



Retail Loss Prevention Council
January 2011

Retail Loss Prevention Council Members

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Message from the Chairman

As 2011 begins, all of us on the ASIS Retail Loss Prevention Council are looking forward to another year where we can add value, provide support, and help identify solutions to problems our retail members face every day. As incoming Council Chair for 2011, I want to thank Greg Brumley, CPP for his leadership during the years he has been a member of our Council and particularly while serving as our Chair. I also want to appreciate Keith Aubele, CPP and Alan Greggo, CPP, CFE for accepting my challenge to become Vice-Chairs of our Council. Keith and Alan are both very capable individuals, and will be instrumental in helping us accomplish the goals we have set for ourselves.



Steve B. Lindsey, CPP
Council Chair Retail LP
Council - ASIS International

This edition of our Council Newsletter contains some very well written and timely articles by two of our most effective Council Members. The first is an article by Bill Alford, CFE entitled “Managing the Media in Crisis Situations”. While no one really wants to be in a crisis situation and have to deal with the media—it certainly helps to know what to do if that were to happen. The second article is by Alan Greggo, CPP, CFE and is titled “Internal Fraud: Are You Recognizing and Reacting to the Red Flags?” In this piece Alan explains how he handled a real world situation he was faced with. My thanks to both Bill and Alan for their contributions to this Newsletter.

Also, Keith Aubele, CPP and I attended the Annual Leadership Meeting in Washington D.C. on January 19th and 20th. The condition of the society remains strong with a good financial report. Membership was essentially flat with a slight decrease in U.S. members, but offsetting growth in International Members. The ASIS strategic plan for 2011 (available to all members on-line) was reviewed with us and included 5 goals for this year that our Council will support. These include:

- 1. Fulfilling the Needs of Members and the Profession**
- 2. Delivering Quality Education & Creating Opportunities for information Exchange**
- 3. Developing and Promoting Security Standards and Certification while Espousing Ethics**
- 4. Advocating for ASIS International and the Profession to Key Audiences.**
- 5. Perpetuating the Strength of ASIS International**

Please let us know how you liked the Newsletter, and give any feedback you have on specific issues which you feel we can address as we go forward this year.

Managing the Media in Crisis Situations

By William A Alford, CFE



As a retailer and loss prevention professional, I have learned, through experience, the harsh realities of dealing with the media in crisis situations. Of course, if a company is smart, they will have a person on staff or retainer that is trained to deal with the media.

In a crisis situation involving a high profile business like retail, the media usually considers the crisis newsworthy. During these situations, anyone and everyone in the company is fair game for a reporter...and that includes employees, vendors and shoppers on site where the event occurred.

Many times, the actual problem or crisis is resolved successfully only to have an untrained executive or employee face the glaring lights of TV cameras with reporters asking questions like: "Why didn't you have security?" or "Who is going to pay for the customer's hospital bills" or "How many times must this happen before you take action?" (Does the term "deer in the headlights" come to mind?)

If this scenario frightens you or gives you pause, you are not alone. According to a poll published in USA Today regarding Americans' greatest fears, speaking in public was found to be the second most cited fear, only listed behind the fear of snakes. Now add a video camera and microphone you have the perfect recipe for disaster.

My first experience with handling the media came early in my retail career in the aftermath of an armed robbery of a supermarket where two employees were shot (fortunately, no one was killed and they both recovered from their wounds). Due to unforeseen circumstances, I was the senior official at the scene and was authorized by my company to be the "media specialist" for this crisis.

A reporter for the local television station was extremely helpful during the initial hours of the crisis. He assisted me in communicating the measures we were taking to protect our associates and customers. He even arranged airtime to broadcast our reward for apprehending the robbers.

Since he had been so helpful, I was not suspicious when he casually asked me a few questions as we were standing around on the second day of the crisis: "Why did the robbers target a grocery store of all places? Is it because you have a lot of money on hand? If so, do you have the same security measures as banks, such as dye packs and bait money?"

Of course, I did not want to say anything that would hurt my company but since the reporter had been so nice, I agreed to answer his questions "OFF THE RECORD". My belief was that he could not use or report the information I was about to give him.

