



**Creating a 3rd Party Logistics Loss Prevention Program
from the ground floor**

Dave Roberts – Director of Loss Prevention Lasership

Who is this Dave Roberts, anyway?

15 years of multi-faceted loss prevention experience

- Savers – trucking, warehousing, logistics and safety
- Radio Shack – retail and electronics
- The Children's Place / New York & Co. – retail specialty soft line
- HMS Host – food/beverage and retail
- Safeway – grocery retail

6 years law enforcement (Baltimore City Police Department)



First things first.

What is Lasership?

- . Regional final mile courier
- . 60 locations from Boston to Miami and west to Detroit and Indianapolis
- . E- com NDS and SDS service for multiple customers of many different commodities
- . B2B Pharmaceutical shipping throughout network
- . B2B office supply deliveries throughout the network
- . Payroll deliveries
- . DDU services to post offices
- . IC driver fleet

In the beginning.....

Status of “Loss Prevention” and “Asset Protection” at Lasership

- . Reactive to issues “fire drill mode”
- . Limited recourses – 1 RLPM with no direction one LP supervisor in Miami location
- . The two employees reported to a Risk Management manager that was responsible for IC driver recruitment and documentation
- . No formal LP visit or audit plan to review operational compliance
- . No use of data or analytics
- . Very limited partnership with the operations teams and corporate executive level
- . Not responsible for any facet of safety
- . Not involved in CCTV system placement/planning

What was required to create a Loss Prevention Department

Bring retail style LP to logistics

- Change the “clear the dock” culture that exists in logistics
- Get away from the “one customer at a time” approach to issues
- Take on direct ownership and direction of the cargo claims review and processing for data and analytical purposes
- Use claims as a benchmark for loss rate and drive compliance of operational procedures to reduce claims
- Hire and on board high caliber Regional Loss Prevention Managers to manage field regions
- Ingrain a loss prevention culture into operations
- Audit and proactively visit branch locations to ensure compliance
- Coach, mentor and train operational partners and branch management
- Develop relationship with customer LP departments and contacts
- Develop a mission statement of the Loss Prevention department

LaserShip Loss Prevention Mission Statement

Loss Prevention department mission statement:

LaserShip Loss Prevention is committed as a proactive business partner in the protection of assets by consistently driving processes and best practices to increase profitability and provide a safe environment for our employees and customers

To accomplish this mission, Loss Prevention will

- Be a leader on physical security, investigation and compliance, claims management, analytics, and safety
- Drive operational consistency and accountability
- Oversee Loss Prevention activity for Lasership

LaserShip Loss Prevention Vision and Guiding Principles



Loss Prevention drives **operational consistency and accountability** to ensure best practices to **reduce cost and increase revenue** by:

- Taking an overall look at a business
- Developing programs to **proactively prevent loss** rather than being solely reactive after they occur
- Ensuring the **physical security** of facilities
- **Increasing awareness** that these losses can occur
- **Auditing operations**, reviewing safety procedures and issues, and **ensuring compliance** that could lead to a loss or claim
- Conducting internal interviews and investigations to detect and exit **dishonest employees**
- **Investigating claims and losses** that occur, and violations of company policy
- **Resolving known problems** and developing solutions to prevent recurrence
- Documenting and disseminating **best practices** and incorporating into SOP

SOURCE: *The Six Principles of Loss Prevention*, Loss Prevention Innovations

Four key pillars for reducing Asset Loss:

Physical Security

Investigations
and Operational
Compliance

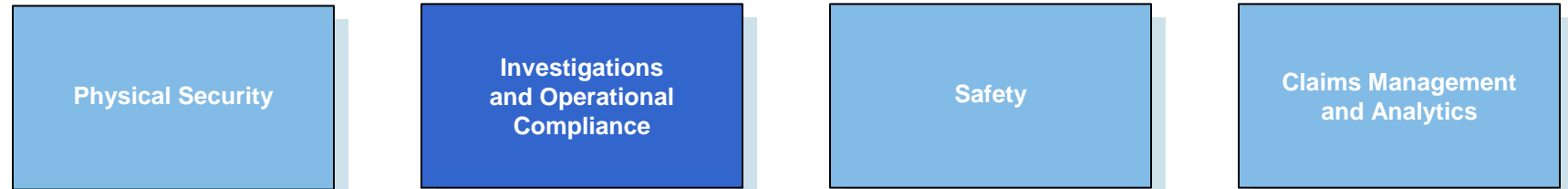
Safety

Claims Management
and Analytics

Physical security strategy



Employee Investigations strategy



Proactively identify dishonest employees before incidents occur and investigate cases

