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# business



## Smart and secure

*Mitigating a branch's exposure.* by Carolyn Heinze

**Where there is inventory, money,** and, of course, people, there are a number of security risks. And while every branch should have an alarm system, it's important to remember that alarms and cameras are usually only part of the solution. "People think that protecting their company from theft has to do with security companies and security equipment and hardware; however, a lot of it depends on awareness and on being intuitive about what's going on around you," said Mike Jackson, president and principal consultant at Security Research Group ([securityresearchgroup.com](http://securityresearchgroup.com)). He noted that while B2B organizations such as distributorships tend to have a more limited traffic flow than consumer-oriented retailers, there still exists the potential for theft, both externally and internally.

One issue that branches should consider is the legitimacy of their customers. "Someone may submit an order from a particular business that a branch has a history of sending materials to, and they need to ensure that it's a viable business," Jackson explained. "A branch can't assume that the business is legitimate and then just send it product." This requires branches to implement a set of guidelines to vet the businesses they are dealing with—and to whom they are issuing credit.

"Another potential risk is the 'sweet-

heart deal,'" added Edward Dublois, principal security consultant at Dublois & Associates ([dublois.com](http://dublois.com)). Sweetheart deals work in this way: A counterperson and an electrical contractor may be friends. The electrical contractor orders 5,000' of cable, but is only charged for 1,000'. "This happens in cash-and-carry transactions," Dublois explained, noting that this is an area where video cameras can serve as a deterrent. If the electrical contractor orders 5,000' of wire and the counterperson has it delivered directly to the jobsite, however,

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there is a sequence of checks and balances that can probably prevent that sweetheart deal from happening.

Jackson advised branches to control the access that employees and customers have to certain areas of the facility. "Make sure that people have limited access to that back-office area," he advised. "There are times where it's just an open doorway and people can walk in, look around, pick up information, and manipulate it for their own personal use." Access to dumpsters—a popular means of hiding product at the end of the day for retrieval later on—should also be limited, and some facilities may even opt to install a video camera with a direct view of, yes, the garbage.

Jon Schreiberfeder, president of Effective Inventory Management (effectiveinventory.com), noted that most theft occurs on the receiving docks of the warehouse—a prime location for security cameras. "Receiving docks should be

controlled at all times because a driver who brings material in can easily take material off of the receiving dock, throw it in his truck, and drive off," he said. In the same spirit, employees should be trained to keep an eye on who is entering and exiting the warehouse and to challenge anyone who isn't familiar with a simple "May I help you?"

To test how vulnerable a warehouse is, Schreiberfeder suggested that branch managers appoint someone from outside of the organization to come in to try to "steal" items—something he regularly does with his clients.

"I once had an incident in California where, in a period of half an hour, I stole \$30,000 worth of material from a warehouse," Schreiberfeder recounted. He made close to 10 trips in and out of the warehouse, loading up his rental car with product. He then brought the company's owner and a manager out to the car to show them what he had stolen.

"They asked the warehouse staff, 'Why didn't you challenge him?' One of the warehouse people said, 'He was wearing a tie and he looked like he knew what he was doing, so we didn't bother him.'"

Finally, Schreiberfeder recommended that branches conduct regular cycle counts and reward employees when everything balances out. For example, if the cycle counts are accurate this week, everyone with access to inventory will receive a bonus the following week. "It doesn't have to be large—just big enough so that employees notice if they don't receive it," he explained. This way, if an employee catches colleagues stealing, the thieves are stealing not only from the company, but also from their fellow co-workers. "Everybody sinks or swims together," he noted. ■

*Heinze is a freelance writer and editor. Reach her at carolynheinze@free.fr.*



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