



THE FOODSERVICE DISTRIBUTION CONFERENCE & EXPO

bridges to success

EFFICIENCY, TECHNOLOGY, COLLABORATION



2008 FOODSERVICE DISTRIBUTION CONFERENCE & EXPO

OCTOBER 14, 2008

Employee Theft: What Every Distributor Needs To Know

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What You're Up Against Today

Value of product + lax security + low risk of being caught
+ inadequate criminal justice system + tough economic times =

“High Gain, Low Risk!”

What Doesn't Work Effectively – *And Why*

- Alarms
- Video Systems
- Uniformed Guards

The Difference Between
Cosmetic vs. Meaningful Asset Protection...

Intrusion Detection Systems

Examples:

- Poor design. Inadequacies of PE beams, standard motion detectors, magnetic contacts.
- Ability of employees to bypass, change codes or clearance levels.
- Not reviewing activity reports.

Video Systems

Examples:

- Inadequate design for a logistics environment.
- Utilizing the wrong technology.
- Spending too much – poor R.O.I.

Uniformed Security Services

Examples:

- Inadequate training.
- Quality of supervisory inspections.
- Receiving undercover from the same company.

Why Theft Is A Major Problem For Food Distributors

1. Companies oftentimes rely on inadequate safeguards to protect highly desirable inventory
2. It's the perfect environment for theft to flourish

Case History

METHOD: Loading Dock Theft

LENGTH OF TIME: 5 Months

LOSS: \$400.00 To \$800.00 Per Day

OVERVIEW:

Product staged on the shipping dock was being diverted by a loader.

Consequently, drivers would claim shortages the next day because some of their shipments were going onto the “wrong” truck.

Case History

METHOD: Receiving Dock Collusion

LENGTH OF TIME: 2 ½ Years

LOSS: \$182,000

OVERVIEW:

The receiver was regularly signing for full shipments and allowing certain truckers to keep part of the load.

The truckers would sell the product for cash and kickback a percentage of the payments to the receiver.






Methods Of Theft Frequently Used By Company Truck Drivers:



- Padding time
- Claiming phony shortages
- Stealing product from customers on their routes
- Not bringing back all their returns
- Having their trucks deliberately overloaded

5 Essential Strategies For An Effective Security Program:

Your Program Should:

-  Be proactive, not reactive.
-  Consist of several essential components.
-  Be composed of *meaningful* safeguards. They must work effectively, not just look good on paper.
-  Be consistently audited to insure a high level of adherence.
-  Be maintained. Don't stop or become complacent.

*Developing A Loss Prevention Program
That Will Effectively Protect
Your Company*

*What Are The Essential Components That Have Been Highly Successful
For Other Distributors?*

More Comprehensive Background Screening

- *Develop clearance levels in line with job responsibilities*
- *Conduct background investigations for job changes and promotions*
- *Don't be duped by "internet specials"*

Have Your Safeguards
Thoroughly And Realistically Evaluated

Seek new, innovative approaches to avoid complacency

Maintain An Effective Auditing Program

- *Unannounced audits have more impact*
- *Make sure audits are random and unpredictable*
- *Results should be factored into performance reviews*

Advanced Audit Strategies:

- ✓ Do double & triple audits
- ✓ Increase audits during heavy volume
- ✓ Use this formula to target high N.O.T. drivers:

*total \$ overages – total \$ shortages =
net \$ shortages / total \$ delivered =
% of net shortages to total \$ delivered*

Eliminating Trucker Theft

Covert & Non-Covert Surveillances Will Prevent As Well As Detect
Individual Theft And Collusion

GPS has limitations – it can be easily defeated

Maintain An Effective Tipline Program

Promoting it positively:

- ✓ It's for everyone's protection
- ✓ Complete anonymity
- ✓ It's outsourced
- ✓ No one can be wrongfully punished
- ✓ Reward for confirmed information

The 10-80-10 Theory

- 10% Of The People Probably Will Never Steal
- 10% Of The People Probably Will Always Steal
- 80% Of The People Are *Fence Sitters*

Go Undercover

To Find Out What Is Really Happening On The Inside

Primary Objectives Of An Undercover Investigation

Expose:

- ✓ Individual Theft And Collusion
- ✓ On The Job Drug Usage And Distribution
- ✓ Operational Problems
 1. Poor Productivity
 2. Lax Supervision
 3. Factors Negatively Effecting Morale
 4. Non-adherence To Company Polices
- ✓ Serve As Corroboration For A Theft Insurance Claim
- ✓ Weaknesses In Existing Security Safeguards

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