



Loss Prevention Paradoxes

Loss Prevention paradoxes



ECR Russia shrinkage conference
November 24, 2011



Introduction

John Fonteijn (1960)

- With Ahold since 1985
- Head of Ahold Group Asset Protection
- Co-chair of ECR Europe shrink project

AHOLD

- We are an international retailing group, with powerful consumer brands in Europe and the United States.

2,970 stores

213,000 employees

Net sales **€29.5** billion

Introduction



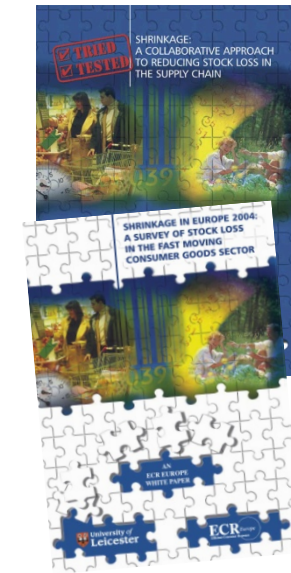
ECR Europe shrink initiative

Purpose

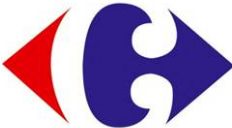
- Raise awareness of the problem of shrinkage
- Co-ordinate and sponsor cutting edge research
- Encourage companies to address the problem
- Promote a more systematic and systemic approach to dealing with the problem

History

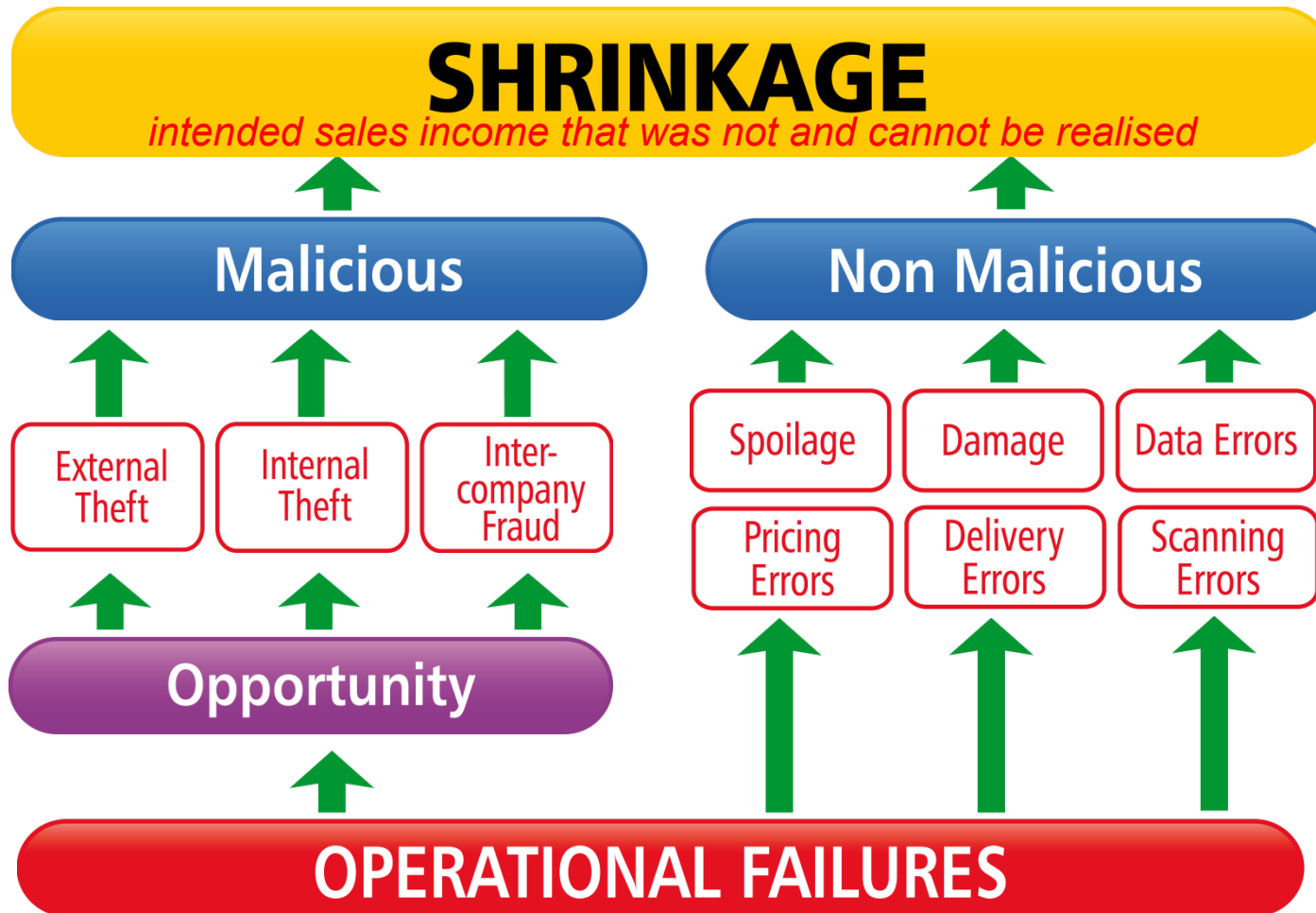
- Research Papers
 - 2 Blue books
 - 8 White papers
 - 2 Pan European surveys
- 11 ECR annual conference presentations
- Over 20 seminars across the globe
- Over 50 group meetings
- Continuing and growing industry representation



