

Retail Theft

“Shrinkage” resulting from employee theft and shoplifting costs retailers more than 2 billion dollars annually! According to the FBI, shoplifting is the fastest growing crime in the United States. Positive action to reduce these losses utilizing effective controls can make a significant contribution to profitability.

Employee Theft

By virtue of their access to cash, inventory, and records, the employee thief has the potential to inflict greater losses on the retailer than a shoplifter. Management controls are essential to deal with these losses.

Begin with employee selection – Consider background investigation including credit check, previous employers, and law enforcement authorities. Implement post-job offer drug screening. Utilize “personality profile” tests to further screen potential employees.

Control cash register operations – Voids and refunds are easy ways for employees to steal. Require management approval of any void, overring, or refund.

Theft with trash can be controlled by use of clear trash bags, and locking dumpsters to prevent later removal.

Steps to control employee theft:

- Check references, criminal record, and credit history prior to hiring
- Conduct post-job offer drug screening
- Conduct frequent inventories
- Use individual cash drawers
- Insist that all employees take vacations
- Avoid price tags that can be switched, altered
- Re-key door locks when employees quit or are terminated
- Log-in and secure shipments promptly
- Prosecute employees caught stealing
- Limit interchange of personnel (i.e. shipping employee should not also work in receiving). See Loss Control Data Guide F.13628 “Cargo Security”.

Encouragement of individual responsibility through the use of employee incentive awards to report shoplifting and employee crime have proven effective in the control of many theft problems.

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Shoplifting

One of the most effective deterrents to shoplifting is inexpensive and good for business. An immediate greeting and offer of customer assistance is a red flag to the potential shoplifter. If immediate assistance is not needed, let the potential shoplifter know they are being watched by saying something like “if you need anything we’ll be right here.” Be especially alert for unusual behavior of the suspected shoplifter. This may include working in pairs (splitting up immediately after entering store), unusual clothing (too large, wrong for season), or unusual use of hands (hands frequently above chest level touching merchandise before the crime, or held down as if concealing something after the fact.)

Steps to control shoplifting:

- Prompt greeting.
- Alarm doors so staff knows when someone enters/exits.
- Display high value items in locked cases or use electronic devices.
- Train employees to be alert for potential shoplifters.
- Eliminate blind spots among displays.
- Install video surveillance equipment.
- Prosecute shoplifters.

Contact your local Great American Loss Prevention Specialist for additional information and assistance.

The loss prevention information and advice presented in this brochure are intended only to advise our insureds and their managers of a variety of methods and strategies based on generally accepted safe practices, for controlling potentially loss producing situations commonly occurring in business premises and/or operations. They are not intended to warrant that all potential hazards or conditions have been evaluated or can be controlled. They are not intended as an offer to write insurance coverage for such conditions or exposures, or to simply that Great American Insurance Company will write such coverage. The liability of Great American Insurance Company is limited to the specific terms, limits and conditions of the insurance policies issued.
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