

Features

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Eliminating Theft

Bill McCurry

There are unidentified potential crooks out there—they could be staff, customers and/or total strangers. If you're an easy target, they will find you. Make it difficult and they'll hit an easier mark.

Your defenses should include highly visible—as well as hidden—video cameras. When George's (San Diego, California) had a break-in, they reviewed their video files. Because the crooks wore the same hoodies when they cased the place three days before as they did when they broke in, identification and arrests were quick. Don't forget outside areas and the parking lot. If you can electronically follow the thieves to their vehicle, you may get plate numbers.

How Easily it Can Happen

Mariha was a four-year employee so dedicated that even when off-duty she would jump behind the cash register if customers were waiting. Then inventory went missing. There were suspicious transactions. "It can't be Mariha!" It didn't make sense—but she was taking fancy vacations on a modest salary. The store's attorney suggested a private investigator who came in and paid at Mariha's register using marked bills. As suspected, his transaction cash—and the money from the customer behind him—disappeared from the register. Mariha eventually pled guilty.

It's been months since Chris Allers (Greenville Gardens, Greenville, Michigan) saw Mariha sentenced. It's still a sensitive subject. "She was like family... I would have taken a bullet for that girl." His employees were suspicious and alerted him to inventory variances. Today, Chris would investigate faster and deeper than he did then. Mariha Roger was 22-years-old when she went to prison for two-to-five years for embezzlement. The court record states she stole \$93,000.

Chris realizes one employee should never have too much control over related functions. Now he separates buying from inventory control from accounts payable. No one person can manipulate the system. He learned more about his accounting and POS systems. He's increasingly inquisitive when money or inventory doesn't balance in the system. The criminal charges referenced fraudulent returns. Chris now looks at returns much more closely and hopes others can learn from his experience.

Manager meetings always started on time. One morning the president arrived late, slammed the door and yelled, "Sit down!" The controller handed each person a blank sheet of paper. The boss said, "Write down

exactly what I dictate: 'I understand if my store's bank deposit does not get to the bank every single day I will be fired.'

"Sign it, date it and give it to the controller. Meeting adjourned." He walked out of the silent room.

The week before this meeting, a high school senior and part-time employee was arrested for stealing a day's receipts. The store manager was "too busy" to ensure someone made timely deposits. Receipts stacked up in the safe. The teenager needed to fund his prom date and thought no one would notice the missing cash. There's no excuse for his poor decision. If the manager had done her job so there had only been one bag in the safe, would the teen have been tempted? We'll never know.

9 Ways to Protect the Business

Here are nine areas you can focus on right now to safeguard your assets and reduce temptations:

1. Returns are subject to abuse: Require all returns to be signed off on by a supervisor or another employee. If one employee generates more returns than others, investigate. Examine POS reports on all cashier/salesperson credits.
2. Audit and close out your cash daily: This includes credit card terminals. Early each morning balance yesterday's sales to the bank receipts. Reconcile your account weekly and immediately investigate every variance.
3. Unplug your credit card terminal when closed: Some terminals can receive incoming transmissions, including credits onto thieves' debit or credit cards. One retailer learned this only when his checks bounced.
4. Invest in video cameras: They should be accessible online 24/7 and feature digital high-resolution recording. Install motion detectors that ping your cell phone during off-hours. Monitor all video cameras remotely. If people are where they shouldn't be or cameras become inoperative, instantly alert police.
5. Be an active boss: Have all account statements mailed to your home. Open them so staff knows you're on top of things. Notice weird charges. Regularly ask questions so everyone knows someone is watching.
6. Family Pays Same Price as Everyone Else: McCurry's had a very strict policy. All employee purchases went through the receivables ledger. Employees were charged and it was deducted from an upcoming paycheck. This way there was always a 100% audit trail. No freebies for family. Everyone paid the same price. Everyone knew it was fair for all concerned.
7. Second Party Always Involved: All sales to employees should be approved by a manager, including sales to family members. This proves it was paid for at the correct price while making it harder to buy in bulk and sell off-site for a profit.
8. Go Cashless if You Can't Control Things: Airlines quit accepting cash on board because it was tempting to crews. Some garden centers are doing parking lot or off-site "no-cash" sales. "Cash in a confusing environment is just asking for trouble," said one well-known garden center operator.

9. Have Accurate, Timely Financial Statements: If you're not able by the tenth of the month to know your basic expenses, you aren't monitoring/managing them. If your staff thinks you're not watching, they might try to can get away with "short-term borrowing."

Think on this. If your net profit after taxes is 3% and you lose \$10,000 to theft, you must sell \$333,000 more in product to make up for that loss. Isn't it better to prevent losses before they happen? **GP**

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