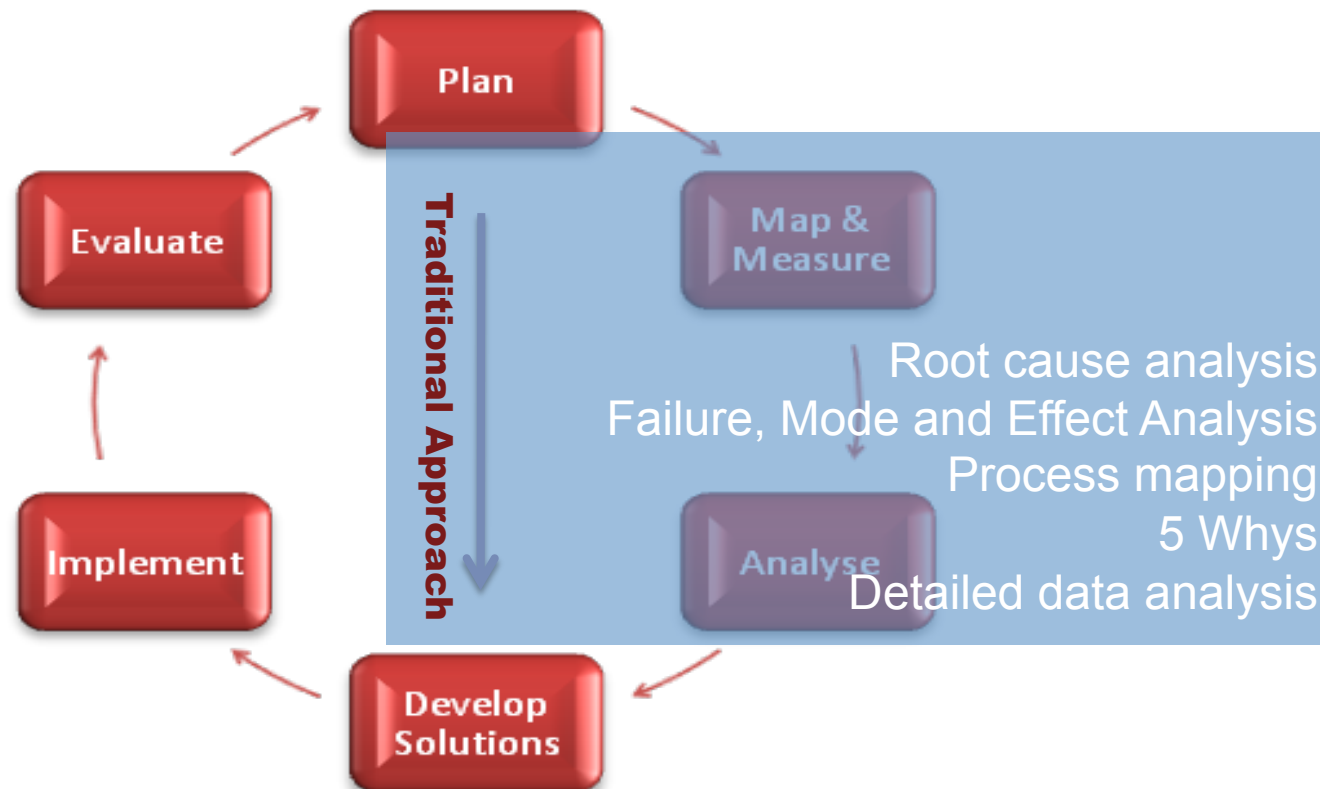
The ECR Europe Shrinkage Project Team



