

How To Scrutinize Benchmarking Results And Apply Them To Your Loss Prevention Operations

Benchmarking is a strategic tool that can help loss prevention, operational audit, and workplace safety professionals identify ways to improve.

by Ryan Cliche

Asset protection is a critical retail function that can add tremendous value to the retail firm by reducing costs/lost profits caused by theft, organized retail crime, and workplace safety incidents. Asset protection improves the quality of the customer experience, while simultaneously protecting assets; reducing cycle time and increasing efficiency in reacting to incidents; and ensuring effective use of training and education for employees. Benchmarking is a strategic tool (Figure 1) that can help loss prevention, operational audit, and workplace safety professionals identify ways to improve these items. This article gives a step-by-step look at how to read a benchmarking report and accurately apply its results to your loss prevention operations.

Reducing costs/lost profits by fighting theft and organized retail crime is one of the most visible ways that asset protection executives and managers may show how their efforts affect the financial bottom line. The Coalition Against Organized Retail Crime regularly represents the fight against organized retail crime on Capitol Hill. We read about it in the news. Organized retail crime, already a large national problem, is growing rapidly. Retailers estimate that losses from organized retail crime are in the tens of billions of dollars. Also,

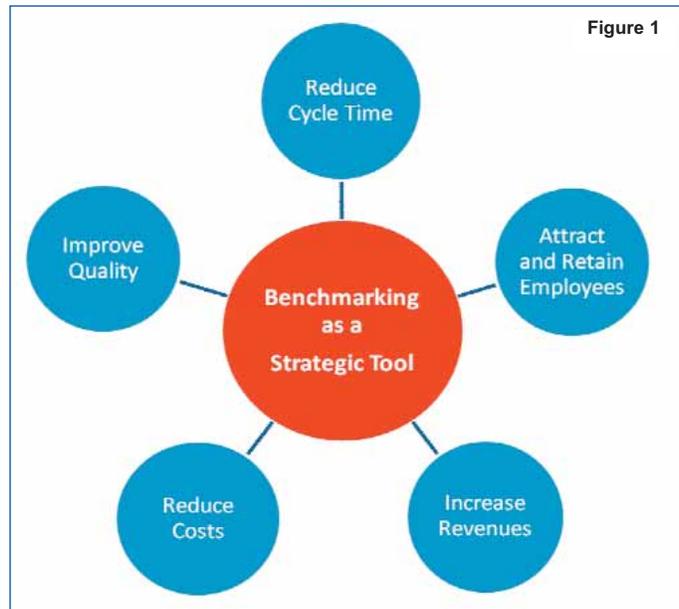


Figure 1

Benchmarking is a strategic tool that can help you evaluate current policies and processes to increase revenue, reduce costs, improve quality, reduce cycle time, and retain employees.

your operational audit department likely finds stolen property during its cycle counts in stores and distribution centers.

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Examine The Business Issue

Recognizing the scope of the problem with theft and organized retail crime is an important step toward solving the problem, but how do we approach solving the problem? This is where benchmarking comes in.

One example of how the Retail Industry Leaders Association (RILA) has made strategic comparisons available is its recent 2008 RILA *Company Shoplifting Policies Benchmark Survey*. In June 2008, RILA Loss Prevention Steering Committee members and a set of other loss prevention respondents compared shoplifting policies for adult and juvenile suspects. The survey benchmarked if/how handcuffs are used to detain shoplifters, handcuff and force training, guidelines for detaining and processing, trespassing, civil demand, and prosecution policies.

Another example of how we're helping retailers evaluate shoplifting prevention processes and strategies is by surveying the shoplifters themselves. This can begin to help asset protection professionals view the issue from a different perspective to get even more insights on best practice processes and theory.

The 2008 RILA *Consumer Shoplifting Research Survey*, the first in a series of annual surveys, was conducted in conjunction with the National Association for Shoplifting Prevention (NASP) to gather data directly from nonprofessional consumer shoplifting offenders. The survey examined employee/shoplifter collusion, possible crossover between consumer shoplifting and organized retail crime, and the effectiveness of existing security measures. Survey questions, created under the guidance of RILA's Loss Prevention Steering Committee, were designed to provide retailers with unique information that will clarify shoplifters' attitudes, motivations, and resulting behaviors in order to help retailers develop new and innovative ways to better protect merchandise from store-level theft.

Results from benchmarking surveys can point out areas

where you may need to give additional attention. For example, you may be able to identify shoplifter motivations and trends that test your existing shoplifting prevention strategies and practices. A few such examples of results from the RILA/NASP *Consumer Shoplifting Research Survey* are the following:

Examining employee/shoplifter collusion:

Eighty-two percent of adults and 84% of juveniles did not know any employees of the store where they stole at the time of their most recent arrest. Ninety-six percent say they have never been helped to shoplift by an employee.

Examining effectiveness of existing security measures:

CCTV (closed circuit television) and security cameras were rated extremely effective or effective by more than 87% of both adult and juvenile shoplifters. Other measures rated include security tags, uniformed security guards, alarm towers, attentive employees, and special dispensers.

Examining consumer shoplifter/ORC crossover:

Almost 20% of juvenile offenders have not only been asked to shoplift for someone else, but have been offered money to do so.

