

THE HAYES REPORT ON LOSS PREVENTION

QUARTERLY

Spring 2024

VOL. 39 NO. 2

In This Issue

Annual Retail Theft

Survey.....Page 1

Hayes International has decided to discontinue producing their Annual Retail Theft Survey after 35 years. While it has been a great run, all good things must come to an end.

Trends in Dishonest Employee StatisticsPage 2

This article reviews the last 10 years of dishonest employee apprehension statistics from our Annual Retail Theft Survey (Years 2013 thru 2022) and some of the trends and highlights observed.

Safety Violations: OSHA's Top 10Page 3

In this article OSHA's Top 10 Safety Violations for 2023 are listed along with a few of the top non-compliance hazards for each violation. Also listed are two examples of fines assessed by OSHA in 2023 against retailers for excessive non-compliance to safety requirements.

Testing For SuccessPage 3

Is your Loss Prevention/Shrinkage Control Audit as effective as it should be? Take our short test to find out.

The Bulletin BoardPage 6

See the Bulletin Board for some Self-Checkout Survey findings.

Mark R. Doyle Talks - - -

No Time to Waste in 2024



The thieves are not waiting for you, so your 2024 Store & DC Loss Prevention & Safety Programs should now be implemented in the field with your Focus/Target locations getting extra attention in your shrink reduction efforts. Don't be too narrow focused by addressing shoplifting only, as all the shrink causing factors in your locations (Internal Theft, Shoplifting, Vendor Fraud, Operational & Supply Chain issues, etc.) need attention for your company to be successful in 2024. Be sure your program requirements are being audited and reviewed on a consistent basis to help ensure compliance, and promptly take corrective actions as needed.

Let's make 2024 a very good shrink year! \$

=====

The End Has Come - - -

Annual Retail Theft Survey

After 35 years we have decided to discontinue our Annual Retail Theft Survey. We conducted this survey at our own expense with no vendor/supplier support, and truly appreciated all the retailers who supported us over the years. It has been a great run, and we would like to say a big "THANK YOU!" to all participating retailers. This survey could not have been completed without their highly valued participation, and it is greatly appreciated by us and many in the retail industry! Survey results have been used in many ways to benefit the AP/LP Industry including:

- AP/LP Executives have used the survey to help justify their budgets and minimize staff reductions.
- Various media outlets have publicized our statistics to help educate the public and create greater awareness as to the seriousness of retail theft.
- Survey results were an excellent reminder to many retail Executives that their AP/LP personnel play a critical role in helping to improve overall company profitability.

We hope you have enjoyed and benefited from our Annual Retail Theft Survey over the past 35 years! \$

Did You Know

The Average Case Value for retail theft:

- . \$ 802.01 Shoplifting
- . \$1,136.93 Employee Theft
- . \$ 846.11 Total Retail Theft

35th Annual Retail Theft Survey

Are you keeping a close eye on your outside cleaners? FYI, a cleaning employee now faces felony charges for stealing nearly \$5,000 in shoes from a store he was cleaning (yeah, cleaning out)!

Nydailynews.com

Top 10 Biggest Issues/Concerns for Security Leaders are:

- . Workplace Violence
- . Business Continuity/Resilience
- . Staffing & Training
- . Cybersecurity
- . Civil Unrest, Disturbance, Riots
- . Risk & Threat Intelligence
- . Crisis Management
- . Covid-19 / Pandemics
- . Insider Threat
- . Supply Chain Security

The Security Benchmarking Report

According to a recent survey on retail returns:

- . \$743 Billion: Total returns for the retail industry.
- . 14.5%: Total returns rate as a percent of sales.
- . 13.7%: The percent of abuse and fraud impacting total returns.
- . \$101 Billion: The total amount of dollars lost to return abuse and fraud.

2023 Consumer Returns in the Retail Industry

Ten Year History - - -

Trends in Dishonest Employee Statistics

By Mark R. Doyle

In the last issue of this newsletter (Winter 2023-24) we provided and discussed the 10-year shoplifter apprehension and recovery statistics from our Annual Retail Theft Survey. In this article we will look at the Dishonest Employee statistics over the past 10 years in a similar manner.

Remember, the participants in our Annual Retail Theft Survey are all large retailers with AP/LP staffs dedicated to the prevention of theft (internal and external). Most use EAS, CCTV, EBR (exception-based reporting) software, pre-employment screening tools, and have thorough AP/LP training and awareness programs. While prevention is the key for most all retailers, employee theft apprehensions, which are made as a last resort, continue to rise.

