

# The Effect of Civil Demand on Inventory Shrinkage

By George Luciano

In today's competitive retail environment, the bottom line is essential to a company's success. A well-administered civil recovery program can contribute significantly to that bottom line. Is your company getting the most out of its civil recovery program... whether in-house or outsourced... by deterring thefts and reducing recidivism that helps increase its bottom line?

One of our board members, a former loss prevention vice president, was able to recover \$750,000 from civil demands and reduce overall inventory shrinkage by \$8,000,000 in its first year. This was achieved by maximizing recovery efforts to deter theft.

The fifty states that have enacted civil recovery laws have done so to enable retailers to (1) recoup some of their LP costs, such as LP payroll, cameras, and EAS systems, and (2) benefit from the fact that civil recovery programs do deter shoplifting and employee thefts and reduce recidivism.

By including juveniles in their programs, companies not only benefit, but so does the juvenile and his or her family. It is not uncommon for parents of apprehended juveniles to send letters of appreciation to the company or its vendor for bringing this problem to their attention before it becomes a more serious offense.

So how do you establish a successful...or improve upon your current...civil recovery program to lower your company's inventory shrinkage?

It has been our experience that the companies that have the most successful programs are those that have effectively utilized the following tools that are available to cover all aspects that



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must be inherent in an effective civil recovery program.

## Reporting

To know how successful your program is, a company must first know and identify in reports what the inventory shrinkage is both by department and SKU. From these reports, staff and equipment can be deployed to target high-shrink areas. Continued reporting and monitoring will identify the effectiveness of resources utilized so that changes can be made as needed to maximize results.

## Training of Loss Prevention Personnel

An effective training program must include the following elements:

- Complete, accurate, and legible apprehension reports to identify merchandise involved, again by department and SKU,
- The required information pertaining to the individual involved,
- The timely use of civil demand notices, and
- Notification to employees that civil recovery will be pursued regardless of whether criminal action is taken.

## Community Relations

An excellent tool for a company to deter shoplifting and internal theft is an active community relations policy. Civil recovery laws and programs can be explained by arranging meetings or speakers at schools, PTA meetings, and service organizations.

For additional information, contact George Luciano at Civil Demand Associates at 800-937-0911.



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