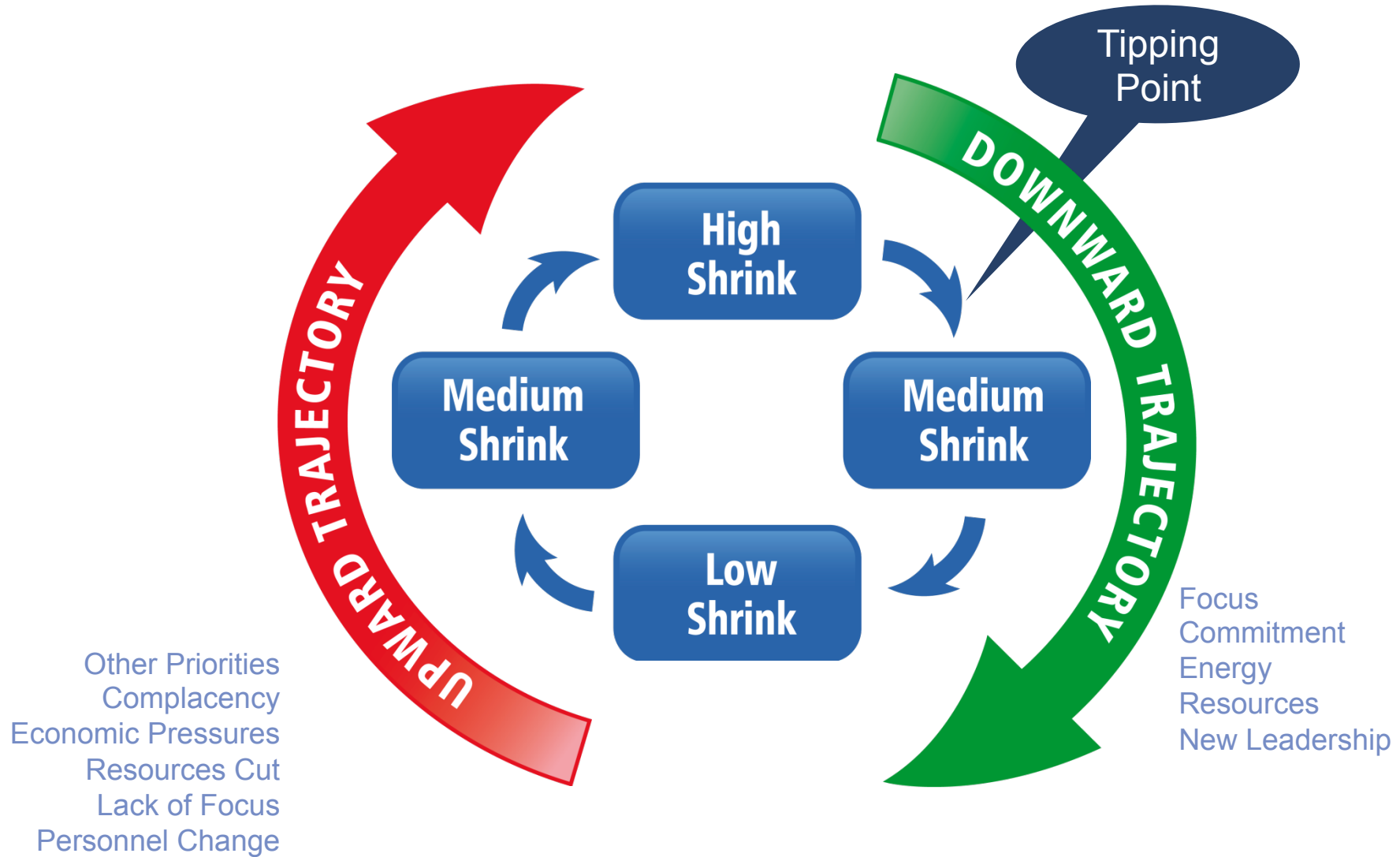
Creating new thinking!