Note 1: Survey participants change slightly from year to year, so “% Change” is based on common participants for that year who also supplied statistics for the previous year.

Note 2: 2020 was *Covid year

Survey Participant Information

<u>Survey</u>	<u>Year</u>	<u># Retailers</u>	<u># Stores</u>	<u>Retail Sales</u>
35th	2022	26	22,182	\$704 Billion
34th	2021	25	22,751	\$656 Billion
33rd	2020*	22	18,594	\$507 Billion
32nd	2019	21	18,994	\$510 Billion
31st	2018	20	13,674	\$331 Billion
30th	2017	21	16,409	\$428 Billion
29th	2016	23	16,038	\$377 Billion
28th	2015	25	21,288	\$703 Billion
27th	2014	25	23,250	\$703 Billion
26th	2013	23	23,204	\$669 Billion

Continued on Page 5

Testing For Success

While “Trust, But Verify” is a Russian proverb, it is closely tied to President Ronald Regan who used it repeatedly when discussing a nuclear arms treaty with the Soviet Union. Compliance to your LP/Shrink Program could be viewed in the same way, using your LP/Shrink Audit Program to do the compliance verifying. Take our short test below to find out if your LP/Shrink Audit is as effective as it should be.

1. Is your shrink control audit based on your LP/Shrink Program, and not vice versa? **Yes No**

2. Are all points-of-audit related to LP/Shrink/Loss issues? **Yes No**

3. Are points-of-audit weighted by importance and contribution to controlling losses? (ie. EAS tagging weighted more than a shrink poster on the wall)? **Yes No**

4. Are all stores part of the audit process, with your higher loss stores (Focus/Target) getting the most attention? **Yes No**

5. Do regular follow-up audits take place to ensure corrective actions have been taken on all non-compliance issues? **Yes No**

Five ‘Yes’ answers means your audit program should be successful!

Four or less ‘Yes’ answers means your audit program may need some work to ensure effectiveness. \$

2023 Statistics - - -

Safety Violations: OSHA’s Top 10

By Mark R. Doyle

A good start to developing or updating your 2024 Safety Program, would be to review OSHA’s “Top 10” most frequently cited safety violations (2023 Top 10 is listed below). Review these issues with your team and how they may impact your operations. Lack of compliance to OSHA regulations can result in large fines (see two examples below), so Safety Program components should be audited monthly to ensure full and ongoing compliance.

The Top 10 safety violations and the top hazard(s) cited for each:

#1 Fall Protection – General Requirements

- . Guardrails for activities 6 feet or more above lower level.
- . Holes: Employees on a walking/working surface shall be protected from holes by covers.

#2 Hazard Communication

- . Develop, implement, and maintain a written hazard communication program at each location.
- . Provide employees with effective information and training on hazardous chemicals in their area.
- . Maintain and keep readily accessible in the workplace copies of required Safety Data Sheets for each hazardous chemical.

#3 Ladders

- . Only used for purposes which they were designed.
- . Top of ladder shall not be used as a step.
- . Ladders with structural defects shall be marked defective or “Do Not Use” and removed from service.

#4 Scaffolding

- . Employees on scaffolding more than 10 feet above lower level must be protected from falling.
- . Provide adequate guardrails, fall protection and support.

#5 Powered Industrial Trucks

- . Must be operated in a safe manner at all times.
- . Each operator must be adequately trained, evaluated and certified to operate, with refresher training and evaluations.
- . Must be examined/documented, at least daily, before being placed into service.

Continued on Page4

Believe It or Not

Man Goes on Shoplifting Spree After Posing as Mannequin

An alleged thief found a very clever way to hide from authorities when he posed in a store window as a mannequin. The man posed motionless until the store closed then he broke from his stance and robbed a jewelry stand. Once successful, the man decided to come back for round two and this time he ate at one of the food stands before taking some clothing. He also took money from a cash register before his luck ran out and he was apprehended by a security guard as he tried to crawl under an exit gate.

Thief Uses “Banana Trick” to Steal \$1,200 worth of Liquor

This trick is used when a thief rings up a lower priced item at self-checkout and walks out with a much higher priced item without paying for it. In this case, the thief used a UPC code from some bananas while appearing to scan liquor at the self-checkout. He was apprehended after he returned and tried the “banana trick” once again.

