

RETAIL

executive

JANUARY / FEBRUARY 2018

The New Age Of Loss Prevention

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The New Age Of LP

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LP industry luminary Rosamaria Sostilio, VP, LP at Barnes & Noble, explains why loss prevention has changed drastically over the years and what retail executives need to do now to protect their assets.

To the loss prevention world, Rosamaria Sostilio needs no introduction. Her impressive career in the field spans more than three decades. Due to her work in her various positions within the asset protection pyramid, her industry leadership roles, including former NRF LP council chair, and her current role as VP of LP at Barnes & Noble, Sostilio is synonymous with LP. Yet, one conversation with her will prove she is as humble as she is brilliant. See, Sostilio earned her stripes in loss prevention at a time when very few women worked in the field. And, while she's keenly aware of this fact, which is fodder for another article altogether, she credits her mentors for having helped her along her path to success. As such, she continues to pay it forward to others looking to build a career in loss prevention. Indeed, mentorship is a key part of her multifaceted role, because loss prevention looks very different today from what it did

when Sostilio began her career in the '80s. From cybersecurity to domestic terrorism, Sostilio weighs in on how drastically things have changed in the world of loss prevention and what retail executives need to do now to stay abreast of mounting risks and threats.

First of All, LP or AP?

Sostilio cut her teeth in retail the same way as most — by taking a job in retail and getting bit by the “retail bug.” “You take a job in retail, not thinking you are going to stay in retail, and then something happens,” she says. “I really enjoy the fast, dynamic pace. Through various experiences, one thing led to another, and I found myself in the security department, which is what it was called in the '80s.”

From the ground up, Sostilio worked her way through various organizations and became a manager at Saks Fifth Avenue in 1989. Her tenure with Saks lasted until 2016. “I have had every single job in what is now called the Asset Protection Pyramid,” she says. Today, as VP of

LP at Barnes & Noble, Sostilio is responsible for all LP functions, and she'll tell you that the LP industry has evolved so much that the term loss prevention, which in itself has a reactionary connotation, has morphed into the commonly accepted proactive term, asset protection. "Technology changed loss prevention; it is evolving and expanding to help retailers protect their assets — their people and their products — as opposed to merely preventing loss. But, the more strategic reason for the move to asset protection stems from three types of programs. Some retailers have a security program, which focuses on theft and access control — the basics and fundamentals of physical security. Others have a loss prevention program, which means LP professionals have more responsibility when it comes to auditing and, perhaps, safety. Finally, some retailers have an asset protection program, which is an all-encompassing, holistic program that focuses on the multichannel environment by assessing risk in a more sophisticated way. I say 'holistic,' but what I really mean is the examination of issues from end to end, as opposed to LP's traditional siloed approach. In my younger years, loss prevention was a siloed group that was only there when needed. But, scarce resources have caused retail executives to do more with less, which has brought about the evolution and involvement of asset protection into the organization. Loss prevention has gained an important seat at the table by evolving into an asset protection philosophy thanks to its strategic approach to mitigating risk."

sizes to remain flat. "LP professionals work hard to help other leaders understand that in order to affect change, the organization must make capital investments that may take time to deliver an ROI." She advises LP leaders to overcome this challenge with open, face-to-face communication with key stakeholders. "Getting the various stakeholders to buy into an idea early on and taking them through the process helps. I think sometimes LP professionals make a mistake by taking a proposal right to the CEO or the CFO without vetting it with their peers for feedback or to gain support. It's important to get all the stakeholders excited about and engaged in your vision for improvement."

Because tech is such a critical component of the LP department's success, Sostilio believes C-level executives have come to understand that LP technologies aid the entire organization. "Most LP technologies are smart and programmable to do a whole host of things, from heat mapping to people counting," she says. "Take the camera system — it not only catches bad guys but also captures data that can be used to improve the business. Yet, not every executive understands that LP technologies change quickly. And, so, it's the LP executives' responsibility as leaders to stay abreast of advancements in technology and to educate the organization accordingly. Everyone is focused on something else, so it's our job to communicate effectively on a regular, recurring basis."



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VP, LP AT BARNES & NOBLE

Difficulties Remain

Sostilio and other LP professionals have helped the retail industry adopt the asset protection philosophy, but challenges remain. "One of the LP professional's biggest challenges has been helping other stakeholders realize they may not see an immediate ROI from a capital investment," she explains.

