to easily keep an eye on your high value/popular items **Yes No**
5. Fitting Rooms: Will they be locked or a FR attendant present at all times? **NA Yes No**
6. EAS: Are required items tagged and audits completed to ensure compliance? **NA Yes No**
7. CCTV: Is equipment operational, camera placement optimum, and is system managed? **NA Yes No**

If you answered "No" to any of the above questions, your store may be an "easy mark" for a shoplifter, so take corrective action now to help ensure a more profitable holiday season! \$

Respect During the Interview Process - - -

Building Empathy

By Greg Edwards, CFI

In 1992, I attended my inaugural WZ (Wicklender-Zulawski) class in Newark, New Jersey, where Doug and Dave served as instructors. Since that point, my journey has involved numerous classes, seminars, webinars, and conferences on interviewing. Despite the evolving landscape since '92, certain principles, such as respect, remain timeless. Inspired by speakers at Elite Training Days 2023 in San Antonio, I'm compelled to share a personal experience underscoring the impact of treating individuals with respect, even if you feel they do not deserve it.

Back in 2002, as the lead detective in the Sexual Assault unit, I found myself at a crime scene in the dead of night. Exhausted and not firing on all cylinders, I hastily made a decision that later challenged my interviewing skills. The suspect, already in custody, just appeared guilty. In a moment of unbridled stupidity, I had the officer transport him to jail. It was shortly afterwards that I had a moment of clarity. And in that moment, I realized I probably should have done at least a little more investigation prior to making that decision.

There was not much in the way of forensic evidence as the victim, an 11-year-old with learning disabilities, and the suspect, the victim's stepfather, lived together. The mother reported she woke up and saw the two together in bed and did what you would expect a mom to do in that situation (no charges were filed against the mom). The scene was subsequently processed, the sole witness and the victim were interviewed. Now, armed with only slightly more knowledge than I had when I made the decision to have him arrested, I went over to the jail to interview him.

It's now about 4:30 AM, I've had a grand total of maybe two hours of sleep, a suspect sitting in custody in jail and my probable cause is weak. Very weak. This interview needed to be fruitful or come morning, he was going to get his lawyer and walk.

I have him brought into the interview room and after I introduce myself, he introduces himself and I try to build rapport. At that

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Believe It or Not

Retailer Threatened for Reporting Theft Crimes

A major retailer in Sacramento, CA was threatened with fines over numerous calls they made to the police after thieves stole from their store multiple times. The city attorney's office reportedly threatened the fines, calling the retailers actions of reporting retail theft crimes a public nuisance.

Audit Discovers \$878,000 is Misappropriated Funds

The largest case of internal fraud in the state was accomplished by a single employee. A management analyst is accused of using the state agency's credit card to make payments to various businesses he owned between 2019 and 2023. The total amount discovered by the audit was approximately \$878,000.

Woman Steals \$60,000 in Items Using Self-Checkout

A woman has been found guilty of one felony count of grand theft and 52 misdemeanor counts of petty theft for stealing over \$60,000 in merchandise from a single store by using a self-checkout register and not paying for the items prior to exiting. She faces up to three years in a state prison.

Woman Accused of Using Children to Steal Items

A woman is accused of using her 5 & 9 year old daughters to help her conceal over 200 items in a piece of luggage and baby stroller.

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Building Empathy

point, I discovered that we have nothing in common whatsoever except being overly tired. After about an hour or so of gaining his trust, I ask him if he's hungry. I tell him I'm starving, and I leave the room. I come back in a few minutes carrying two trays of breakfast. We sit at the table and eat and talk, mostly about the town and how it's changed over the past few years, but not about the case. I have the trays taken out of the room and sit back down. He immediately starts by telling me that he needs to talk about what he has been doing. He tells me that for the past three years he's been abusing his stepdaughter. He goes into detail describing repeated assaults over the years. I listened, kept nodding, gesturing for him to continue, to explain. I said things like, "I could see how that could happen" and "I don't know what I would do in that situation" and he continued talking. As was mentioned at Elite Training Days, sometimes the best thing you can do is shut up.

Months later, facing a court scenario with minimal evidence and a non-verbal victim, my expectations were low. However, the suspect, appreciating the respect he received during our interaction, offered a plea deal. I walk into the room and the suspect is there with his attorney. He immediately greets me and tells his attorney he wants to talk to me. Just me. His attorney and the ADA are not too thrilled with this. They finally acquiesce and stand just outside the door with the door open. He acknowledged the potential for acquittal but chose a 20-year sentence, recognizing the impact on the victim. This decision, shaped by respectful communication, was pivotal in securing justice. His words play on repeat in my head, "you gave me respect when I didn't deserve it."

This experience highlights the lasting impact of our words and actions during interviews. The success of this case was closely tied to the considerate treatment fostered through years of training. It serves as a powerful reminder to show regard for others. If we want to uncover the truth, we must build rapport, even if it seems challenging, and treat people with decency, regardless of our personal feelings. \$

Advisory Board

Mark R. Doyle

President/Owner of Jack L. Hayes International. For over 36 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.

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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.

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Cargo Thefts Surge During the Holidays

. Fuel advance, hostage load, and line haul scams also increase a few days before a holiday. Prior to issuing the fuel advance, call the shipper to confirm that the load was picked up. Do not accept incoming calls from a shipper trying to tell you the driver is there - it could be a scammer spoofing the phone # of the shipper.

In-Transit Cargo Security Tips:

- . Make sure that both security managers and drivers have accurate license plate, VIN and descriptive information for tractors, trailers, containers, and container chassis. Police agencies will need this information to open an investigation in the event of an incident. Drivers should keep this information on them so they can quickly reference it if their truck is stolen.
- . Secure all trailers (loaded and unloaded) with high security ISO 17712 complaint barrier seals in combination with hardened padlocks. Use king pin locks for unattached trailers.
- . Secure all tractors with high-security locking devices, such as air-cuff and steering column locks.
- . Remind drivers to arrive at point of pickup well-rested, showered, fed and with a full tank of fuel.
- . Avoid having loaded trailers sit unattended when employees are not present.

Warehouse / Distribution Center Security Tips:

- . Check to make sure the entire facility is in good working order. This should include lighting, backup generators, alarm systems, surveillance equipment, perimeter fencing, and any other type of barrier.
- . Remove keys from all facility equipment and place them in a secure location, especially motorized pallet jackets and forklifts.
- . Never treat any alarm signal as a false alarm. When targeting warehouse locations, cargo thieves tend to trip facility alarm systems multiple times before a break-in to give law enforcement and facility managers the impression that the alarm system is broken.
- . Encourage documentation and reporting of all suspicious activity that occurs in and around a facility to security personnel. This information can be critical to law enforcement in the event of a cargo theft incident.
- . Ask local police agencies to make routine checks of facilities during holiday downtime. \$



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:

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- Annual Retail Theft Survey (35th)

For additional information on 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 at mrd@hayesinternational.com

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The Bulletin Board

Most Commonly Stolen Office Items

Survey Respondents admitted to stealing these office items:

- . 38% - Pens/Pencils
 - . 22% - Note Pads
 - . 18% - Printer Paper
 - . 08% - Stapler
 - . 08% - Food
 - . 07% - Toilet Paper
 - . 05% - Scissors
 - . 04% - Blank USB drives/memory stick
- (Source: YouGov Data)

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

operations@hayesinternational.com

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Shoplifting Related Street Sign in San Francisco



<https://ktla.com/news/california/street-sign-mocking-californias-retail-theft-problem-goes-viral/>