

How FireKing Security's Image Vault DVR helped Minit Stop stores alleviate the weight of internal shrink and fines from underage sales stings.

Paradise Found

By Kate Quackenbush, Managing Editor

For retailers facing sub-zero winters and summers that aren't much warmer, it's hard to sympathize with the plight of a Hawaii-based chain that wakes up every day to gorgeous weather and fantastic surroundings. But even in the middle of a Pacific paradise, the state poses some serious hurdles for retailers.

For one thing, marketers feel they are viewed as potential criminals. Maui officials are known to be very aggressive in combating underage tobacco and alcohol sales. The county conducts numerous tobacco sales stings under the auspices of an anti-tobacco campaign funded by the 1998 Master Settlement Agreement (MSA).

Unlike many other states, Hawaii's statute regarding underage sales prohibits an affirmative defense; in other words, the only real option when caught is to plead guilty and pay the fine.

Adding to Hawaiian retailers' problems is a large, uneducated employee base, which might not intend to violate underage sales laws, but too often they do. But perhaps the biggest concern retailers have is internal theft. No matter how well employees are screened and trained, stores are plagued with staff members that feel it's their place to liberate funds from the till or product from stores.

Be it Honolulu or Houston, Kahului or Kansas City, when retailers need to keep a watchful eye on stores and employees, upgrading security is a worthwhile investment.

Acknowledge the Problem

Minit Stop Stores is a prominent Hawaii-based chain of 12 convenience stores with nine units on the island of Maui and three on the "Big Island." Each store offers gas and an exceptional proprietary foodservice program.

The family-owned firm, founded 22 years ago, is a chain on the rise. The company recently increased sales by 15%, growing from \$32.9 million in 2003, to \$37.7 million in 2004. It's also planning an aggressive growth strategy, hoping to have up to 20 total locations within the next few years.

As is the case with any growing business, there is considerable financial risk involved making it all the more important to stamp out internal losses. So as Minit Stop began scrutinizing the books to finance its growth, it quickly noticed a sharp spike in internal shrink and an increase in attempts to use fraudulent credit cards at the gas pumps, said Larry Broadstone, facilities manager for the chain.

"About two years ago we started noticing excessive shrink during our monthly audits. We would switch up our staff and make personnel changes, and it would stop, then it started right back up again, Broadstone said. "Since we had little idea who was ripping us off or for how long, it's hard to put a number on what we actually lost, but we could feel it was costing us."

Minit Stop was also feeling pressure from the underage tobacco and liquor stings. At least one store a month failed the stings, which cost the company \$4,000 each time, thanks to prohibition of an affirmative defense. After three successful stings at one location, the store's liquor

Convenience Store Decisions



Minit Stop was failing at least one underage sting every month at one of its 12 c-stores, on top of experiencing excessive shrink. Investing in a DVR system has set the chain on a profitable path.

license was revoked for 30 days, fined and suffered major losses from beer/alcohol sales. The only action the company could take was to close the store, rename it and reapply for its license—basically starting from scratch.

Broadstone realized Minit Stop needed to do more than switch staff and intensify employee training. He had heard about the growing use of POS-integrated Digital Video Recorders (DVRs) to increase employee safety and reduce internal theft. Since the company still had an antiquated VHS system in place, he thought upgrading to DVR was a viable option for Minit Stop.

When a problem arose in Minit Stop stores, managers didn't have an entire day to dedicate to reviewing the tapes. But that's what it took with the company's old VHS system—it took a whole day to review tape from an eight-hour shift. And even then, according to Broadstone, there was no way of knowing they could spot exactly what they were looking for.

"We needed a way to keep closer tabs on our employees while also safeguarding us from theft in the store and at the gas pumps," Broadstone said. "Over nine months we tried out four different DVR vendors. Most manufacturers make a good DVR that can handle basic store security, but what we really needed was a tool to stop internal theft and the selling of alcohol and tobacco to underage customers. You can only accomplish that with a system that integrates well with the POS, and we found that with FireKing Security's Image Vault."