So...I told him that supermarkets usually have very large sums of cash in the building and many times even more than banks. And that we were **very lucky** that the bad guys did not know this or else we would be robbed a lot more! In fact, I also told him that we had many security procedures in place such as time-locked safes and specific cash handling procedures. However, I admitted that we did not go to the lengths taken by banks and did not have bait money or dye packs, nor did we use closed circuit television (this was in the late'80s when stores with CCTV systems were a rarity).

And after telling him this I repeated..."This is off the record...right?" To which the very nice reporter said..."of course, it is off the record." Later that day, while watching the local evening news, I was shocked and surprised when my reporter buddy began his report by saying "robbery task force officials say grocery

stores appear to be prime targets of robbers looking for large sums of cash." He then interviewed a police detective on camera who was saying the exact same things that I told the reporter earlier in the day!

As my stomach began to churn and my knees began to buckle, the reporter continued his story by saying, "unlike banks, most supermarket chains do not have elaborate security systems."

I immediately contacted the reporter and demanded to know why he betrayed my confidence by using the information provided to him "off the record". He calmly informed me that he did not betray the confidentiality of the conversation because he did not attribute the information to me.

Protect your business and yourself by learning and following a few very basic rules for dealing with the media in crisis situations. Media training for key individuals within an organization can pay big dividends in developing and executing an effective media strategy.

Basic Assumptions When Dealing with the Media in Crisis Situations

- **Nothing you say to a reporter is ever "OFF THE RECORD."**
As illustrated by my learning experience, never tell a reporter anything that you would be embarrassed to see on the six o'clock news.
- **"The media will say what they want to say to fit their slant on a story."**
Many people have been interviewed by a reporter and were shocked when they read the morning paper and discovered a totally different slant or interpretation on what they actually "meant to say". If you are interviewed, have a main theme or point to convey, say it first, say it often and repeat. When asked difficult questions, return to your theme. During an interview, the media controls the editing, the "slant," and what they actually choose to air or print. The ONLY control you have in the process is what you actually say during the interview. Therefore, you must give them the sound bite **you** want aired or printed.
- **The worst and most embarrassing question that can be asked will be asked.** Good reporters do their homework or at least know how to ask questions that will create a "good" reaction. During a crisis, talented media relations professionals will reach out to Operations, Marketing, Security and others in the field to gain a thorough understand of the crisis and the potential solutions and issues. Therefore, these key departments have an obligation to the company to help craft the responses to potentially embarrassing questions.
- **Spokespeople who say "no comment" are hiding something and are "guilty as sin."**
When confronted in an ambush interview situation, instead of instinctively shouting "no comment," have a few standard responses that are at your fingertips that can get you out of the situation gracefully.
 - "We would be glad to help you but all media inquiries must go through our corporate office."
 - "I'm sorry but at this time, my attention is focused on dealing with the Situation."Watch the nightly news and observe how other people respond without answering the reporter's direct question. The best advice is....Be prepared.

Use your internal Media Relations professional as a resource regarding basic training on dealing with the media in crisis situations. Even if you are never on camera or interviewed directly, increased knowledge on handling the media could significantly impact how the crisis is viewed in the eyes of the public who are your customers.

William A. Alford is a member of the Retail Loss Prevention Council of ASIS International and is President of International Lighthouse Group, Inc., a consulting firm specializing in training and consulting to the retail industry. Bill has over 20 years experience in creating and directing programs for retail companies to prevent fraud, manage crisis situations and protect the bottom line. If you would like more information on how to protect your company or clients, please contact Bill at bill@billalford.com.

Internal Fraud: Are You Recognizing and Reacting to the Red Flags?

By Alan F. Greggo CPP, CFE



Retailers want to believe that our employees are the most honest and diligent workers ever. Employees would never think of clipping the cash drawer or borrowing from the deposit, right? The good news is that 90% of business employees are honest and would not enter into fraudulent activity where they work. What about the other 10% and the more pressing question: where do they work? Consider that according to the Association of Certified Fraud Examiners “Report to the Nations on Occupational Fraud and Abuse” in a study of reported fraud investigations, 6.6% were from the retail industry and the median loss from the fraud was \$85,000 per case. (1) Skimming and non-cash larceny are the most common types of fraud in the retail sector. The reported fraud investigations came from Certified Fraud Examiners like me who contribute this data annually.