- Estimated to have saved in excess of €600 million for companies that have used the ECR Shrinkage Group's Road Map
- 'In the hands of consultants this would be worth millions' . **Sir Terry Leahy, former CEO, Tesco**

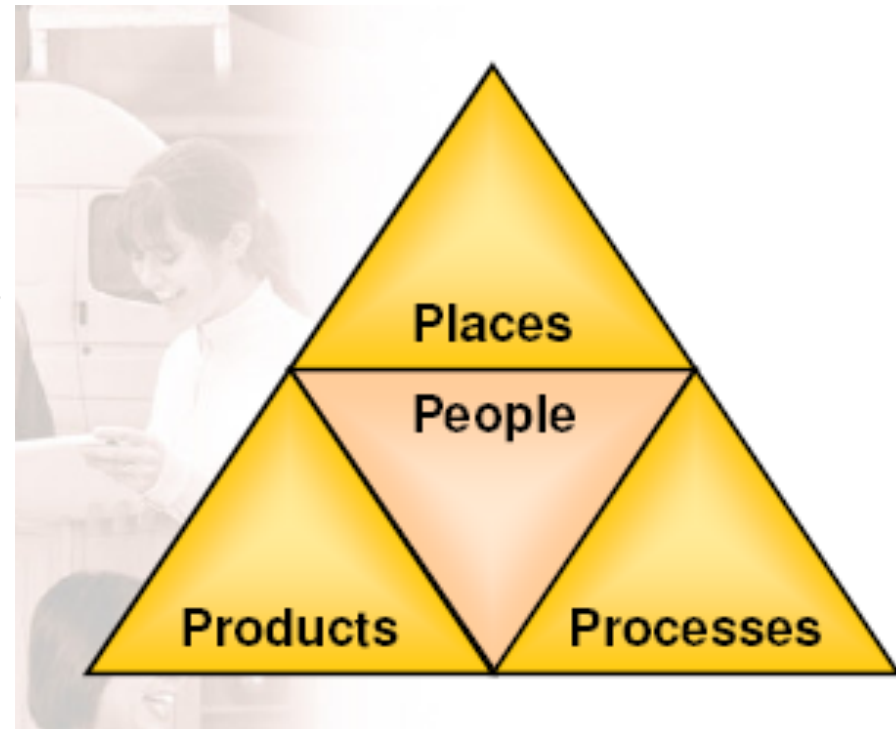


How do we succeed and fail



Shrink management strategy

- Management commitment
- Interdisciplinary approach
- Clear targets and rewards
- Technology improvements
- Single Definition of Shrink
- Quick Wins
- Training
- Best Practices
- Awareness and Communication
- Global Collaboration



Life can be simple according to 'Beck'



Life can be difficult according to store associates!

