



# Keeping a Close Watch With **Loss Prevention**

Jenny Bullard, Chief Information Officer, Flash Foods, Inc.

Using all our available technology and data, our Flash Foods teams have made loss prevention a standard consideration when it comes to the day to day operations of our stores. By leveraging automated solutions, prevention and oversight have delivered real reductions in loss and increased profits. To follow is a trio of examples that reflect the varied nature of loss prevention tactics. All of these examples illustrate how planning and follow-up can deliver measurable benefits to your organization.

## **ILI Over/Short Controls**

### **Using MWS Item Level Inventory and EPM Analysis**

Item level inventory has been one of the most impactful initiatives our company has ever undertaken. We completed rollout to all stores in 2007, and our inventory shortage has decreased by over 50% since that time.

These numbers are not limited to a certain type of store. Across our organization, stores have experienced a reduction in merchandise loss.



7	22	9/5/2013	77094	Monster LoCarb 12oz	-2.00	0.97	-1.94
8	22	9/5/2013	77145	Stride FearlessFruit	2.00	0.80	1.60
9	22	9/5/2013	77238	MikesPchLemonade10oz	1.00	1.38	1.38
10	22	9/5/2013	77239	MikesPchMargarita10	-2.00	1.38	-2.76
11	22	9/5/2013	77241	TGIF BlackberryPch10	-1.00	1.38	-1.38
12	22	9/5/2013	77257	1.49 RufflesULBcn&Ch	-1.00	1.04	-1.04
13	22	9/5/2013	77285	1.49 QitosChiliLmCo	-1.00	0.93	-0.93
14	22	9/5/2013	77295	Marlboro NXT Box	-20.00	3.23	-64.60
15	22	9/5/2013	77316	2.00 Toms Nacho Ring	-1.00	1.44	-1.44
16	22	9/5/2013	77346	Stout 21RoyalFishSho	1.00	1.20	1.20
17	22	9/5/2013	77382	CamelSnusFrostLarge	-1.00	2.55	-2.55
18							-274.13

### Mid-Range Volume Store

The actual inventory on 9/5/2013 of Store 22, a mid-range volume store in Nashville, Ga., is \$274 short. It was last inventoried on 7/25/2013. For the year 2013 has been inventoried 6 times with year to date shortage of \$1,883.

788	245	9/5/2013	77026	NoNatz 2oz	-1.00	3.49	-3.49
789	245	9/5/2013	77029	GH BirthdayCakeBar	1.00	0.96	0.96
790	245	9/5/2013	77080	MonstersUTalkerCandy	-1.00	3.17	-3.17
791	245	9/5/2013	77093	Monster Orig 12oz	-1.00	0.97	-0.97
792	245	9/5/2013	77097	GatoradeLmeCucumber32	6.00	1.02	6.12
793	245	9/5/2013	77099	GatoradeGlacrChry32	-5.00	1.02	-5.10
794	245	9/5/2013	77147	Stride IDMangoTango	-1.00	0.98	-0.98
795	245	9/5/2013	77221	Combos 7LyrDipTortll	-1.00	1.48	-1.48
796	245	9/5/2013	77263	Mentos Rainbow	-12.00	0.58	-6.96
797	245	9/5/2013	77268	DuckDynastyLEDFlashl	-1.00	4.22	-4.22
798	245	9/5/2013	77327	AlbertsWatermInWdgeP	-1.00	0.19	-0.19
799							-659.56

### High Volume Store

Flash Foods high volume Fayetteville store is a perfect example of how item level inventory can keep theft down. The actual inventory on 9/5/2013 of store 245 in Fayetteville was \$659 short. The store was last inventoried on 7/18/2013. For the year 2013 has been inventoried 5 times with year to date shortage of \$2,014.

