

Loss Prevention (survey and associate training)

Overview of Opportunity

Improve controls to reduce shrinkage

The average shrinkage in U.S. retail stores in 2010, as reported by the University of Florida in its annual National Retail Security Survey, was **1.49%** of sales. It can be estimated that a typical Ace hardware store experiences a shrinkage rate higher than the national average—calculated at 1.80% in 2010. For a 2M store, that equates to \$36,000 in shrinkage, annually. The causes for store shrinkage can be attributed to:

1. Employee Theft – 45%
2. Shoplifting – 31%
3. Administrative Error – 14%
4. Vendor Theft – 4%
5. Unknown – 6%

The Loss Prevention PRS package is an opportunity to have a Retail Loss Prevention Professional evaluate your store's operating procedures against the Ace Hardware Retail Loss Prevention Best Practices and to train all your store employees how to appropriately respond to and manage loss, reducing your shrinkage and improving your bottom line.

What to Expect

One to three months prior to the visit, a representative from Retail Loss Prevention will contact the store to schedule your 2-day visit. In the days leading up to the visit, the consultant will gather information about the store's demographics, product placement, and layout. This information will provide the ground work for the inspection that will take place in person. The store will schedule associate training times, and will communicate this to their team members to ensure attendance and compliance.

Day 1 – The Store Survey

- The consultant will meet the opening manager prior to him/her turning the key and actually enter the store with that manager - the survey has begun.
- The consultant will spend the entire day examining every operation of the store, from POS operations to trash removal.
- Store operations and procedures and protocols will be observed and tested, and the consultant will talk with employees, and determine the adequacy of the controls associated with each function/action.
- The consultant will leave with the closing manager - the survey is concluded.
- If time permits, the Associate Awareness Training may be scheduled for this evening after the store has closed.

Day 2 – Associate Awareness Training and Manager Debrief

- Loss prevention training for all store associates will be conducted. This training is usually held after or during slow store hours, and can be split into 2 sessions to accommodate all associates, as needed.
- Short debrief with the store owner and manager to review some of the findings from the previous day's survey and to answer any questions about an internal loss prevention program.

2-Weeks Post Visit – Complete Assessment Report

- A detailed written report will be sent to the store that documents the findings and recommended actions.
- The report rates each area of the store's controls against RLP best practices.
- The included action plan will guide store management in their implementation of recommended controls.

Return on Investment

By implementing the recommendations outlined in the Retail Loss Prevention Survey, stores will:

- See a **reduction in store shrinkage** in the first year after implementing the suggested controls (up to 25%!).
- Have a clearer understanding of **how** to recognize risks and implement appropriate controls.
- Have a sustainable **resource** to refer back to when faced with a loss issue.