

Forget flashy strategies and in-your-face tactics — Danier Leather stays ahead of thieves with old-fashioned research and customer service

FlashFog is featured in Canadian Retailer Magazine, Oct 07 issue. See next page!

Steve Waldron and Susan Tapley, who run one of the most successful loss prevention programs on the Canadian retail scene, would like to clear up a few things.

First, they are not security guards.

Second, they are not stand-ins for the police.

And finally, their jobs are not defined by the number of people caught in the act.

Together, Waldron and Tapley oversee the four-member Loss Prevention department at Toronto-based Danier Leather Inc. He's the director, she's the manager and in the past five years they have chopped shrink at the 91-store chain from 1.02 per cent of annual revenues to less than 0.5 per cent — good enough to save their employer some \$800,000 annually and earn Danier a 2007 Excellence in Retailing Award from Retail Council of Canada.

Their secret? "Our philosophy is different," says Waldron, who has been with the leather-goods retailer for more than 10 years. "We're really about deterrence and prevention."

And they apply that approach to both sides of the shrinkage coin, whether it's internal losses (when employees walk off with merchandise or help themselves to company cash or property) or external shrinkage that results from outside shoplifters.

No matter where the perpetrators come from, shrinkage can cost the average retailer a lot of money.

"If you don't have a loss prevention program, you can easily lose two per

cent of annual revenues," says Bryan Tatoff, Danier's Senior Vice-President and Chief Financial Officer. "We're a \$150-million company, which means we could lose \$2 million annually. That's a lot of money."

Danier's comprehensive approach to loss prevention begins at the beginning, with each hiring decision. The company carefully pre-screens applicants in order to find people who are less likely to tolerate theft or, worse still, who would be tempted to steal something themselves. Store managers administer an integrity test of some 20 to 25 questions to assess the attitudes of prospective employees toward such things as honesty in other people and severity of punishment for theft.

"One of the things the test says is: if you're weak on punishment, you've probably done dishonest things yourself in the past," Tapley notes.

How kindness keeps them honest

On the external shrink front, Danier trains its employees to greet shoppers promptly and warmly, as though they were inviting them into their own

homes. "We spend a lot of time teaching employees to stay at the front of the store," says Waldron, describing Danier's policy that no more than 15 seconds should elapse between the time a customer crosses the lease line and the time that he or she is greeted.

"That takes away the anonymity of a person who comes in with the motivation to steal," adds Tapley, who was a Danier store manager for nine years before joining the LP department at head office. "Subconsciously, that person knows they can be recognized."

The meet-and-greet approach serves as a powerful deterrent to the individual shoplifter, though it does not always stop members of organized gangs. In recent years, the professional thief has become a major problem for specialty retailers like Danier, which stocks high-priced merchandise that can fetch a good return when fenced on the street or online.

Waldron says that gangs often send in one of their members on a grab-and-run mission in which the thief simply helps himself to eight or 10 jackets and dashes out of the store to a getaway

continued on page 20

continued from page 19

vehicle, which itself has often been stolen. Alternately, four or five participants in a ring may enter the store with some of them acting as decoys, keeping staff busy while the others remove security tags and make off with the merchandise.

“We have a lot of gang activity in the big cities, as do most retailers,” says Tapley. “These rings keep coming after you if they think they can get away with it.”

One, two, three, four...

Tacking those organized crime rings can be a daunting task, especially if a retailer doesn't have an idea of where they are most likely to strike. That's why Danier keeps close tabs on shrinkage by conducting weekly inventory counts at most of its stores.

Waldron and his team spend a great deal of time analyzing the reports and they generally find that 20 to 25 stores within the national chain account for most of the shrinkage. They then focus most of their efforts on those venues, first by conducting audits to assess their operating procedures.



More often than not, they find that shrinkage is the red flag that raises an alert. Upon closer inspection, they usually uncover a range of problems. A store may have a high turnover rate, or employees may not be following company policy and neglecting to greet customers as soon as they enter the store. There may also be merchandise from which the electronic

article surveillance (EAS) tags have been removed, a favorite tactic of professional thieves who sometimes visit a store before they actually conduct a raid.

