



Loss Prevention, Auditing & Safety Conference 2009



Title Sponsor:



Creating a Supply Chain LP Program

Glenn Master



Company Overview (Domestic)

Retail

Includes 1175 retail locations.

Supply Chain/BSG

Distribution Centers (DC's) – 15...*Direct delivery to customer's.*

* Third Party Delivery Satellites by Multiple Carriers

Cross docks – 13...*Replenish retail stores.*

Sales Offices, Contracted Cust Serv, Tech Depot



Department Overview

Sr. VP – Chief Compliance Officer/Internal Audit

Retail

1 Director

6 Regnl Mngr's

65 LPDM's

BSG

1 Director

4 Regnl Mngr's

14 Site LP Mngr's

2 Regional Invstg

Fraud Research Team

International

1 Director

2 Regnl Mngr's

21 LPDM's

Corporate Office (Director of Ops, Director of IT/Investigations & Staff)

Director of Risk Management & Staff



The Evolution of Supply Chain LP

- In 1999 DC's were operating in Silos (Result of Growing Pains).
- Retail LP had responsibility for both.
- Warehousing and Retail are very different entities.
- Warehouses had minimum formal controls in place both operationally and security.
- Losses at the time were:
 - Employee Theft*
 - Credit Card Fraud*
 - Operational Shrink (No formalized SOP's in place)*
 - External Fraud (Account Take Over's – Sales Organization)*
 - Ghost Losses?*



Where Did We Start?

From the absolute ground floor!

- One Director
- Five Regional Managers
- Covering everything operationally other than retail stores in the U.S.
- Warehouses, Sales Offices, Satellites, Customer Service Call Centers



Basic Approach to Trust

Getting in the head of the Director

- Does the management team even know what we do?
- What's their understanding/perception of Loss Prevention?
- What's the Director's business philosophy?

A little psychology over lunch can go a long way to establishing that partnership bridge...

Listening to someone verses talking...



Very Simple Philosophies

We are....A department, truly consisting of a diversified workforce. This brings many levels of experience to the table including operational, safety, physical security and investigative experience.

We are not....The Police, The Auditors, The Bad Guys

We would like to be considered.... Business Partners!

At the end of the day...You can take away all of our titles, departments and job functions within the company, we are all about two things, Profit and Loss!



Partnership is a Two-Way Street

Sometimes the term 'PARTNERSHIP' is taken a little too far by management.

Guidelines and limitations have to be set up front.

Two Main Goals in Loss Prevention

1. Ensure the integrity and compliance of the operation.
2. Partner with management.

#2 Never Supersedes #1



Evaluating Mount Everest

1. Start off with your bread and butter – SECURITY

- * Work your way from outside to inside.
- * Conduct a Risk Assessment (Crime Index, Neighbors Operations).
- * Move into a general security survey (This includes everything and anything that's already existing or not present).
- * Internet sites provide good survey examples.

This includes but is not limited to:

FENCING

CCTV

DOORS

LOCKS

KEY CONTROL

CARD ACCESS

BURG AND FIRE ALARMS

- including call lists

SECURITY GUARDS

SEAL INTEGRITY

VISITOR/CONTRACTOR CONTROLS

TRUCK/TRAILER SECURITY

VENDOR BACKGROUND CHECKS

EMPLOYEE LOCKERS

GENERAL SIGNAGE



Evaluating Mount Everest cont.

2. Reviewing Building Safety...LP's responsibility or not!

Poor safety record leads to other problems of loss...

- * Review last five years of OSHA 300 accidents.
- * Review each accident from previous year and YTD
(Looking for trends...Type of Injuries, Employees, Departments)
- * What current incentive programs are in place, if any?
- * What level of engagement does the management team have?
- * What type of participation, if any do employees have in the program?
- * Is there an Emergency Response Plan?



Evaluating Mount Everest cont.

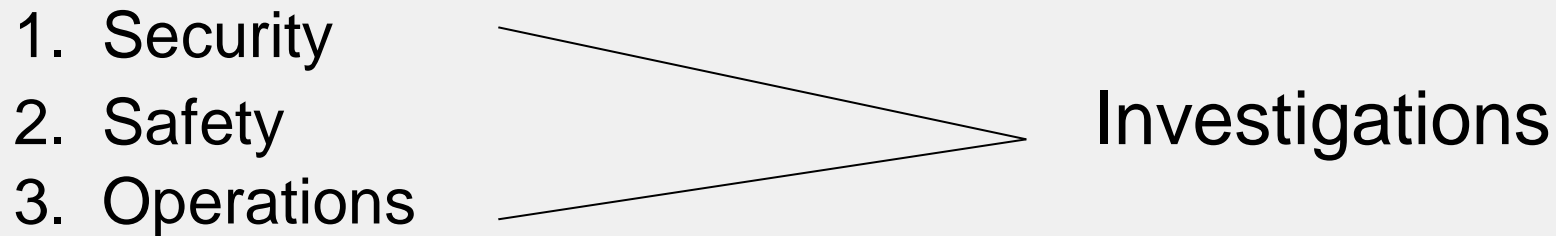
3. Review over each operational department.

- * Spending a day in the department observing, working, learning.
- * Building a rapport with the manager in that department.
- * Reviewing if they are following SOP for there particular area.
- * Keeping in mind the exposure that's being caused for not following SOP (shrink caused from paperwork, process and theft).
- * Is there is Business Continuity Plan in place?



Begin Climbing

Addressing what is overtly broken that is causing the most exposure to the operation...



Investigations will continually identify exposure, which will allow you to close loopholes in the operation that's causing the exposure.



Tools of the Trade

Good majority of the program was designed around auditing.

- LP participated in the development of all SOP's.
- Audit is Intranet web based (Cyberquest)
- Conducted once a month in each facility.
- Reviews operational SOP's in the facility.
(Receiving, Inventory Control, Transportation, Production, Safety, Security)
- Expectation by Senior Management is a 95% or better.
- Buildings are required to do departmental self-audits.
- Allows LP to evaluate more precise issues in the operation which is causing exposure and loss.



Tools of the Trade cont.

Investigations

Dealt with every possible issue dealing with elements both internally and externally. This includes but is not limited to employees, contractors, identity thieves, drug users, local criminals and international thugs.

- Each regional has level of expertise in different areas.
- Professional Organizations (IAFCI)
- Prosecution is our goal with Restitution taking priority (On the spot payments, claims filed with carriers).
- Intranet web based LP case system for filing/records.
- Monthly reporting to executives on global case summaries.

Contract Business (Sales)

- Ecommerce/reduction in charge backs/fraud research team.
- Account Take Over's – International Groups



Are we at the Summit Yet?



Questions..

?s

