

# Security and Scams

Let's start with the obvious; shoplifting. We all suffer from it, the main questions are if we are catching most of it and what to do when we do. However, even before we get to those, we need to make sure that you understand what your rights are. Many retailers and customers honestly don't know. Indeed many customers or friends like to think that they are armchair lawyers and can dictate to you what your rights are.

First, here's my legal protection! I am not a lawyer. Check with your local law enforcement agencies. Now to it, does a customer have a legal right to be in your store? No. You need to understand the difference between a public place and a private one. Every citizen has a legal right to use a public place. These would include public parks and the public library for example. It really doesn't matter how disgusting or annoying someone is, they have a legal right to be there. There have been numerous legal suits baring this out, where some bum sues because someone tried to throw him out. You can't keep them out. It's their right.

A private place is another story. No one has a legal right to enter your home without a legal warrant. If anyone tries, you can call the police and have them arrested for trespassing. This is *your* right. Your store is a private business, not a public one. It is protected similar to your home. You have a legal right to keep someone out. The only exception being that you can't discriminate. You can't keep any *group* of people out. Any individual is another matter. If you tell someone to leave and not come back, as long as you are not discriminating, you are within your rights. If they won't leave or try to come back, you can call the police and have them arrested. Not for shoplifting, but for trespassing. This is your right.

If you question this, you just have to look at casinos. They can and do bar card counters. Now there is nothing illegal about card counting, as a matter of fact, all it means is that you prefer to do your gambling intelligently. It is perfectly legal. Yet, the casino can bar them. Not because they are doing anything illegal, but because they can. They simply tell them that they are not welcome any longer. The casino is not a public place, just like your store, it is a private business. You don't have to prove someone has stolen from you in order to bar them. You just can't discriminate.

Now, that being the case, let me suggest to you that this means maybe you should look at how you handle shoplifters. Most of us tend to see this as a game of 'me against them'. They are trying to steal and I am trying to catch them. Except it's not a game. What do you win if you catch them? Will they go to jail? Will someone cane them in the streets? Let's be honest, the best you can usually hope for is a cooperative police department that will try and throw a scare in them or parents that will beat them for you. Often all you get to do is throw them out of the store.

So why play the game? Don't get paranoid, but if you are certain that someone is stealing from you, don't wait. Call them over and tell them they are not welcome in your store. Get back to taking care of valuable customers and stop wasting time in a game you can't win. Believe me, they have plenty of time to waste. If you want to try and watch their every move for two hours, they wait for two and a half hours to make their move. Sooner or later other customers will come in, the phones will ring, or you'll get bored. Again, you can't win this game and every episode of it costs you money both in stolen product and lost sales opportunities. Don't play a game you can't win.

So how do we train our employees? First, the single most important thing is awareness. Most shoplifters are stupid! Catching them is not hard. Staying aware is what is hard. If your mind is only on helping customers, the worst shoplifter in the world will get away with it. People could pick up whole racks and walk off with them and you wouldn't notice. So what are some of the most common things they should learn to look for? In the end, body language is what most of us learn to sense, but that only comes with experience. Try some of these for starters.

One of my favorites is the "stage talk". This is when you hear some one in the store talking to their buddy. It sounds remarkably like two very bad actors reading for a formal role. "Why Bob, I believe this is a fine product." "Yes Jim, I believe you are right. That is indeed a very fine product" So Bob, would you like to see it?" "Yes, Jim, that would be very nice." It sounds silly, but the first time you hear it, you will know what I am talking about and alarm bells will go off every time you run into it.

You also need to notice who comes in together. You might want to pay more attention when friends split up. Normally, we like to share our hobby, so when friends immediately split up, you might wonder why. This is most true when one of them wants to talk with you. The old, you distract him while I get the stuff, trick. Of course equally as suspicious is the group of kids that needs to go into a football huddle around the product.

Watch for people who are maintaining eye contact with you. Some will honestly seem to think you can't see their eyes. If you sell t-shirts, do your best to insure there are never any empty hangers out there. It's easy to steal the shirt, but they will usually leave the hanger behind. If there were no empty hangers out there before and now there are, then where is the shirt?

Don't be bothered to ask people to leave backpacks, bags, etc. at the counter. Try to express this as a generous offer as opposed to a threat. "Oh, you can just leave that up here. I'll keep a good eye on it." If you have someone carrying product around, be generous and offer to hold it at the counter (so that they don't have to carry it around and can concentrate on their shopping). If you have a kid come into the store and immediately pick up a book that you have three copies of and walk around the store with it for an hour, before putting it back on the shelf and leaving without buying anything, you must wonder why.