“Steve and Sue go out to the stores,” Tatoff says. “They assess how the staff is adhering to standards. High shrink usually goes hand in hand with low audit scores. Then it becomes an operational issue.”

Partners in crime prevention

Another important aspect of their work, Tapley says, is that she and Waldron approach store staff as partners rather than in-house police, a point emphasized by the number of Loss Prevention Awareness seminars they conduct with staff across the board.

“We are really here for support,” she says. “We're a resource rather than a cop.

That's the perception we want the stores to have.”

For head office, one of the most satisfying aspects of the job is seeing a store's shrink rate decline to the point where that store is no longer considered a problem.

“There were stores we thought would never get off the high shrink list,” Tatoff says. “But with the right manager follow-

ing procedures, they made it. These were high-volume, high-shrink stores.”

Waldron adds that such success stories usually happen because the loss prevention team has been diligent about monitoring problem stores. “If you have an aggressive follow-up program, the employees usually comply,” he says. “Every time we find that there isn't someone at the front of the store, we call them on it. We hold the managers accountable.”

The company has several ways of recognizing those who do make changes for the better. Managerial bonuses are tied to the amount of shrink in their store and a high rate can lead to the loss of a year-end financial reward. Another bonus: stores that move off the high-shrink list spend less time counting inventory, a time-consuming chore in any setting.

“They can go to bi-weekly counts,” says Waldron. “There are incentives to get on the low-shrink list, and you don't have to do a lot of stuff to get there. You just have to follow procedures.”

TECHNOLOGY
Retail Round-Up: The Latest in Loss Prevention Tools



Smoking out store thieves

It's becoming a common scenario at stores across the country: with retail theft deterrence systems becoming more sophisticated, some thieves have responded by going low-tech, smashing their way through store windows and display cases and taking off with whatever they can carry — often causing thousands of dollars in losses and damages within minutes. FlashFog, produced by Mississauga, Ont.-based Arias Tech Ltd., is an LP system that, once activated by an

alarm, can flood a 1,000 sq. ft. room with non-toxic smoke in 30 seconds. The effect is magnified by a bright strobe light that then pulses the room and makes the fog appear 12 times brighter, blinding and disorienting any potential intruder. (888) 282-7740, www.flashfogsecurity.com

Plug and Play Security

Vancouver-based Halo Metrics Inc. and Nedap, a European security firm, have partnered up to introduce FLEUREas, an EAS system consisting of components that can be clicked together in different ways for more functionality. For example, a store can just have antennas with an advertising poster, or 'click in' the customer counting or EAS function. The system can also be adapted with the FLEUREas Grow unit, an interface between your EAS system and EASi/Net, an Internet-based software platform to measure store traffic and optimize staff planning. (800) 667-9199 (Western Canada) and (800) 667-3390 (Ontario, Eastern Canada), www.halometrics.com



Shutting the door on shoplifters

True to its name, the Phantom, by Brantford, Ont.-based Retail Theft Prevention Inc., is virtually invisible and requires little more than an AC outlet in terms of outside hardware. The

EAS (electronic article surveillance) system consists of a double-layered sheet of plastic that attaches to any existing door and promises up to six times greater detection range than other systems. RTP is marketing the system to smaller and mid-size retailers, allowing those businesses to open up valuable merchandising space around their entrances and feel secure knowing the shatterproof plastic provides an extra layer of protection from smash-and-grab criminals. (519) 750-9962, www.retailtheftprevention.com

The Headline No One Wants to Read!



The PrepareTraining® program — proven methods to recognize and reduce disruptive and assaultive behaviour.

Download our FREE e-book on workplace safety tips at www.preparetraining.com by typing **Retail** in the **Keyword Express** box.



Crisis Prevention Institute, Inc.

Over 26 Years of Training Excellence

Visit our booth at the Retail Loss Prevention Conference.



Respect, Service, and Safety at Work®

www.preparetraining.com 1-800-787-5166

Priority Code: AR700