Loss Prevention Essay, Research Paper

Loss Prevention

In today’s economic condition, there has become an increasing need for small and large businesses to become conscious of ways and reasons that they might lose money. Companies need quality employees, effective management, and cost efficient loss prevention plan to decrease the total losses endured by a company. Losses in the workplace can come from many different areas, such as: internal theft (employee theft), external theft (shoplifting), and administrative (system) error. The calculations of these losses over the fiscal year are known as shrinkage. If a business loses a great amount of money due to shrinkage then the chances of that company flourishing in their respective market is very minimal. Especially if rival companies have an effective loss prevention program in place. In this essay, one will see just how the use of an effective loss prevention program can help small and large businesses reduce their amount of shrinkage thus, letting the businesses grow and advance. One will see that shrinkage is something that employees, management and owners can easily control, without a large amount or time or money.

Employee theft, also known as internal theft, accounts for about 30% of total losses. There are a number of different ways in which internal theft can occur. Possibly the most

prominent form that internal theft takes on is in the form of punch clock fraud. Employees tend to take advantage of the punch clock. Even though repercussions of this act can and should result in termination of the employee, this doesn’t stop certain people. Other types of internal theft are, sweet hearting (letting family or friends receive goods or services for free), some people take advantage of the workman’s compensation board, by making faulty claims.

There are a number of ways to prevent internal theft, starting with empathy and appreciation towards the employee’s. The employer needs to respect, listen, understand, discuss, and involve employees in the company activities. This is a type of prevention because if this is done, it builds a sense of morality within the given business. A happy employee is generally a good employee. Another step in prevention would be to establish a reward system for those who do extra or voluntary work. This is another step that would instill a sense of self-worth to the employee, and they would really get a feeling that they are appreciated by the employer.

External theft accounts for approximately 20% of shrinkage in the workplace. External theft takes on many different forms, such as: fraudulent checks, fraudulent returns, merchandise scams, and maybe the most prominent of all, shoplifting. There are commonly three types of shoplifters: 1) the average everyday citizen, 2) the full time amateur, and 3) the professional. The average everyday citizen poses the greatest danger to businesses. The average everyday citizen accounts for 75% of all the shoplifters out there. These are the people that steal in order to make money to support habits, like drugs and alcohol. But the downside of this grouping is that in some cases they have to steal in order to live. Even though this group accounts for 75% of all shoplifters, this group is the easiest to control, through loss prevention strategies. For example this group can be controlled or reduced with the use of “mystery shoppers” or “floor walkers”.

The subsection involved with shoplifting is the full time amateurs. This group makes up about 20 % of the total when dealing with shoplifting. This type of person enters the business place with the intent to steal, they don’t necessarily need to steal, but they do in order to fulfill their wants, of which otherwise wouldn’t be met, if they didn’t shoplift. Some shoplifters in this category do it purely because they are greedy.

The third type of shoplifter is the professional, the professional makes up 5% of shoplifters in total. This type of shoplifter steals for money, there is no other purpose in mind. To these people shoplifting is a career and a living, they are experienced at what they do, and they do it well.

There are a number of different things that motivate people to shoplift, and there were stats taken over 125 arrests and they show that, “9% of all shop lifters steal because they are impatient, poor customer service, or no register attendant. 12% don’t have the money to make the purchase in the first place. 14% of people that shoplift do it for the pure thrill. 36% of shoplifters steal because the business made it easy for them.”

External theft can be prevented in a variety of ways, some examples of how are to provide good customer service, speak to customers as they enter the place of business, survey the customers, increase cash register service, pay special attention to your valuable displays, and provide aggressive general controls.