If you have much diversity in the store, learn to watch for traveling product. There are not usually large amounts of crossover between the products most of us sell and you learn which customers these are fairly quickly. So if the kid with your Games Workshop miniatures wants to carry them over to look at back issue comics (or vice versa), you should be paying attention. How many times have you found product out of place? Why did it end up where you found it?

Remember too that it's not just kids who steal. It's always surprising when you catch someone older, but it happens. It's also not unusual to have thefts by people who obviously didn't need to steal. Don't let that nice suit fool you; you can't take anything for granted.

The key to it all is to develop good awareness. Knowing what to watch for is fairly easy; *remembering* to watch for it is the hard part. The best way to help develop this awareness is to ask your employee (several times a day, every day), "Without turning around, tell me how many people are in the store and what they are carrying." This kind of test will help. There is no great secret to security. The only thing that makes it hard is turning it into a habit. They must learn to be aware without thinking about it. Not paranoid, simply aware.

Second, you must improve not only awareness with the customers, but also with the product. Get in the habit (and make every employee do the same) of walking your aisles every hour. Always. Look for product out of place, turned around or upside down, and straighten the shelves.

A professional magician can show you a coin and tell you he is going to make it disappear. You know it is a trick. You know how he is going to do it, yet you

can't catch him. If he decided to steal from your store, could you catch him? You could if you knew your product. If there were two of an item out there and after he went by there was only one, you might not have seen him steal it, but you know he took it. In order for this to work, you must know your product. Make it a habit. Every hour, like it or not, every employee walks the aisles. The first thing someone coming on shift does is walk the aisles. If you suspect you have a shoplifter, don't be coy. Walk over and straighten the shelves as you ask if you could help him. Give them a good looking over. Even if you couldn't swear to what was there, he can't know that. You may prevent the crime just by this action.

As long as we are talking robbery, let's cover other types.

First is till tapping. This is where one person creates a distraction (knocks over a display or drops change on the floor while making a small purchase) while another simply reaches in the register and grabs as much as they can. Before the clerk grasps what's happening, the man with the money is on his way out the door. Sound primitive? It is. Do you think it can't take place today? You would be wrong.

I have personally had three attempts made in my stores. One successful, one with an employee chasing the suspects down the street, and the last one shut down before it got started. The first time I lost just under \$1,000, the second time they dropped the money and got away, the third time they quickly left the store as the manager was trying to decide if he had enough to call the police. In both the last cases, the reason they didn't get away with the money is that the employees involved had been told the story of the first robbery and, because they were being aware, caught on in time.

As far as armed robbery goes, the best advice is to simply give up the money. Your insurance should cover most of it and the publicity will cover the rest. No one should *ever* get hurt defending something that can be replaced! Regular drops to the safe will keep the loss down. If you don't have a safe, get one. Ask your insurance broker about them, frequently you can get a discount on your insurance if you have one.

You won't see it often in our small stores, but another form of robbery is shortchanging. This is simply the act of taking advantage of a clerk's confusion to get extra money out of them. The answer is to teach your employees to not allow themselves to get confused. Seriously, you teach them to have the register open the shortest length of time they can and to always finish one transaction completely before starting another one. Teach them that when

doubt or confused, ring out the register, keep the receipt so that they can straighten it out later, and start over completely with the customer.

Finally there is the big theft.

Employee theft. I wish I could tell you not to worry about it. I can't. We hire fans and put them to work in a tempting environment. It has been compared to hiring an alcoholic to work in a liquor store. The biggest problems here are first believing that an employee you truly trust could do that to you and then actually catching him at it. Sometimes it is easy. Occasionally, they don't show any more cleverness than your average shoplifter. You might find game and card wrappers in the trashcan every night they work or they might take something you had set-aside especially for someone else.

Just like with all other forms of robbery, the key here is awareness. Don't get paranoid, but don't close your eyes to the possibility either. The only other way to know if you are having a problem is by paying attention to your inventory cost. By inventory cost, I mean you take the total dollars spent on product and the shipping of that product plus any additional debt built up over that year that involves product and then divide that number by your sales for the year. The idea is that if your inventory cost is higher than roughly 60%, you should be accumulating additional inventory. If your inventory cost is 69%, the difference between 69% and 60%, that is to say 9%, is how much your inventory should have gone up that year in value. So if you spent \$84,638.92 on inventory for the year and your inventory cost was 69%, you should have added roughly 9% or \$7,617.50 to the value of your inventory that year.