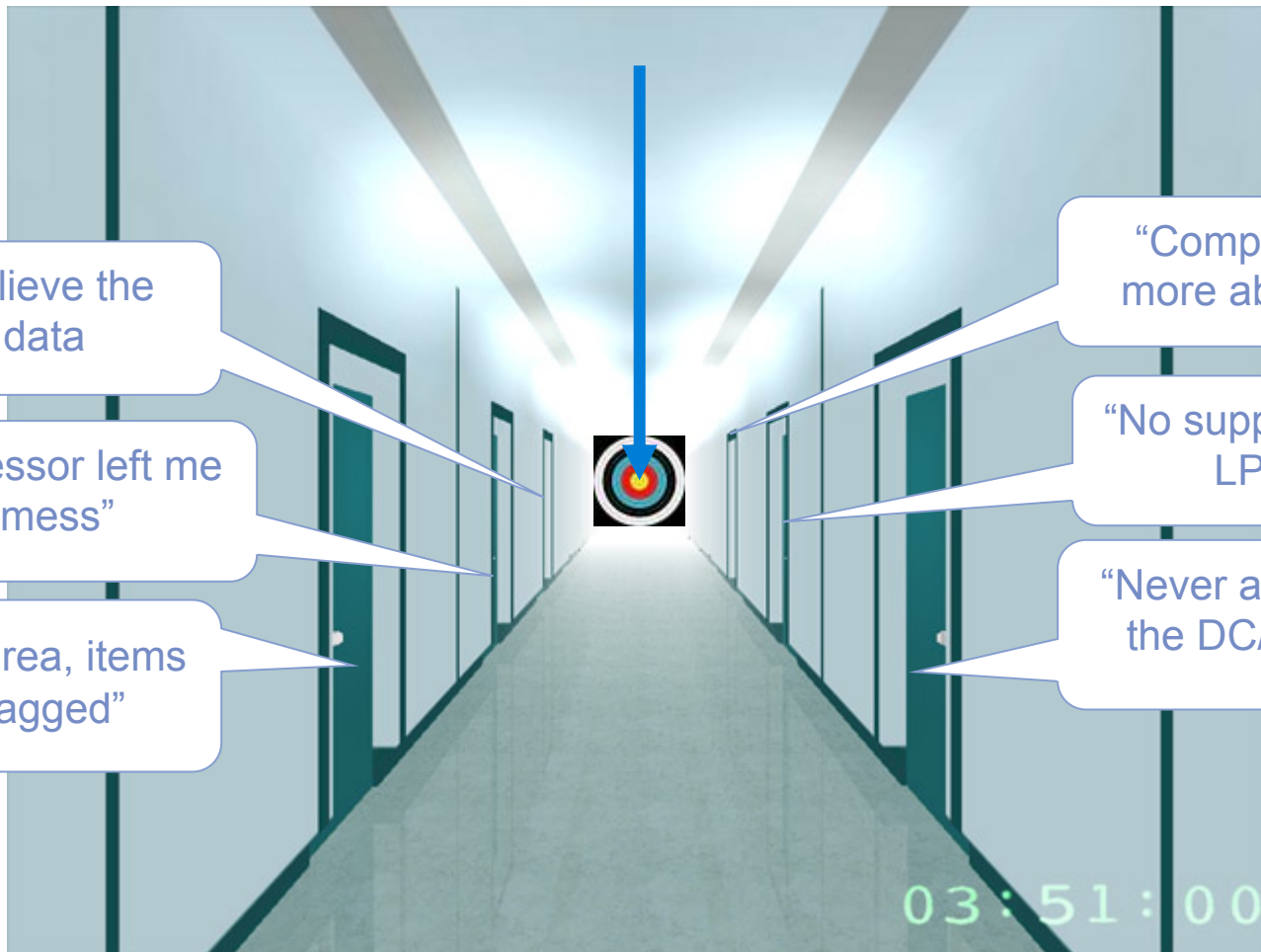
Internal pressure

- Sales
- Margins
- Logistics
- Workforce planning
- Customer demands
- The ivory tower
- Cash management
- Inventory losses

External disturbances

- Homeless people
- Drugs and alcohol addicts
- Shoplifters
- Agressive and violent
- Internal theft and fraud
- 24 opening hours
- Hard and organized criminals
- Environmental issues

Create store associate accountability



“I don’t believe the shrink data”

“My predecessor left me with a mess”

“It’s a bad area, items are not tagged”

“Company cares more about sales”

“No support from the LP Dept”

“Never arrived from the DC/Supplier”

REMOVE THE EXCUSES!