Consider one investigation I had contributed that came from a specialty retail shop that sold sunglasses. Rich Onyu was an assistant manager of the sunglass shop in Chicago. He worked at least three evening shifts per week. Store manager Mr. Dillon noticed his inventory result showed large amounts of missing Oakley sunglasses. He called for help from Loss Prevention to investigate how his product was leaking from the store. During the investigation LP analysts looked for large amounts of Oakley sunglasses being auctioned on the internet. An auction selling 25 pairs appeared to be offered by a person with the same street address as Rich Onyu’s. Further investigation uncovered that the seller was open to accepting orders for specific styles if buyers were patient enough to wait until they became available. Analysts made a buy of product and ordered a specific Oakley style that the sunglass shop carried. The “buy” successfully identified that the sunglasses came from the suspect’s place of business.

During an interview by Loss Prevention, Rich admitted to stealing sunglasses two or three times a week by carrying them out in his insulated lunch box. He stated that he was sure no one would search his lunch box, even though the store had a policy of searches in effect. In an investigative interview, Rich wrote a statement for over \$250,000 in theft for product he placed for sale on the internet over the last three years of his tenure. Rich Onyu was arrested by local police and prosecuted for the thefts. He was ordered to make restitution and spent a year in jail. He sold his BMW to raise cash for restitution.

In that same “Report to the Nations” it’s explained that living beyond one’s means was a behavior present in 38.6% of cases and resulted in a median loss of \$250,000.

Here are some additional behavioral red flags (there are 16 listed in the report) along with the percentage of the time they were identified in fraud investigations and the median loss when they are present:

- Financial difficulties- 34.1% of cases with median loss of \$111,000
- Control issues, unwillingness to share duties- 18.7% of cases with median loss of \$250,000
- Unusually close relationship with vendor/customers- 22.1% of cases with median loss of \$100,000
- Divorce/family problems- 17.1% of cases with a median loss of \$118,000

Just because an associate may fall into one category doesn’t mean they are involved in fraud. It is cause for concern about the well being of the associate. Retail store management should understand that a combination of factors increases the risk and is good cause to raise awareness for violations of policies, stretching the rules and other behavior issues. High awareness by management and enforcement of existing policies and procedures helps deter an otherwise good associate from making a bad decision.

Conducting a strong background check before hiring is extremely important. Knowing you started with an honest associate from day one makes it so much easier to recognize and react to the behavioral red flags already discussed. Conducting a Fraud Risk Assessment to learn where the retailer’s most likely weaknesses exist is the best way to intelligently design a fraud prevention program. Placing the right controls on your

banking, sales processes and inventory management systems will ensure company profit remains on the bottom line and doesn't end up going home in your employee's lunch box.

In conclusion I ask "Do you recognize the red flags?" With a little review, planning and follow up, your retail business can be more profitable and more resistant to risks that could drain profit dollars. Engage a Certified Fraud Examiner or your Loss Prevention Department if you have one, to review your business for fraud, theft and shrinkage. The small price you pay in fees is worth the peace of mind that you are prepared to mitigate risks and on target with the right program. To learn more about the behavioral red flags go to <http://www.ACFE.com> and download the 2009 Report to the Nations on Occupational Fraud & Abuse.

References:

- (1) "2009 Report to the Nations on Occupational Fraud & Abuse"- Association of Certified Fraud Examiners, Austin, TX, 2009

Alan F. Greggo CPP, CFE is the founder of Profit Rx an asset protection firm dedicated to helping Doctors with fraud and compliance issues. He has 30 years of experience working with retail and healthcare businesses in loss prevention and asset protection. A graduate of Youngstown State University with a Bachelor of Science in Criminology, he is both board certified as a Certified Protection Professional and Certified Fraud Examiner. Greggo most recently co-authored "Retail Security and Loss Prevention Solutions", a book published by Taylor-Francis, CRC Press. He is also a long time member of the ASIS International Retail Loss Prevention Council. He can be reached at Alangreggo@profitrxllc.com and his phone number is (513) 236-2642.



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