## Analysis

Store	Inv Item	Inv Date	Begin Inv	Purch	Sales	Avg. Cost	Audit ADJ	Ending Inv
22	77295 Marlboro NXT Box	9/2/2013 Monday	61	0	1	\$2.83	0	60
22	77295 Marlboro NXT Box	9/3/2013 Tuesday	60	0	1	\$2.83	0	59
22	77295 Marlboro NXT Box	9/4/2013 Wednesday	59	0	1	\$2.83	0	58
22	77295 Marlboro NXT Box	9/5/2013 Thursday	58	0	3	\$2.83	-20	35

In EPM, Item Movement Trend Analysis shows daily perpetual inventory information on each item. This report gives supervisors and the loss prevention department the tools to research inventory shortage.

22	9/5/2013	42924	Marlboro Gold Box	19.00	4.08	77.52
22	9/5/2013	77295	Marlboro NXT Box	-20.00	2.83	-56.60

On MWS, the inventory over/short list received after an auditor has completed a count can be sorted by description. The auditor will note any items of the same that are the same brand. For instance this item was most likely scanned wrong.

Associate	Ticket Date	Event UPC	Event POS Desc	Event Ticket	Event Qty	Event Amt
Cora	LVOD 9/2/2013 Monday	9957102 Mny Ord No EACH		4506710	1	(\$90.00)
Michelle	LVOD 9/8/2013 Sunday	2820017361 MrlbrMenGld EACH		4512892	1	(\$3.80)
GARY	RETN 9/3/2013 Tuesday	2820017359 MrlbrMenth- EACH		4507022	-1	(\$3.80)
sandra	LVOD 9/2/2013 Monday	2820014370 Mrlbro Gold 10PK		2881993	1	(\$45.69)
DEBBIE	RETN 9/4/2013 Wednesday	2820000384 Mrlbro Gold EACH		2883017	-1	(\$4.66)
Michelle	LVOD 9/7/2013 Saturday	2820000384 Mrlbro Gold EACH		4511900	1	(\$4.66)
GARY	LVOD 9/4/2013 Wednesday	2820000478 Mrlbro Slve EACH		4509027	1	(\$4.66)
Cora	LVOD 9/8/2013 Sunday	2820000477 Mrlbro Slve EACH		4513631	1	(\$4.66)
GARY	LVOD 9/6/2013 Friday	2820000565 Mrlbro SpclB ECH		4511452	1	(\$3.81)
GARY	RETN 9/2/2013 Monday	2820000565 Mrlbro SpclB ECH		2882149	-1	(\$3.81)
sandra	LVOD 9/8/2013 Sunday	2820000423 MrlbrSpInd EACH		2885504	1	(\$3.81)
Cora	LVOD 9/2/2013 Monday	1200066886 Mtn DWWhtOu EACH		4506926	1	(\$1.69)

EPM also provides reporting that gives supervisors and the loss prevention department insight into why we have an inventory shortage, delivering detail on returns, line voids and manager voids. This report also gives supervisors and loss prevention department the tool to filter by an item description and research inventory shortage.

## Credit Card Fraud Reduction

110	1/20/2013	17:55	4184975	11 CRED	23345545313XXXXXX2107	\$100.00	26.048
110	1/21/2013	6:30	4188170	6 CRED	25941414734XXXXXX1457	\$100.00	26.048
110	1/21/2013	6:34	4188176	6 CRED	35317414734XXXXXX1457	\$100.00	26.048
110	1/21/2013	6:38	4188178	6 CRED	35861426429XXXXXX7265	\$100.00	26.048
110	1/21/2013	6:42	4188183	6 CRED	45243426429XXXXXX7265	\$100.00	26.048
110	1/21/2013	9:22	4188249	12 CRED	552519667XXXXXX8498	\$100.00	26.048
110	1/21/2013	17:27	4188675	11 CRED	1713414720XXXXXX3075	\$99.70	25.971
110	1/21/2013	17:53	4188704	12 CRED	86102468027XXXXXX0438	\$100.00	26.048
110	1/22/2013	1:01	4188949	12 CRED	5135426429XXXXXX7265	\$100.00	26.048
110	1/22/2013	1:05	4188952	12 CRED	5503426429XXXXXX7265	\$100.00	26.048

With a custom report generated from EPM, we see suspicious credit card transactions at the established pre-authorization amount. It is easy to identify multiple instances listing the same last for digits of the credit card number. The timing of transactions is also part of the alert process.

