

IAAPA Attractions **EXPO**

Employee Theft: The Intersection of Opportunity & Motive

Wednesday, November 15, 2006
4:30 PM to 5:45 PM
Room # B404



Loss Prevention - Employee Presentation

Introduction

- Will discuss an unpleasant topic... employee theft. Will be very honest.
- Some may not apply to you, but will give you something to think about

Statistics

- Most theft losses are due to employees (50%) & guests (25%)
- Employee Theft = \$14.6 Billion per year in US
- Causes lower profit, higher prices & lower salaries
- Illustration: For every shirt stolen, you have to sell 5 to get even (\$10 retail price, \$5 whsle, \$3 overhead, \$2 profit)

Scenarios

What would you do if...

- One of your best friends comes to your register & asks you not to ring up something
- A co-worker steals in front of you
- A co-worker steals in front of you & offers some (mdse, food, tickets, etc) to you
- One of your supervisors asks you to turn your head to a theft
- Guest leaves exact change & walks off without waiting for a receipt

You will face some or all of these situations... you will be tempted

- Temptation often comes at a weak point (late on car payment, etc)
- If you're using drugs, your will power is lower & your \$ need is higher

The time to decide what you will do is now... not in the heat of the moment!

So What Do You Do?

Your Options

1. Do nothing (shows approval... you share guilt with thief)
 2. Say "No"..
 - Tell them to sop/ put it back
 - "No, I could lose my job for that"
 3. Tell supervisor or manager
 4. Call the Employee Hotline
- Do you tell your supervisor?
 - Nobody wants to be a snitch
 - You may not think it's any of your business
 - You don't want to get a friend in trouble
 - But you need to do the right thing, you can't just do nothing
 - Would a real *friend* steal in front of you or include you in the theft
 - Why would they steal in front of you or offer to share the goodies?
 - *TO MAKE YOU A PART OF THEIR THEFT*
 - A true friend would NOT put you in this position
 - They try to justify their behavior by sucking you into it
 - If they get caught, they will turn on you in a minute
 - They have no respect for you if they steal in front of you
 - Why would you jeopardize your job & future by protecting them

Consequences

- Many people who steal are good people who have made poor choices & have gotten in over their head
- Theft is habit forming, like drugs, it gets a little easier each time you steal
- But... **Theft is wrong in any form** (cash, food, supplies, rides, tokens, etc)

AND... There are consequences

- What does it cost you?
 - Your integrity & self respect
 - Your reputation
 - Your job
 - Your freedom (if arrested)
 - Future potential (other jobs you may want: you don't know what you may want to do later)
- **COMPANY POLICY:** If you steal you will be terminated & probably prosecuted

IT'S NOT WORTH IT IN THE LONG RUN

What if you fall to the temptation or you've already done it...

- It's never too late to do the right thing... take responsibility
- Tell your supervisor or manager
- Agree to make restitution payments
- You will probably lose your job, but you will regain your integrity

PREVENTION

- Loss Prevention industry has developed many tools to prevent employee & guest theft: POS, Cameras, tags, audits, etc.
- **But... the best loss prevention tool is YOU... don't put up with it. Be an example for others.**

CONCLUSION

- Loss Prevention is everyone's job... not just mine
- Look for ways to prevent losses... tell us about them
- I look forward to having you on the Loss Prevention team.

EMPLOYEE THEFT: THE INTERSECTION OF OPPORTUNITY & MOTIVE

Employee theft IS a problem

- Statistics
 - Retail: 2005 = 1.6% of sales in inventory shrinkage (\$37B)
 - Retail - Well organized LP & accurate measurement, so other areas are probably higher
 - So, how big is the problem for us? Probably well over 2% of sales
- Uniqueness of Theme Parks & FEC's
 - Combination of Retail, F&B, Attractions, Arcades, Admissions, etc
 - Each area has it's own form of shrinkage
 - Hard to measure our losses (unlike Retail)
- Employers too often unconsciously encourage employee theft
 - We deny that theft is taking place & drop our guard
 - We allow opportunity & motive to cross paths
 - What percentage of employees steal?
 - A few will always steal & a few will never steal
 - The majority are situational, depending on opportunity & motive

We Can Make a Difference

- Opportunity + Motive = Theft
- Don't let them intersect
- **LOSS PREVENTION** is primarily: Reducing Opportunity & Reducing Motive
- Prevention is much more effective than apprehension

Opportunity

Types of Opportunities

- Lack of physical & procedural controls
- Lack of accountability & consequences
- Weak & uninvolved management

Reducing Opportunity

- Physical security of assets (*must come first*)
- Strong controls: Procedures, management, consequences
- Measurement of loss will point you to the source
- CCTV, Audits, Employee Hotline, Backgrounds...

Motive

Types of Motives

- Poor morale & lack of appreciation
- Personal issues (financial, health, relationships, addictions)
- Peer pressure
- Poor management
- Low pay or reduction in hours

Reducing Motive

- Some we have control over, some we don't
- Fair & consistent management
- Aggressive investigation of losses
- Restitution or prosecution
- Incentives for good performance
- Loss Prevention awareness (reduce peer pressure)

An “Open Conversation” with employees about theft

Conclusion

- As managers, we can have a major effect on employee theft
- We must not provide an opportunity to an employee with a motive to steal
- Recognize motives and take measures to reduce them
- Reduce the opportunities for employees to steal
- Prevention is much more effective than apprehension
- Give your employees a reason not to steal