Our associates



- 2 pair of eyes, 2 pair of hands and a brilliant mind!
- Fit for the job!
- Customer focus
- Integrity
- Adaptive to change
- Company ambassadors

Create store associate accountability

- Make them accept ownership
- Listen to them
- Provide the tools and the data
- Give them training and stability
- Incentivise



Make them accept ownership



- Make them understand to the urge to manage shrink
- Make them understand their 'circle of influence
- Set SMART personal, department and store objectives
- Provide tailor made on the job training
- Involve them in measuring and reporting performance

Listen to them



SHRINK

Have an idea for reducing SHRINK?



RIGHT TO PRODUCE LOSS

Talk to a member of the
Internal Critical Care Team,
or call the Shrink Voicemail
at extension 7867

SHRINK

832/88 003-03

Provide the tools and the data



- Provide store level data correlating to their circle of influence
- Show them how they can see the result of their ‘behavior’
- Ensure item level shrink data
- Make data real time available
- Make them understand the data and the measuring system
- Work with store and department dash boards

Give them training and stability



SHRINK



Shrink Awareness Campaign

- 1 Front End**
 - Customer Service Coaching (CCTV)
 - Cashier Test Orders
- 2 Shelf Talker articles twice per year**
- 3 Monthly AP Newsletter**
- 4 In-Store Poster Program:**
 - 8-10 Posters published each quarter
 - Distributed at Regional Store Manager meetings
 - Each poster addresses a **specific shrink opportunity and is aimed at a specific target audience**
 - Modern, simple, hard-hitting



SHRINK

Continuous training

SHRINK



We need your help to ensure:

- Accurate DSD receiving procedures
- Correct counts
- Correct cost charges
- Only certified receivers are at the door

Accuracy + Integrity =



Reduced Shrink!

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SHRINK

SHRINK

Proper stocking is critical!

Don't stack fragile items too high!



WRONG RIGHT

Avoiding damages reduces SHRINK



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SHRINK

Continuous training

SHRINK

IT'S SUPPOSED TO BE GOLD
Protect your product quality!



Product out of refrigeration causes SHRINK!

RIGHT TO PREVENT LOSS

SHRINK

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SHRINK

Discounting?
Passing Product?
Helping out a Friend?
NOT A GOOD PRACTICE!



Every transaction is recorded and analyzed for potential SHRINK issues.

RIGHT TO PREVENT LOSS

Theft cases will be prosecuted!

SHRINK

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Incentivise



- Make shrink numbers a KPI
- Include performance in monthly department and individual meetings
- Include shrink performance in annual appraisal
- Reward good practice!
- Arrange store level, regional or group wide competition.
- Communicate good practice and shrink champions!

The paradox



- Losses are seen as costs
- To decrease costs retailers tend to decrease the cost of workforce or use it more efficient
- Mostly this result in minimizing controls and strict workforce planning
- Contrary to this, Loss Prevention is asking for strict management control to ensure proper execution of plans and procedures. Loss prevention behavior by employees and management is required especially at those moments' sales and workload is slow.

The answer to the paradox



- Make the people key in your strategy and support them with the technology they are susceptible to.
- Integrate Loss prevention tasks within workforce planning.
- Apply job based Loss Prevention and Security training for all staff.
- Ensure sufficient and adequate management controls.
- Have performance measurement and reporting in place.
- Take a business driven approach.
- Cherish your most critical success factor for Loss Prevention and Security; your associates.

