

Retail Security and Loss Prevention Solutions



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FOREWORD

The authors of this book set out to write an introduction to retail loss prevention mainly directed at college students in the criminal justice field of study. Many fine universities offer criminology, police science, and corrections and prepare students for a career in the public service sector. We recognized the shortage of private-sector preparation available to the student in criminal justice who may want to specialize in asset protection, loss prevention, or security management. Preparation for those careers is usually not found in a university's business management school. A few universities are starting to recognize that preparation for private-sector criminal justice careers is a new niche to be filled. Our intent was to make this study of problems and solutions available as an introduction to the field so students could decide if they were going down the right path and if retail loss prevention interested them.

As the book progressed, we also recognized the recurring theme of a culture of integrity being central to a successful loss prevention program. This book is very appropriate for recent criminal justice degree graduates who find themselves on the private-sector side of law enforcement and in the retail industry. There is a lot to learn in those initial few years to be successful and to feel comfortable functioning in loss prevention in a retail establishment. Much of what graduates take from the criminal justice school does not prepare them to be loss prevention managers handling problems in retail business. Understanding how a loss prevention department works and what a culture of integrity is will make the transition so much easier. We hope this book will help raise questions and inspire readers' thought processes to make them curious in the right directions so they might find the answers they need.

We have assembled our very best theories and experiences from a combined 45 years of experience in retail loss prevention from a number of businesses. We have brought thought-provoking discussions from a group of professionals and experts in their fields to the pages of this book to enhance the learning experience. We hope anyone who reads this book will come away with an understanding of retail loss prevention, the most prominent problems, and some of the available solutions. We hope readers will understand what a culture of integrity is and how important it is to the retail business as a whole and to the loss prevention department, which must be the catalyst for integrity in the organization.

This book does not represent legal advice. For example, in discussions on shoplifting, internal investigations, and addressing organized retail crime, readers and practitioners are urged to involve their own corporate legal department for legal advice. No book can give the rigorous examination of problems and recommended solutions that are necessary for specific instances within your business.

All statements, recommendations, and ideas are the opinions of the authors or contributors involved in these chapters and do not in any way represent the statements, recommendations, ideas, or opinions of any companies for which authors are currently or may have been employed in the past.

Now with all the formalities out of the way, let us get started discussing some problems and solutions in retail loss prevention.

ABOUT THE AUTHORS

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Principal



Alan Greggo is the principal and founder of PROFIT Rx, an asset protection and fraud investigation firm. He has a BS in law enforcement administration from Youngstown State University, is a Certified Protection Professional (CPP), a Certified Fraud Examiner (CFE), and a member of the American Society for Industrial Security (ASIS) and the Association of Certified Fraud Examiners. He serves on the Retail Loss Prevention Council of ASIS as the chairman of the Organized Retail Crime Committee.

He has over 28 years of loss prevention

experience in specialty retail and discount mass merchandise retail.

Alan has authored magazine articles for *Security Management*, *Loss Prevention Magazine*, *Retail Construction Magazine*, and *Optometric Management Magazine*. He is on the editorial review committee for *Fraud Magazine* published by the Association of Certified Fraud Examiners.

Alan is the primary author of Chapters 5, 6, 7, 8, 9, 11, and the Conclusion.

MILLIE KRESEVICH
Senior Manager—Asset Protection



Millie Kresevich is a Senior Manager-level executive in the field of retail loss prevention, and has over sixteen years of experience in big box, corporate, and specialty loss prevention. Millie holds an AAS in criminal justice and a BS, *summa cum laude*, in social psychology. She has several published articles on the topic of workplace dishonesty and has been interviewed for many magazines and papers including *Loss Prevention Magazine* and *Security Director News*.

Millie serves on the Legislative Committee for the National Retail Federation (NRF), is the legislative chair for the Coalition of Law Enforcement and Retail (CLEAR), and has contributed to the development of certification programs for the Loss Prevention Foundation. Millie is a member of a nationwide Organized Retail Crime Task Force.

In 2008, Millie was a recipient of the 20 Under 40 Security Executive Award given by *Security Director News*. Most recently, Millie is involved with a project with the National Institute of Standards and Technology, involving developing behavior indicators for groups of organized criminals involved in retail theft. She frequently speaks nationally and internationally on loss prevention topics.

Millie is the primary author of Chapters 1, 2, 3, 4, 10, and 12.

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1

An Introduction to Retail Loss Prevention

Those outside of the business rarely understand the complexity of retail loss prevention. When members of the general public are provided with a brief synopsis of what goes into being a loss prevention professional, they often correlate the position with a security guard. As we know, the job of a security guard usually entails safeguarding people and property, as does the job of a loss prevention professional. But it is at this point where the similarities end and how each profession achieves the goal varies drastically.

To articulate the profession of loss prevention by associating it with known professions, it is necessary to take components such as accounting practices, forensics, fraud detection, human behavior analysis, and interview and interrogation skills into account. Many retail loss prevention professionals do not initially set their sights on entering the business of loss prevention. Rather, many are pursuing degrees in criminal justice, business administration, or related fields while in college and happen to fall into the career. Often they start off as store detectives and move up through the ranks.

The position of store detective teaches that no one is exempt from the potential of thievery. From business executives to nuns and drug addicts, the different classes of society that engage in deviant behavior seem to be endless. As store detectives begin to gain tenure with their organization, they also gain experience in understanding the motives behind the actions of the individual. Some people shoplift because they don't have

the means to provide for their family or themselves, whereas others steal to support addictions. In today's society shoplifting has advanced drastically to organized retail crime (ORC) in which participants are no longer individuals; rather, a criminal enterprise exists with multiple players who have individual roles. The topic of organized retail crime will be explored in great depth later in the book.

From shoplifting in department stores to shoplifting in the grocery business, the pattern of human behavior remains the same: only the type of product being stolen differs. Recognizing who is going to steal eventually becomes instinctual. Store detectives can watch a front door of a store or a camera system and pinpoint individuals who are entering for one purpose: theft. The recognition process is not based on clothing, race, and gender; rather, it is based on the physical behavior of the individual. The way a person walks or the way his or her eyes are moving plays an important role in the recognition process. Knowing who is going to steal before it happens is the first step in protecting the company assets. From there, concealment, consistent surveillance, and the apprehension will soon follow. Loss prevention managers usually teach store detectives all of the components of the business.

As store detectives gradually move to higher positions, they begin to get more involved with the other ways losses can occur besides externally—internally and operationally. Employee theft is the biggest contributor to shrinkage in retail, accounting for approximately 42.7% of all losses, according to the 2008 National Retail Security Survey conducted by Dr. Richard Hollinger from the University of Florida. It is also the most difficult to control. It can be summed up as, "If there is a will, there is a way."

In 2008, The National Retail Security Survey Final Report says retailers experienced shrinkage of 1.51% to sales, and that translates to roughly \$36.6 billion in retail lost annually. This is the national average. Each year organizations spend millions of dollars on theft detection and prevention devices such as exception reporting, cameras, and article surveillance, yet they still incur losses at the hands of their own employees. The most important and pressing question isn't how theft occurs because investigations easily answer that question. The important question is why employees bite the hand that feeds them and their families. This is the area where loss prevention professionals truly learn the different types of motivators between those outside and those inside the organization who cause losses to an organization.

A later chapter discusses the theft triangle, which entails the components necessary for theft to occur. The triangle includes low deterrents,