With this report, the Loss Prevention Department is able to isolate transactions and view security systems, capturing images of the person and vehicle when fraud is evident.

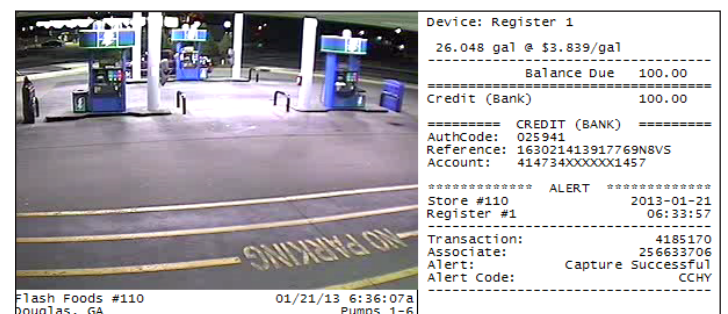


Figure 1: This image shows the person at the back pump area

With or video software, we can go even further to research this kind of fraud. This image shows vehicle at back pump area.



Figure 2: This camera image captures person walking into store.

A camera in the store can capture a good camera shot of the individual's face. Being able to use transaction data to isolate video is very beneficial in helping to identify the individual when reporting a theft to law enforcement.





**Figure 3: A great shot of vehicle as it pulls around to leave. Notice the tank that looks like a tool box in back of truck.**

The previously mentioned loss prevention efforts were put into place to address some ever present loss opportunities, merchandise and fuel theft and credit card fraud. The next area focuses on a different set of solutions: Palm POS and Loyalink.

## Playing the Game – Using Loyalink to deliver winnings

State of Georgia has taken ownership of the gaming machine business in the state. Retailers that have game machines in convenient store locations have to follow strict regulations in order to stay compliant.

So why gaming machines? These machines are popular in the south. You need them in your stores if you want to stay competitive with small single store locations. These gaming machines are profitable with an estimated 2 million dollars per year in revenue. And finally, the winnings have to be redeemed in our stores, adding to the gross margin profit.

When we first put the gaming machines into the stores the process of managing and tracking the issuing and redemption of winnings was manual and vulnerable to fraud and theft. Initially, winnings were issued in \$5.00 increments on paper vouchers. The vouchers had to be redeemed where they were issued and could not be redeemed for cash payouts. They had to be redeemed for store merchandise, excluding some products, such as tobacco and alcohol. The cashiers were responsible for enforcing the exclusion rules.

## Loyalink and the Players Card

After some research and testing, we found that we could use the Loyalink application along with Palm to manage the winnings. This turned out to be beneficial for cashiers, marketing and accounting.

With a specially issued Flash Foods branded 'Players Card', we could assign a special range of numbers to allow us to load and redeem winnings using a Loyalink points promotion established exclusively for Players Card participants. Not only would we be able to apply and redeem winnings via this promotion, we could also limit what products could be purchased with the winnings, an important constraint for the state of Georgia. Automating the management of the game winnings with Palm and Loyalink introduced a process that was familiar to our store employees and made it a much quicker and easier process to adopt.

Finally, being able to track the activity by transaction and report on the outstanding liability of winnings is more accurate and efficient.

## Using Palm POS and Loyalink Points Promo to manage winnings

- Winnings are loaded on a card utilizing an on-demand points redemption promotion unique to the Players Card range of numbers.
- When product purchased by customer – tender is done by swiping card. Any restricted products are left on transaction for a separate type of payment. Split tender is allowed. ©