Thieves Steal Over \$1.6 Million in Liquor From Warehouse

Burglars broke into a warehouse and used three tractor trailers to steal over \$1.6 million in liquor. They also removed the digital video recorders used by the warehouse. Police were able to access cctv video from a nearby business and convenience store to identify the trailers and apprehend the suspect.

Continued From Page 3

Safety Violations: OSHA’s Top 10

#6 Lockout/Tagout

- . Must develop and comply with written program regarding energy control procedures.
- . Employees to be trained on lockout/tagout procedures.

#7 Respiratory Protection

- . Provide medical evaluation to determine employees’ ability to use respirator.
- . Respirator must be fit-tested prior to initial use.
- . A written respiratory protection program must be in place.

#8 Fall Protection – Training Requirements

- . Employer must provide a training program for each employee who might be exposed to fall hazards.
- . Fall training must have a written certification.

#9 Personal Protection & Life Saving Equipment: Eye/Face Protection

- . All affected employees must wear eye or face protection.

#10 Machine Guarding

- . Guarding must be provided on machines with nip points, rotating parts, flying chips/sparks, etc.

The penalties OSHA assesses for failure to adhere to the above and other safe workplace practices can be significant, especially if there are repeat and willful violations. Two 2023 examples:

. A Discount Retailer agreed to pay a \$1.35 million OSHA penalty over store safety violations. In the agreement, the retailer must conduct a comprehensive assessment of the root causes of the repeated violations and make operational changes to correct them. Issues cited include: blocked exits, access to fire extinguishers and electrical panels, and improper material storage at stores.

. Another Discount Retailer was fined over \$340,00 for three repeat, two serious and three other than serious violations. Issues cited include: blocked exit routes; electrical hazards; tripping hazard; and no working employee restroom.

Let’s all try to make 2024 a safe year! \$

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. Copyright 2024. All rights reserved, including the right to reproduce in whole or in part. Publications intent is to provide general information with regard to subject matter. Accuracy is not guaranteed, and no further representation is made.

Subscriptions: Free of charge.

Simply visit our website at <https://hayesinternational.com/> and click-on the green box (Free Newsletter Subscription) at bottom of Home page.

Continued From Page 2

Trends in Dishonest Employee Statistics

Employee Theft Apprehensions, Recovery Dollars & Average Case Value

Year	Appr +/- %	\$ Recover +/- %	Avg DE Case Value	Avg Case Val +/-
2022	+18.2%	+14.7%	\$1,136.93	-02.8%
2021	+06.0%	+29.8%	\$1,188.46	+22.6%
2020*	-20.3%	-17.2%	\$1,219.61	+03.8%
2019	-02.9%	+07.8%	\$1,380.62	+11.0%
2018	-12.7%	+13.5%	\$1,361.37	+30.1%
2017	-04.0%	-07.0%	\$ 966.61	-03.1%
2016	+09.9%	+09.3%	\$ 787.42	-00.6%
2015	+00.9%	-04.2%	\$ 734.16	-04.9%
2014	+01.7%	+18.1%	\$ 825.36	+16.2%
2013	+06.5%	+02.5%	\$ 706.21	-03.8%

Trends or highlights over the past 10 years include:

- The average dishonest employee case value has been over \$1,100 for the past 5 years.
- The average dishonest employee case value has increased 61% over the past 10 years.
- During 7 of the past 10 years the dollars recovered from dishonest employees has increased.
- The number of dishonest employees apprehended has increased in 6 of the past 10 years, with a very large gain (18.2%) in 2022.
- The dollars recovered from dishonest employee apprehensions over the past two years has increased substantially (14.7% and 29.8%). \$



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
- X/Twitter
- Facebook

The Bulletin Board

Self-Checkout Survey Findings

- 15% of users admitted to purposely stealing via the self-checkout.
- 44% of those who steal at self-checkout stated they would likely do it again.
- 21% of users stated they had accidentally taken an item at the self-checkout. Of those, 61% said they kept the item(s) and just 29% returned it.
- 46% of those who say they will steal again at self-checkout will target more expensive items next time.
- 23% of self-checkout users have witnessed someone steal something at a self-checkout machine. Of those witnessing a theft 45% did nothing, while 37% stated they notified someone in charge.

(Source: LendingTree)

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

=====

NOT Good Safety!