These challenges are valid — according to the NRF's 2017 *National Retail Security Survey*, two-thirds of LP budgets are flat or declining, and over half expect staff

The Changing Face of Cybercrime

Buy-in from the top helps move initiatives forward, and so it goes with combatting cybercrime — another massive issue facing retailers today that didn't exist decades ago. The problem is that cybercrime is always changing. For every measure taken to prevent a breach, there is someone out there trying to hack it.

Sostilio states that the cost of compromise can be higher than the cost of the measures. "Retailers must

constantly challenge their systems. They cannot be afraid to bring in people to test the systems. There is not a single strategy that is guaranteed to boost cybersecurity end to end. Sometimes, the simplest actions are actually the best: Change passwords, be careful about opening email attachments, stay away from suspicious websites, don't click on suspicious or unverified links, and install and maintain updated and quality antivirus programs. Trust me, staying ahead of cybercriminals is not convenient."

Assuming cybercrime is a top concern for your organization, she and other LP industry leaders recommend building a governance committee that reviews cybersecurity on an ongoing basis. "Building a governance committee that meets on a regular basis to conduct tests and practice breaches can help retail executives learn more and develop awareness of cybercrime," she says. "Have your statements ready before you need them. This group should discuss various company policies as well as global current events to evaluate how to keep the company in the best possible position. It should include someone in loss prevention, the CIO, the CISO, the CEO, the CFO, a chief marketing executive, an HR executive, and someone from public relations."

Retail Security's Single Biggest Threat

When asked to detail the must-haves for protecting people and profits, Sostilio responds unequivocally, "Every retailer needs proper and prudent emergency planning," she insists.

Sostilio advocates proper and prudent emergency planning because retail's single biggest security threat isn't shrink or cybercrime — it's domestic terrorism.

"The world is a scary place, and we have seen attacks on large venues and malls, and retailers are very susceptible to attacks as well. Without overemphasizing it, retail executives must develop plans and practice those plans. Further, the time for retail executives to establish relationships with law enforcement is now — not during an attack. When I began my career, the biggest thing we worried about was fire drills," she says. "Our threats changed dramatically after 9/11. The world has changed, and we have to change with the world. It is important for all retailers to know how to shelter in place; your people need to understand what a lockdown would look like and feel like; you need to have all the right phone numbers of your associates. And these are just the basics."

She provides examples of how retail executives should prepare a solid plan now by asking these questions of your teams: "Can your corporate offices use technology to see directly into the stores? Can executives dial-in

to provide guidance from a central location? Where do your team and staff go if the building shuts down? Where should your C-suite go if they cannot operate out of their offices? How do you still conduct business? Do you have the ability to shut down the corporate office should there be a threat in the air outside?" Remember, threats may not always require you to run out of the building — you have to know when to stay put and when to leave. "Do you have food reserves for people in your building should you need to keep people overnight? Have you reminded your population to keep a couple days' worth of medication with them in the event they are unable to leave the building or can't get home? Does your staff have plans for their children, family, and pets if they are unable to get home?"

Sostilio advises retail executives to craft a plan for each of these scenarios. And while it's impossible to fully prepare for every single one, a clear understanding of the plans and protocols will enable the people in the organization to be flexible and agile if a situation occurs. "As a situation unfolds is not the time to come up with a plan," she advises. "Discussions with your associates about plans for active threats are uncomfortable, but presenting the information in an educational, nonalarmist manner is beneficial for all involved. And, it's important to practice and walk through the action plans, step by step. People are in your buildings — how will you protect them; what will you do? Situations usually resolve themselves quickly, and unfortunately, you don't have a lot of time to act."

Building The Right Team

Given that loss prevention has changed so much over the years and that risk and threats are very real, the LP team needs to have a seemingly endless skillset. Sostilio explains that when building her teams she doesn't look for a specific background or education per se. "I look for a spark; I look for someone who is curious," she says. "I look for a diversity of thoughts. I don't want people who are like me. I want people who will challenge me, because I think differences keep the team healthy. For example, I have had CPAs and attorneys on my team. It's about finding the right fit; they don't necessarily have to have a great deal of LP experience. I want someone with fire in their belly, and I know it when I see it."

There is so much risk involved with modern retailing it's daunting. Gone are the days of reaction. Sostilio advises retail executives to integrate LP into the company, ensuring that LP has a seat at the table. Integrating the LP team into the fabric of the entire organization helps proactively protect people and profits. **R**