- Conduct proactive LP visits to branches
- Surveillance by LP or members of operations; act on reported management observations
- Conduct climate with employees and ICs
- Solicit employee complaints/"hotline" reports – set up of confidential employee hotline

Conduct driver and employee interviews using Wicklander interview-trained investigators

- This is the industry standard and will ensure a professional process that will eliminate any employee relation issues
- Document any admissions with a written statement

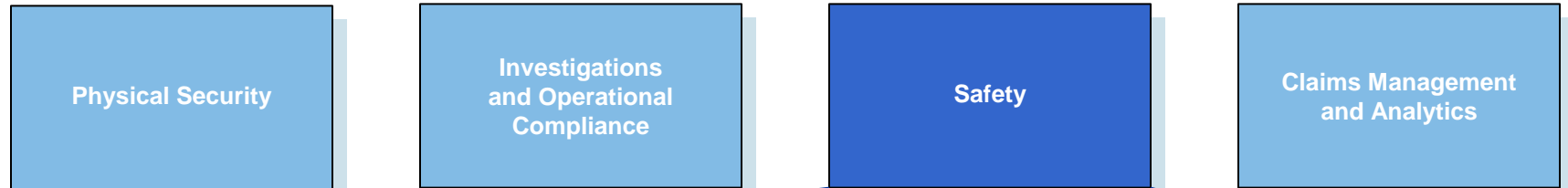
Admin reporting and communication of all incidents with HR partnership for employment determinations

LP case report, statement forms, and civil promissory mechanism to recover any lost monies owed the company

- Recovery done by a vendor who is paid a percentage of the recoveries (zero cost to LaserShip)

Perform comprehensive LP operations audits

Safety strategy

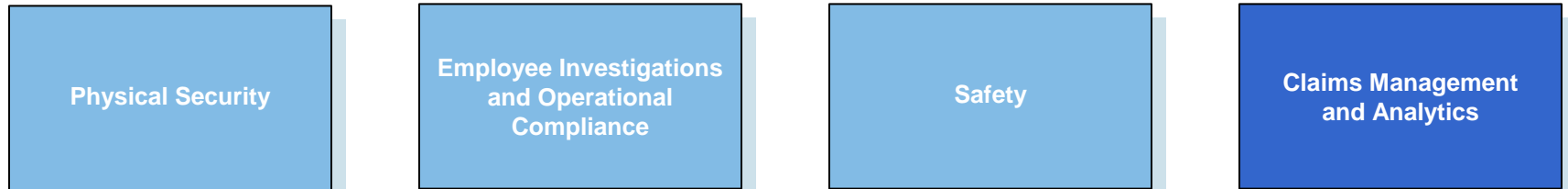


Implement a comprehensive safety program that looks at all aspects of safety in the warehouses to include:

- Fire extinguishers
- First aid kits
- Training
- Fork lift certification, compliance (only used by properly trained personnel)
- OSHA compliance
- Fire code
- Emergency evacuation plan, emergency contact list
- Signage
- Disaster recovery plan

Developed an LP/Safety board at the branches with scorecards related to loss and claims posted along with safety topics and LP related topics to raise awareness and reward branches that have high compliance and low safety incidents

Claims Management strategy



Investigate and process claims; analyze losses to create a feedback loop to prevent future losses