A Solution for Every Problem

Once Minit Stop decided on Image Vault, it wasted little time putting it in place. The system is basically plug-and-play, so the biggest time investment was getting cameras in place and programming Minit Stop's activity alarms.

Image Vault PRO model allows a maximum of 16 cameras per location, a setup the company utilizes at most of its sites. Minit Stop positioned cameras over the gas pumps, each point-of-sale, where money drops are made, in the storage room, any dark corners where someone might think



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FireKing Security's Image Vault PRO model allows for up to 16 cameras per store. Minit Stop is utilizing the maximum set up at most of its stores—with cameras positioned at cash drops, over each POS, in the storage room, at the gas pumps, in any dark corners where 'someone might think they can get away with something' and at the front door.

they can get away with something and one night at the front door, so it can record every person coming and leaving the store.

Alarms for Image Vault are based on how items are sounded through the POS system.

"We can set the system to deliver alarms for a certain amount of no sales, voids, discounts, error corrects or refund transactions performed in a certain amount of time. Say three an hour," Broadstone said. "For 18- and 21-year age verification, we have the alarm sound for every transaction and the POS now prompts our associates to check ID every time, no matter how old the customer is. It's been a huge help keeping our associates focused on the steps they need to take to stay compliant."

Whenever an alarm sounds, the Image Vault system e-mails the store manager and two other corporate employees. Any computer on Minit Stop's server can access the system. Managers can then open the transaction, which gives them a digital recording of what transpired between the employee and the customer, as well as anything that appears on the receipt.

For Broadstone, the system has made all the difference in deterring internal theft.

"Let's say we're missing a few cases of beer," he said. "We can go through our system and call up all the transactions where beer was sold—down to a specific SKU—and review all of

them. Our employees know we're watching."

But Minit Stop prefers to treat the new security system as a positive when it comes to its employees.

"When managers get alarms for, say, age verification, they can call up those transactions and be sure the associate checked ID like they were supposed to," said Broadstone. "We'd prefer to see that they're following procedure so we can compliment them, but if they're not then we can address it right away."

And while the saying may be "the customer is always right," Minit Stop has found that's not always the case. With Image Vault, the company has a way to protect its employees and its bottom line from bottom feeders.

"The system also gives our associates a leg to stand on with irate customers," Broadstone said. "Too often, someone will complain they were treated poorly, trying to get something for free. Now we can find transactions immediately and see if our associates are really at fault. And when they're not, we can stand by our employees knowing they did the best they could with an impossible customer."

Fruits of the Labor

Minit Stop's Image Vault investment was about \$13,000 per store, depending on how many cameras it was utilizing, but the company has received a handsome return on its investment. Since the system was installed in July, it has not suffered one underage sting.

The system has been so successful that the company has made allies of the police force that was once staking out Minit Stop's stores for stings.

"What's really great is that the police love us now," said Broadstone. "We've spent a lot of

time working with them on major credit card fraud rings and even helped Federal agents capture a criminal ring."

Broadstone and his team also use the DVR alarm system to alert them to potentially dangerous behavior. Credit card thieves were using the pay at the pump service for \$1 of gas to see if a stolen card was good and then going across the street to a jewelry store to ring up expensive amounts of merchandise. Now, when the police have stolen credit card numbers, they feed them to Minit Stop where the company can input the number and set the system to create an alarm if the card is used in any of its stores. The system captures an image of the perpetrator, which Minit Stop can share with the police for quick apprehension.

But the greatest benefit to Minit Stop is giving its managers more control of their stores.

"The fact that we haven't been busted by a sting in 10 months makes the system worth the investment right there," Broadstone said. "But the DVR lets managers monitor stores when they're not able to be there to make sure everything is running as it should be. Managers can now look at an eight-hour day in just 15 minutes. That lets them get back on the sales floor putting their time to better use—and we're a better company for it." **CSD**

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