

# 20 ways to prevent shrinkage

 By [Sid Peimer](#)

23 Jun 2004

It is estimated that crime is costing the FMCG industry more than R3 billion\* a year. And it's not a South African 'thing' either – the average shrinkage from stores in Western Europe in 2001 amounted to 28,9 billion Euros – that's the total retail turnover of Norway!

And it's not shoplifting that's the major culprit, but employee theft, with admin and vendors also contributing.

Here are some practical and insightful tips:

1. Don't think you can get rid of the problem if only you had the 'right' people. 90% of us steal when presented with a suitable item and a chance of getting away with it. Although screening new employees is an important part of security measures, shrinkage it is not a character thing – it's a situational thing – the idea is to change the situation.
2. Tidy up your system – you can only notice something's out of kilter if the rest is in kilter.
3. Start organising your system from the back, not the front. Begin with goods receiving – usually the 'crime scene'. Depending on the nature of your retail store, shoplifting is probably a distant second.
4. Poor people don't necessarily steal – people who perceive the absence of a capable guardian steal. Forty percent of total apprehensions in the UK were management, including security officers - basically people who are unsupervised.
5. Use the Golden Hour (the employee's first hour at his/her new job) to promote your efforts against shrinkage. Set the attitude towards theft — label shrinkage as unacceptable and share the consequences. It also makes employees more aware of the fact that, because it's important, resources are dedicated to it and that 'someone's always watching'.
6. Don't over-invest in fixed systems. All measures are transient. It is a dynamic activity that requires constant attention. Shrinkage is about getting around the system. Don't think that just because you spent a fortune in loss-control measures last year, it must cover you for this year. Any system can be circumvented – all that is needed is time. Budget accordingly.
7. Small things done more often can sometimes be as effective as big things that happen infrequently. Two fake cameras (moved around often) may be better than one real one.
8. Although an important part of loss control is 'inconsistency' (such as moving mirrors around), there are aspects of loss control that require absolute consistency. If you have CCTV, then make sure you switch on the recorder every time you

leave the store. Omitting to do that once or twice speaks volumes: you don't take it as seriously as brushing your teeth.

9. Bad HR makes for high shrinkage – there's nothing more satisfying than meting out your own justice – if staff don't feel valued, then they will make up for the value in terms of goods. Fair's fair.

10. The thief that is caught is usually employed for less than 12 months, and can sometimes be taught by co-workers. The challenge is to promote a just environment that does not value or tolerate theft.

11. People often start stealing in the first few weeks of their job (frequently taught by co-workers), Make sure that the amateur has as little desire and opportunity to see theft as an acceptable-risk alternative.

12. You snooze you lose. Waiting for shrinkage to become a problem is, well, waiting for shrinkage to become a problem. Loss control does not require money as much as it requires your serious, regular attention. Simple activities can go a long way: posters, anonymous hotline, lectures/programs, code of conduct, videos, newsletters, honesty incentives, employee committees, paycheck stuffers, employee surveys (just send out a questionnaire), audio tapes and lots more. Be creative – there's nothing worse than a surprise change to a regular offender.

13. An element of loss prevention should have a communication strategy, just like your advertising and communication to your 'honest' customer base. If you have an agency, brief them – the more impactful the result - the better.

14. It's not so much what you do, but what the perpetrator thinks you have done, can do and will do. A little hype can go a long way. A memo once in a while that alludes to some anti-shrinkage activity can affect behaviour.

15. Blood is thicker than water – relatives are usually the best loss control measures you can have. Not because your genes are more honest than my family's, but people are less likely to steal from their own.

16. Don't leave things if that's not the way they're supposed to be. Repair immediately. The Broken Windows theory, the brainchild of James Wilson and George Kelling states quite simple that crime is the result of disorder. If a window is broken and left unrepaired, people walking by will conclude that no one cares and no one is in charge. The anarchy then spreads resulting in what we see as the high crime rate.

17. Make staff understand that there's a big exam at least once a year that's called stocktake, where you can work out what the shrinkage actually is (to the second decimal place).

18. See the perpetrator as a consumer with needs. The idea is to make the price unaffordably high and, just as with brands on the shelf, perception can be as powerful as reality.

## ABOUT SID PEIMER

A seasoned and insightful executive with multisector experience in roles as diverse as senior management, strategic planning and copywriting. I am a qualified pharmacist with an MBA from UCT. I am also an accomplished keynote speaker and presenter.

- Is consumer backlash affecting ad creativity? - 13 Feb 2023
- Cancel culture and the destruction of brands - 9 Mar 2022
- The most valuable capital of all: social capital - 24 Feb 2022
- Oh no, what have I done to outbound call centres? - 8 Feb 2019
- If Donald Trump wins, this is why - 25 Oct 2016

[View my profile and articles...](#)

For more, visit: <https://www.bizcommunity.com>