Examining prevalence of consumer shoplifting and the impact of prevention efforts:

More than 80% of both adults and juveniles said that the reason so many people shoplift today is that "people just don't understand that shoplifting small amounts adds up to a costly problem, not just for stores but for the entire community." In a previous NASP survey, shoplifter education was rated equal to prosecution in terms of preventing future incidents.

Importance Of Responsible Reporting

It is important to note the benchmarking survey methodology and size of the sample of respondents collected to create a benchmarking report. The survey

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methodology is important because it gives a transparent view of how the survey was created and executed. Before you take any survey results at face value, you should take a moment to look at the survey methodology. How many participants were there in the survey? How was the survey conducted?

The call-out box on this page provides an example of a typical survey methodology taken from the RILA/NASP shoplifting survey report.

Survey Methodology

A total of 4,255 apprehended nonprofessional shoplifters were given the research survey as part of their participation in a NASP shoplifting prevention program.

- 2,059 adults were referred to NASP by the courts.
- 2,196 juveniles were referred to NASP by the courts.
- 171 adults and 148 juveniles chose not to complete any of the survey questions.
- Total responses to each question vary depending on how many respondents answered that particular question.
- On average there were 1,677 adult respondents and 2,002 juvenile respondents per question.
- The survey questions were created in conjunction with RILA.
- Data was collected between December 2007 and May 2008.

The survey in its entirety was administered to all participants during the survey period; however, participants are instructed not to answer any survey questions that do not apply to them or that they cannot answer truthfully. Therefore, there are different numbers of responses to each of the questions depending upon how many could answer truthfully and accurately.

Applying Results To Your Operations

It is imperative that you are aware of the scope of a benchmarking study before you decide to apply its results to your existing operations. Pay attention to given demographics of participants (countries vs. metro areas, segments of retail vs. just big-box, etc.).

Make sure that your operations are explicitly congruent with the element of the benchmarking study you are considering applying. If you are a mass merchandiser in the United States, would you invest millions of dollars in backroom security cameras because a specialty retail segment in Europe identified an increase in online fraud from consumer homes? This is an extreme example, but it illustrates the need for congruency.

If the benchmarking survey results make claims about demographics, check for or ask about survey participants' demographics. The organization providing the survey results should be able to tell you who (segments of retail, adult vs. juvenile respondents, area of the country or state, etc.) responded.

The call-out box on the next page provides an example of a typical set of demographics taken from the RILA/NASP shoplifting survey report.

Most times, larger-scope studies that have clear survey methodologies and transparent demographics are best for applying benchmarking survey findings to one of your own segments or demographics.

However, benchmarking may also be useful when conducted on a smaller scale. Recently, RILA has also conducted benchmarking surveys only

comparing the policies and processes of participating committee members to address immediate issues with critical deadlines. This approach may work best with questions about best practice procedures or common policies, and they can be turned around quickly to just get the gist of comparable retailers' thoughts on the immediate issue.

When there is a new law that is affecting how loss prevention professionals conduct their operations, quick guidance on what similar organizations are doing can speed up the process of figuring out how to address the law. One retail member recently approached RILA to look at gun safety in stores and effects on the customer experience due to recent legislation on the subject. The takeaways will be insights on how retailers can protect the safety of customers and store associates, while making efforts to not compromise the customer experience. It will align loss prevention department goals with companywide goals.

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Benchmarking non-quantitative and non-time-sensitive practices may also be acceptable in smaller focus groups. For example, RILA helped participating retailers in its Workplace Safety Committee compare how they developed their in-house workplace safety programs. The participants compared results and confirmed that all the respondents develop their own in-house safety training programs with multimedia. These results were not statistically relevant for all retailers. However, that was not a goal of the quick survey.

In the near future, you can expect this kind of quick, informal benchmarking to get even faster. Web 2.0 applications are being examined and prototypes created at RILA as this article is being written. Enabling benchmarking survey participants and survey question proposers with two-way Web-based communication and content ownership is sure to deliver peer comparisons faster.

It is in your best interest to participate in benchmarking and carefully scrutinize results of existing reports before acting on them. Ultimately, you are responsible

Survey Demographics

Because NASP programs are utilized in 48 states nationwide, the pool of respondents is a good sampling of shoplifters in the United States.

Participants by Retail Category:

- 35% Department
- 27% Mass Merchandiser/Big-Box
- 18% Specialty
- 11% Food/Convenience
- 1% Drug
- 2% Miscellaneous Retail (small community retailers that could not be accurately categorized)
- 6% Unknown (the offender did not indicate where the incident took place)

Other Demographics:

Adults

- 73% are between 17 and 30 years of age.
- 54% are high school or college graduates.
- 33% are between 17 and 30 and are still in school.
- 73% said they were never in trouble with the law before.

Juveniles

- 75% are between 15 and 17 years of age.
- 20% are 13 to 14 years of age.
- 42% male; 58% female

for how you apply benchmarking results to your operations. Don't let this stop you from participating, though. Asset protection executives and managers who participate in benchmarking surveys and consider benchmarking report results as a way to improve their operations will have a significant competitive advantage over executives and managers who do not.

If you are interested in reading the complete results from RILA/NASP, you may download a complimentary copy of the 2008 RILA/NASP *Consumer Shoplifting Research Survey* results. If you are interested in participating in, proposing, or sponsoring

upcoming RILA benchmarking surveys, please visit our RILA Research page for more information.



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