

Features

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Shrink From External Factors

Bill McCurry



Any time company assets are missing, requiring a write-off from profits, we're defining it as "shrink." Here are some areas where garden retailers can implement safeguards to reduce theft.

Bulk Goods

Bobby Lewis of Meadows Farms (17 locations in West Virginia, Virginia, Maryland and Washington, D.C.) is a believer in accurate and timely data. He determined the gross margins on bulk goods like mulch were below estimates. Bobby looked at the company's bulk goods flow. He found it wasn't one simple easy answer.

"To evaluate flow, we had vendors drop the bulk deliveries onto a clean parking lot. We videoed transferring it by measured loads into our bulk storage area, ensuring each load was accurately measured. We found shipments with shortages," he said. "We notified the vendor, required invoice correction. We stated we will not tolerate inaccurate invoices."

Then they looked at bulk product storage. Mulch can compact after rain.

"We now turn it over to aerate it and maintain consistent air/material ratio, also reducing mildew/smells," he noted. "We reviewed loading customers' vehicles. Our scoops are 1 cubic yard with a level load. A 'heaping scoop' could cost as much as 25% more than level scoops."

He said they're alert if customers want a specific person to load their order. That could indicate superior customer service or potentially more favorable treatment in measuring the load. They measure the piles weekly and determine the cubic yards of inventory, which are reconciled to the system. If needed, they'll measure it daily to identify where the variances occurred.

"Our margins have recovered by paying attention to each 'touch point' in the process," he added.

Shoplifting

"There are three types of 'shoplifters,'" said Stefan Wiesen, CEO/co-owner of RTF Global, a maker of anti-theft devices.

1. The opportunistic shoplifter who sees an opportunity and seizes it on the spur of the moment.
2. The premediated thief who pre-visited the store observing cameras and other security devices. They could return with tools or ways of hiding shoplifted products like “booster bags,” backpacks, etc.
3. “Organized Retail Crime,” which are gangs of crooks that swarm a store.

Category #1 and #2 shoplifters can be minimized by:

- Outstanding customer service— watching if you can help customers in any way.
- Paying special attention to people looking around, especially at cameras and not looking at the products to buy.
- Opening sight lines so displays or fixtures don’t block the observation of customers, which allows them a place to hide products to sneak out with.
- Placing cameras along with signage about prosecution of shoplifters, which tell crooks you’re aware.

Prosecution: Do the Crime, Do the Time

Many retailers feel the prosecution policy causes some shoplifters to go elsewhere. Others believe a consistent policy can shield them from discrimination claims that they only prosecute a certain group. There are shoplifters from all demographics.

“Make it easy for law enforcement. Give them everything they need to prosecute every theft case. Have everything in writing for them, such as witness statements, documentary evidence, pictures and videos. Then follow up. Show up for the trial. Your follow through shows you’re serious about convicting thieves,” advised Steve Cockerham at Betty’s Azalea Ranch in Fairfax, Virginia.

Steve is responding to a national problem. If crimes against your business are going to be prosecuted, you have to do a lot of the leg work yourself so the prosecutor doesn’t take too much time away from “more major crimes.”

Many retailers show active support of law enforcement with “First Responder Days” and events to honor and recognize those who serve. Open houses at the garden center to meet police officers, as well as hosting staff training sessions by officers and sponsorship of relevant events, help forge closer relationships.

Untrained retail personnel shouldn’t approach shoplifters. Steve believes he’s capable of it. He said, “Shoplifters always deny it. I ask, ‘What are you denying? What we have on video tape or the eyewitness statements?’ That stops most denials. If they appear to be impaired or irrational, wait for the police. Follow them out [and] record them, especially vehicles and license plates.”

Michael Sullivan, Operations Manager of Roger’s Gardens in Newport Beach, California, said, “We are proud of our Wall of Shame where arrested shoplifters are pictured. There are ‘We prosecute shoplifters’ signs.”

Michael told ABC News, “Roger’s Gardens hopes arrests send a message theft will not be tolerated. We are going after anyone that takes something from us.”

Both Rogers and the Newport Beach Police Department posted pictures online of a recent theft and each received hundreds of likes, thumbs up and positive comments.

Many jurisdictions are recognizing their inaction prosecuting thefts needs revision. “All politics are local” is a well known and accurate phrase. Do your local officials know your retail theft problems? If they don’t know you have a problem, who will tell them?

More Ways to Prevent Theft

Steve cautioned about theft of store equipment and tools. Anything that can be locked up should be. Don't keep keys near vehicles. If forklifts or vehicles are parked, disengage something so that it can't be instantly driven away, but can be quickly re-engaged by employees when needed.

Bobby said, "An organization could make it apparent if theft happened. No matter how busy the day was, we strive to do evening walkthroughs, straightening the displays, filling in holes, putting everything (including carts) in their place when we close. We can instantly spot if carts were moved or products taken from displays overnight."

Tina Lee at Dwayne's in Selma, North Carolina, developed a "Fast Form." Employees immediately complete it when they find a situation where a theft was likely. It includes the location in the store and the time so videos from the store's 600 cameras can be reviewed.

Dwayne's posts on social media pictures of suspected shoplifters asking customers, "Do you know this person?" Most suspects are immediately identified with broad support from customers. These are among their most-shared and most-viewed social media posts.

Dwayne's has good news stories from their surveillance system and Fast Form as well. Occasionally, customers will drop cash from their pocket or purse. A Fast Form is completed where the cash was found. The customer was identified and the money returned to a very surprised and pleased customer.

Some garden centers wanted to be off the record in sharing these ideas:

- "Industry professionals can boost their profits at our expense. Some have returned (or purchased) products with switched tags, so they get the benefit of an improper price without arousing suspicion."
- "We don't let landscapers or bulk buyers load by themselves or go 'around back' where they aren't visible from many angles and cameras."
- "We have numerous signs that say, 'Videotaping in process,' even in areas where we may not have cameras."
- "We've arrested a delivery driver for stealing. We rearranged our receiving area so delivery personnel don't have access to product staging areas."
- "We have too many cases where I have to go to testify. We tell the shoplifter if they will sign a 'never come in the store' agreement and pay for the time it took us to review video tapes and gather the evidence at \$50 hour, we won't prosecute. They all pay. It's usually a few hundred dollars." (Editor's Note: Check with local counsel before doing this, as it may not be legal everywhere.)

External theft is real. How will you reduce it? **GP**

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