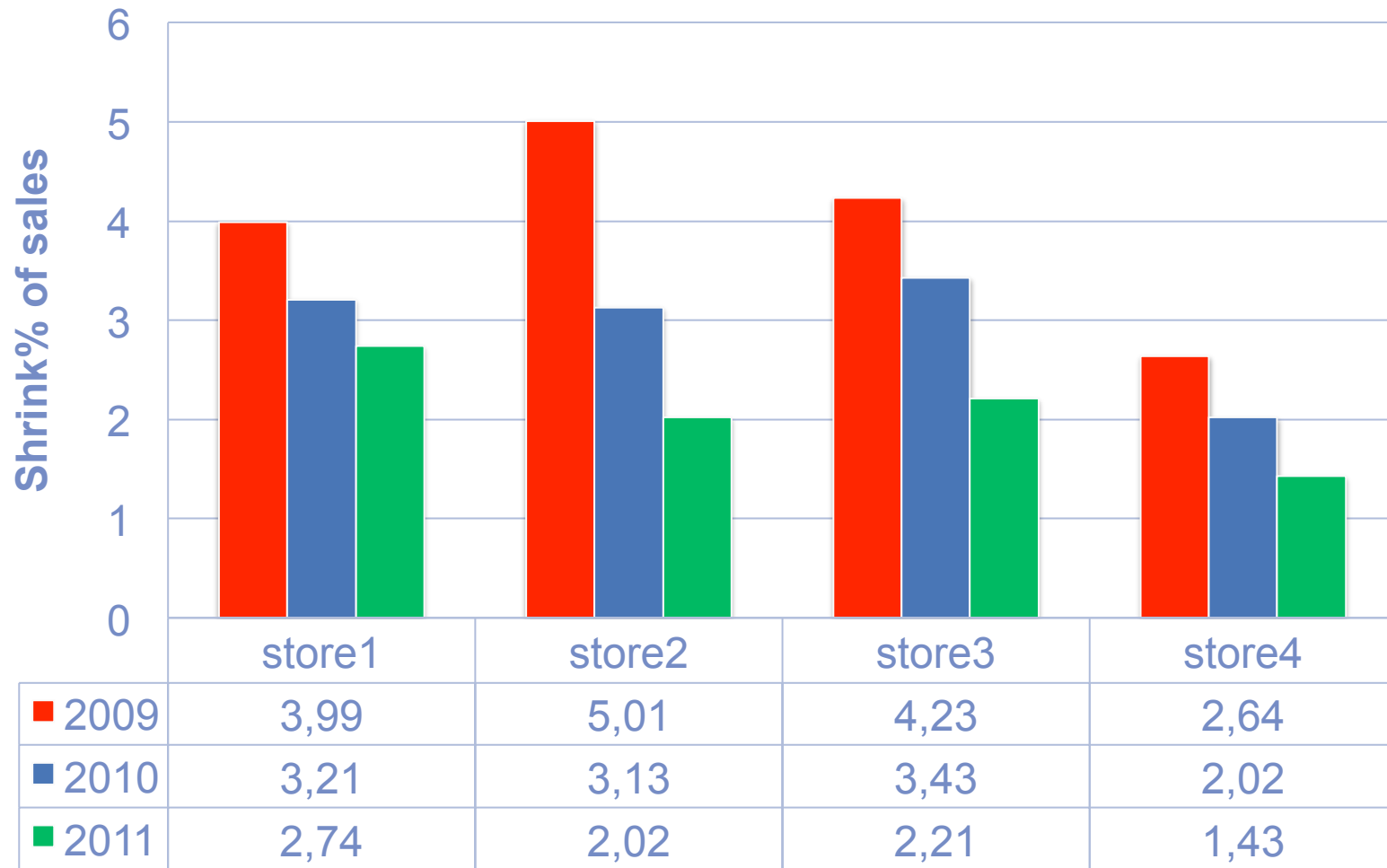
Top 3 do's and don'ts



- **DON'T** accept excuses for bad shrink figures
- **DO** create ownership
- **DON'T** fail to listen and to act
- **DO** emphasize good practice
- **DON'T** see shrink management as a project
- **DO** embed shrink management in business processes

! be aware of the paradox.

Results of associate accountability



Results of **NO** associate accountability





Thank you for
your attention.



Questions?

