

Taking the Hands Out of the Pot

Stop internal theft through the latest technology in DVR.

According to the 2004 University of Florida National Retail Security Survey study, employee theft remains the largest single source of inventory loss in retail. Internal theft is said to be responsible for up to 75 per cent of all retail losses.

There are several factors that contribute to this ongoing problem. It is almost entirely impossible to prevent or stem what is not detected in the first place, and is very costly and resource-consuming (and simply not possible for many c-store operations) to perform thorough cash and/or inventory audits on a regular basis. When shrink losses are tallied, it is usually long after the actual act of the theft itself. Even when there is suspicion of ongoing internal theft, an accusation without solid evidence can make for an easy target for a lawsuit if the store owner or operator does not have that evidence to support the accusation. Since it is not feasible for an owner or operator (i.e. anyone with profit/loss responsibility) to maintain a presence on-site for every hour a typical c-store is open for business, the default method to mitigate this exposure is solid hiring practices and employee training. The internal theft problem would disappear if c-stores hired only the most trustworthy people and instill a sense of company loyalty in every employee. In other words, an impossibility in the real world.

Therefore, when one considers all these factors it is not hard to see why

conventional wisdom in the loss prevention community posits that employee theft cannot ever be prevented, it can only be somewhat controlled. But a contrary viewpoint (one that we support) is that if c-store owners and operators use the right technology, internal theft is actually nearly 100% preventable, since internal thefts usually occur not because an employee has no moral compass and set out to steal from the start, but because an opportunity to do so without being caught has presented itself. Therefore, any method that allows for the removal of the opportunity will be a much more effective tool than one that attempts to detect and (after-the-fact) record an act of employee thievery.

The technology solution that makes undetectable employee theft impossible is a Digital Video Recorder (DVR)-based surveillance camera system which records all in-store activities, including the Point-of-Sale(s). The key factor here is that the DVR system is set up to interface with the Point-of-Sale, and if necessary, can produce an exact digital replica of every sales receipt (commonly called "POS data") in order to track every purchase. POS data that is extracted from the DVR system can



Van Carlisle, CEO,
Fire King Security Group



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literally hours of video footage to match the transactions. Store managers simply do not have the time to go through this process, a fact that the crooked employee is well aware of.

If the DVR with POS interface is installed, every transaction can be cross-indexed with the video footage and easily searchable down to the second, the sales receipts of every single shift can then be examined, and questionable transactions or other red-flags that may indicate internal thievery can be noted for closer scrutiny. A process that took hours previously can now

also be used to search for corresponding images or video captures (e.g. images related to a particular incident), as well as to trigger recording and create audit trail entries.

Consider the typical situations where store management might suspect ongoing employee theft. It is simple to note that a particular shift consistently and inexplicably logs higher-than-usual No Sales, Voids, Cancels and Returns — all possible indications of internal theft. If suspicions are to be confirmed and

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accusations made, however, evidence is required. If the store is not equipped with a DVR that is linked to the POS, the store manager would have to unroll a few dozen feet of journal tape and check off every suspect transaction, and then he/she would have to go through

easily be completed in minutes. POS data can be readily used as sufficient evidence to build a strong case against a dishonest employee, immediately involve law enforcement and file charges, if necessary. The DVR also allows store owners and management

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Possible indications of internal theft include higher than usual no sales, voids, cancels and returns.

of this technology can be a significantly reduced risk of robbery”

The bottom line is that DVRs linked to the POS are the next evolution in surveillance and have proven quantifiably successful in reducing losses through employee theft. As one expert in retail LP has said, “using a DVR is like plugging a leak in your cash register.”



to observe their locations in real time, allowing operators to keep an eye on who’s doing what and when and to deter employees from various schemes to “steal” besides outright theft of money and merchandise (i.e. false time clocking, sleeping on the job, letting friends shoplift etc.)

According to most c-store operations that have deployed a DVR that is integrated with the POS, it usually does not come to that. Once the system is installed and employees are given a simple five minute demo of the system and its capabilities, two things usually happen. The first and immediate occurrence is that one (or more) crooked employees will realize that the “gig is up” and simply quit. The second is that sales go up. In most cases it is dramat-



When it comes to stopping employee theft DVR integrated with POS is like “plugging a leak in your cash register”.

ic enough to enable the store owner to recover the cost of the DVR within six months or less. According to Peter Martin, C.P.O. and V.P. Special Operations at AFI International Group Inc., a Milton, Ontario-based security firm, “while the implementation of a DVR system in the store will likely benefit a internal theft based problem, if properly utilized an additional benefit

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