

An Holistic Way Is The Only Way To Tackle Fraud

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I read with surprise Simon Grant's letter 'Retailers must take the blame for fraud levels' in last week's Retail Week. (Reproduced below)

To me, it read less like a letter to the editor and more like an extended suicide note from a business that deals primarily with the constituency he has sought to criticise so publicly. To crown it all, the letter was based upon an over-simplistic notion – 'get data mining, or get digging....'

Yes, data mining is an extremely effective tool in the fight against shrink, but on its own it is not the panacea for eliminating retail fraud. As an independent retail loss prevention consultant, I would be doing a professional disservice to the many retailers that I deal with to suggest that it alone will solve all of their ills. Retailers know that they have to take an holistic approach that includes a suite of technological and equipment solutions, of which data mining is one, but overall they are seeking to engage and empower the best technology in their arsenal – their staff.

Moreover, this bigger picture profit protection strategy is more focussed upon developing and nurturing a positive cultural shift towards the zero tolerance of shrinkage and its perpetrators across the business, whether they are shop thieves or seasoned staff who should know better. This involves getting shrink on the board agenda and tasking and incentivising every person in the business to take responsibility for its removal through a combination of effective awareness, behaviour and technology. For, as we all know, without the right attitude and personnel, any technology will fall short of the mark.

Successful retailers are those that adopt this holistic approach and use computer-based forensic analysis as part of the solution, and only ever as part of it. My experience is that loss prevention professionals are not to be blamed but praised for measuring and understanding the cause of their losses before implementing appropriate action to improving their shrink by employing a top down, bottom up approach from chairman to check-out.

It is easy to point fingers, but most LP managers have their fingers on the pulse by integrating people and PC power.

Laurence King, Managing Director, The ORIS Group

Retailers must take the blame for fraud levels

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Retailers must take some of the blame for the impact of fraud after reports from the Association of Chief Police Officers (ACPO) revealed that fraud is costing the UK at least £3.9 billion a year and the UK payments association

Apacs claims that store fraud is moving onto the internet.

Many retailers are failing to confront theft by staff and customers, both in store and online. They are giving away valuable margin, which can equate to as much as 18 per cent of profits a year because of a lack of convincing strategies for tackling fraud. However, much of this fraud is avoidable and can often be eradicated.

Retailers have failed to curb theft through the use of traditional techniques — store detectives, CCTV and item tagging — while leaving the gates wide open with procedural loopholes. Few retailers take advantage of combining in-depth, forensic analysis of point of sale data with traditional investigations.

One retailer that is utilising profit protection successfully is Retail Week's Retailer of the Year, John Lewis. Profit protection through sales analysis is a proven key performance indicator-focused approach, with projects giving payback in less than three months and sustainable returns over many years.

Once retailers harness the power of technology and analytics, a virtuous circle is started that allows retailers better detection of fraud. It also gives them the ability to address other areas of loss — such as half-empty or abandoned shopping baskets and inefficient processes.

Fraud is a huge problem, but it's also an avoidable one. All that is required is the will and the tools to tackle it. Retailers that hire profit protection managers and computer-based forensic analysis tools to spot fraudulent activities are the clear winners.

Simon Grant

Chief Executive officer IntelliQ