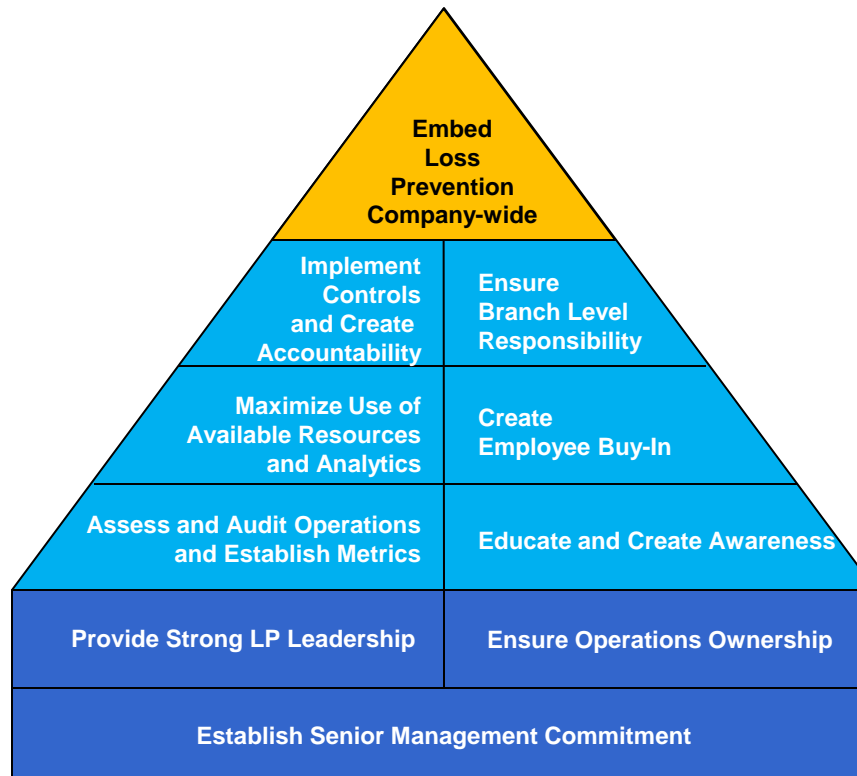
- Use of tracking numbers/GPS scanners to track claims
- Use current loss to track trends of losses for specific customers and branches
- Base travel and branch visits based on claim results

Monthly claims reporting to increase the awareness to the Operations group, and provide statistics on branch vs system best/worst claims and lost package performance

- Tie claims back to the proper location (branches/drivers)
- Link claims performance to branch P&Ls and GM bonuses
- Use information on damage claims to drive operational handling of packages as well as to communicate back to customers on packaging issues.
- Including sales management group in to the cargo claims reporting to properly inform customers of issues
- Inform new customers during onboarding of cargo claim process and procedures – Time limits and liability caps

Key success factors

“Company-wide, inter-departmental collaboration emerging as the #1 best practice for companies working to reduce shrink and grow profit with consistent results, measurable impact and sustainable profit gains and shared/mutual and cross-functional accountability.”⁽¹⁾



(1) <http://www.ricksegel.com/blog/bid/85832/Recommended-Article-6-Trends-in-Loss-Prevention-and-Store-Operations-Control-for-2012>, The 2012 National Supermarket Shrink Survey; supermarket executive interviews by The Retail Control Group; 36 Store-level “Causes & Cures” Profit Audits conducted in 2010-2011

PYRAMID ADAPTED FROM: Effective Retail Loss Prevention: 10 Ways to Keep Shrinkage Low, University of Leicester, February 2007 and *Retail Crime, Security, and Loss Prevention: An Encyclopedic Reference*, by Charles A. Sennewald, John H. Christman

Driver Issue Claims and Issues

- . Damaged caused to property/vehicles by IC drivers
- . Criminal activity by IC drivers, Hit and runs / theft / other issues
- . Deductions for payments to company or property owners
- . Deductions of company related equipment (scanners) for loss/damage or non return of equipment
- . Theft of packages/product while in warehouse or under dispatch
- . Tracking of delivery performance relative to claim activity
- . Auditing of driver portal to ensure compliance of all required items to be an IC driver. (valid insurance/valid license/criminal background check/drug testing)
- . Partnering with the LS delivery resources department on all the above items