Remember that this is at cost. Now if you don't find almost \$15,000 (retail dollars) more products out on the floor, what happened to it? This is way too high to be shoplifting. Earlier, I said that you could catch a skilled shoplifter by knowing your product so well that you can tell that he stole even without seeing him do it. This is the same concept. This is covered more completely in the bottom line chapter.

What are other ways people seek to separate you from your money? You must understand that when you opened a retail business, you became a target. Your name was put on numerous lists that are sold to some legitimate groups that want to sell you services (accounting, trash hauling, insurance, etc.) and to some illegitimate groups who want to take advantage of the fact that you are new to business. A sucker. Some of these include:

"Yellow page" advertisements. I am not picking on the legitimate yellow pages. The fact of the matter is that the little yellow page symbol of the fingers walking

is not trademarked. Anyone can use that symbol and the words ‘Yellow Pages’. A common scam is to send businesses a copy of their legitimate ad (often cut directly out of the real yellow pages) on a piece of paper that looks official. They appear to be asking you if the ad appears the way you want it to and to check the box if it does. If you do, you just agreed to run *another* yellow page ad in a *another* book that will never be seen by any of your customers.

The official bill will follow later. If you look closely at the paper they originally sent you, somewhere in small print you will find the words, “This is a solicitation, not a bill”. If you aren’t aware of what’s happening though, you might easily fall for it. You will see these for Internet yellow page ads too. Trash them all!

Another is a call from an officer from the “State Highway Patrolman’s Association”. He explains that the association is putting out its yearly magazine and that they are calling to see if they can count on your support. A business card sized ad is only \$99. If that’s not enough to sway you, he continues on that the proceeds this year are going to be used for the widows and orphans of men killed in the line of duty. Are you going to tell him you’re not interested?

This is a pure scam. No state patrol does this. You will often see this switched to the local fire fighters also. *Never* agree to anything over the phone. The simplest answer to any of these is, “If you would care to send me some information, I would be happy to look it over.” Don’t be surprised when the next sound you hear is someone hanging up.

Anytime anyone calls to tell you that you have already won or can win, hang up! The same with offers to be in Who’s Who.

I hate to say it, but I must also include genuine charities here. It is very flattering to be asked to support some group, especially if you like their cause. However, you must learn to say, “No.”. They are not asking because they have heard what a wonderful fellow you are! You are on their list. As an individual, you were one of the hidden masses. As a new company, you are fair game. I encourage you to pick out some local groups and work with them, but know when to say enough. The same can hold true for school groups. If you put out for every school play, soccer team, yearbook, etc. you will quickly go broke.

Keep a close eye on your service providers... accounting, trash hauling, alarm system monitoring, heating and cooling contractors, bank charges, credit card fees, etc. Some of these people could also be after more of your money than you want. When I originally signed on to have a dumpster for my store, the price was running about \$30 a month. Every six months or so, we would get a notice

with the bill explaining that the fee was going up a couple of bucks due to rising costs. We didn't pay any attention until some time later, when I really looked at the bills and saw that I was now paying almost \$60 a month. I called to complain, but at the last moment rather than do that, I simply said I had opened a store in the area and would like a quote on that same size dumpster. They cheerfully told me that it would run me \$32 a month. I then explained that I already had the dumpster and wondered if it only cost \$32 a month, why they were charging me almost \$60. There was dead silence for a while and the secretary asked me if I would hold. She then came back a minute later to apologize and tell me that the bill would now be \$32 a month. Moral of the story; you need to stay aware.

I can't stress enough that you should contact all other nearby stores and arrange a meeting. We are a small community. If someone steals from one of us or writes bad checks and can't go back to that store, you can bet they will show up at one of the other stores. Even if your neighbors aren't willing to work together, sharing bad check lists and names and descriptions of known thieves will save everybody money. If someone tries to write a check in your store and you know that they stiffed your competition, do you want the check?

Other mild forms of theft include salesmen who try to take advantage of uninformed employees by asking them to OK something that they believe you have agreed to; telemarketers who waste your and your employees time by refusing to take no for an answer. Never forget that they are paid to waste your time, you are not. Finally there are solicitors who try to sell their product in your store. Simplest policy, no solicitation of any kind and no one but you is authorized to OK anything.