

# HOW TO MANAGE EMPLOYEE THEFT IN YOUR NEWSXPRESS BUSINESS

## CONFIDENTIAL ADVICE FROM NEWSXPRESS

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Yes, theft *is* something to be **managed** in your business.

You will be stolen from. Good management is about reducing the *opportunity for* and *instances of* theft.

The financial hit to your business when you are stolen from is a measure of the quality of your management.

Follow this advice and the opportunity for theft will be lower and the certainty of detecting it higher. Ignore this advice at your peril.

Unfortunately, many newsagents, including newsXpress members, have read up to here, decided this will not happen to them, and stopped reading. Too many of these business owners are the ones who do experience the **hurt** of employee theft, some too late to save their business.

If you are still reading, thank you. Here are steps we recommend you take:

1. **Trust no one.** Awful as it is, trust, blind trust, can get in the way of you seeing what is actually happening. Employee relationships in your shops are employee relationships first and friendship second.
2. If you sell tobacco products, **use stock control.** Enter new stock as it comes in, scan all sales. Reorder based using your software. Every month do a stock take. Tobacco stock discrepancies are an excellent indicator of theft. Had one newsagent been doing this they would have caught their \$250 a day employee theft months earlier.
3. **Scan everything you sell.** Do not use department keys as this makes it easier for employees to steal since they know there is no traceback to stock on hand. Using department keys is an invitation to steal. Using a cash register instead of a barcode based software package is stupid.
4. **Do your end of shift through your software** and have a zero-tolerance policy on being over or under. Reconcile banking to your computer software end of shift. One newsagency where this was not done was being skimmed regularly for \$200 a day.
5. **Do spot cash balancing.** Unexpected checks can uncover surprises. One newsagent needing to do a banking during the day uncovered a \$350 discrepancy that lead to discovery of systematic theft.
6. **Change your roster.** Sometimes people work together to steal. One newsagent found a family friend senior and their teenage daughter stealing consistently.

7. **Check your Audit Log monthly.** Look at cancelled sales, deleted sales and items deleted from a sale. Leaving a cash drawer open from the previous sale, scanning items, taking the cash and cancelling the sale is the most common process used by employees to accrue cash they then take from you. Good software tracks cancelled sales and what was in them. This can be matched with video footage.
8. **Do spot stock takes.** Look for regular discrepancies. Review video footage of the area where stock discrepancies are an happening.
9. **Look at your magazine returns discrepancies.** Each returns form you submit using your software indicates return counts that are lower than what you expect. These are magazines you have either lost or had stolen by customers or employees.
10. **Check GP by department.** If GP is outside what you expect, research it further.
11. **Setup a theft policy.** Put this on a noticeboard in the back room. Get staff to read it and sign up to it. See the last page of this advice.
12. **Keep the counter clean.** A better organised counter reduces the opportunity for theft as it makes detection easier.
13. **Have a no employee bags at the counter policy.** This makes it harder for them to hide your cash.
14. **Beware employees who carry folded paper or small notepads.** These can be used for them to keep track of how much cash is in the register that is theirs – i.e. not rung up in the software.
15. **Beware of calculators with memories at the counter.** One newsagency employee used the memory function to track how much cash had to be stolen prior to balancing for the day – cash from sales not rung up.
16. **Do not let employees sell to themselves.** If they want to purchase something make them purchase it from the other side of the counter.
17. **Be professional in your management of the business.** The more professional your approach they less likely your employees will steal as they will see the risk of being caught as high.
18. **Advise all job applicants that you will require their permission for a police check.** From the outset this indicates that you take your business seriously. In many situations applicants who have been asked for permission to do a police check advise they have found a job elsewhere.
19. **Do not take cash out for your own use in front of employees.** If they see you take cash for a coffee or lunch some will see this as an invitation.

These steps work – based on decades of helping newsagents to reduce and manage employee theft.

Theft, employee and customer, costs a typical newsagency between 3% and 5% of non agency sales revenue. Management attention can cut this dramatically. It does not take much time. No, it is more about having professional processes in place which everyone in the business follows.

Now, check out the next page for our suggested Theft Policy.

# THEFT POLICY

1. Theft, any theft, is a crime against this business, its owners, employees and others who rely on us for their income.
2. If you discover any evidence or have any suspicion of theft, please report it to the business owner or most senior manager possible immediately. Doing so could save a considerable cost to the business.
3. We have a zero tolerance policy on theft. All claims will be reported to law enforcement authorities for their investigation.
4. From time to time we have the business under surveillance in an effort to reduce theft. This may mean that you are photographed or recorded in some other way. By working here you accept this as a condition of employment.
5. New employees are to provide permission for a police check prior to commencement of employment. Undertaking the police check will be at our discretion.
6. Cash is never to be left unattended outside the cash drawer or a safe within the business.
7. Credit and banking card payments are not to be accepted unless the physical card is presented and all required processes are followed for processing these.
8. Employees caught stealing with irrefutable evidence face immediate dismissal to the extent permitted by local labour laws.
9. Employees are not permitted to remove inventory from the store without permission.
10. Employees are not permitted to provide a refund to a customer without appropriate management permission.
11. Employees are not permitted to complete sales to themselves.
12. Every dollar stolen from the business by customers and or employees can cost us up to four dollars to recover. This is why vigilance on theft is mission critical for our retail store.

**PLEASE SIGN AND DATE YOUR ACKNOWLEDGEMENT OF THIS POLICY:**