

## Preventing Theft

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An owner-manager can lose a great deal of money from theft. Theft takes many forms such as employee embezzlement/pilferage, shoplifting, burglary and robbery loss. Prevention must start with the small merchant. You can use a combination of measures to protect your store. Even though you cannot eliminate theft entirely, you can take positive steps to keep it to a minimum.

### Steps to Prevent Employee Embezzlement & Pilferage

The first and one of the most important things an owner-manager should do is set a good example. Your employees watch what you do and are prone to imitate your habits - good or bad.

Check the background of prospective employees. Sometimes you can satisfy yourself by making a few telephone calls or writing a few letters.

Know your employees to the extent that you may be able to detect signs of financial or other personal problems. Build up rapport so that they feel free to discuss such things with you in confidence.

See that no one is placed on the payroll without authorization from you or a responsible official of the company.

Either personally prepare the daily cash deposits or compare the deposits made by employees with the record of cash and cheques received. Make it a habit to go to the bank and make the daily deposit yourself as often as you can.

Personally examine all cancelled checks and endorsements to see if there is anything unusual. This also applies to payroll checks.

Make sure that an employee in a position to mishandle funds is adequately bonded. Let employees know that fidelity coverage is a matter of company policy rather than any feeling of mistrust on your part.

Spot check your accounting records and assets to satisfy yourself that all is well and that your plan of internal control is being carried out.

Personally approve unusual discounts and bad debt write-offs. Approve or spot check credit memos and other documentation for sales returns and allowances.

Don't delegate the signing of cheques and approval of cash disbursements unless absolutely necessary and never approve any payment without sufficient documentation or prior knowledge of the transaction.

Examine all invoices and supporting data before signing cheques. Make sure that all merchandise was actually received and the price seems reasonable.

Personally cancel all invoices at the time you sign the cheques to prevent double payment through error or otherwise.

Don't sign blank cheques. Don't leave a supply of signed blank cheques when you go on vacation.

Inspect all prenumbered chequebooks and the prenumbered forms from time to time to insure that cheques or forms from the backs of the books have not been removed and possibly used in a fraudulent scheme.

Have the preparation of the payroll and the actual paying of employees handled by different persons, especially when cash is involved.

Pay special attention to the sales person who is visited by too many personal friends. Keep a sharp eye for signals such as: nods, winks, etc. between cashiers and customers.

Pay special attention to cashiers when they are surrounded by clusters of people. Watch for items bypassed when ringing up sales.

Prohibit employees from parking near receiving doors or docks. Keep the receiving door locked when not in use. A receiving door should be opened only by a supervisor who remains in the area until it is locked.

Employees who are caught stealing will be prosecuted. Settling for restitution and an apology is inviting theft to continue.

Rotate security guards to reduce fraternizing with other employees and to prevent monotony which can result in reduced alertness of the guards.

### **Steps to Prevent Shoplifting**

Train your employees to be alert to the shoplifter's early warning signals. They should be on the lookout for concealment devices such as: bulky packages, pocketbooks, baby carriages, shopping bags, umbrellas, and newspapers.

Watch for shoppers who are walking with short unnatural steps, lingering in one area, loitering near stock rooms or other restricted areas, wandering aimlessly through the store, or customers who continuously shop during hours when staff is low. Also, be aware of customers who are making eye contact with you. If a customer is watching where you and other employees are in the store, he or she is likely up to something.

Plan the store layout with deterrence in mind. Maintain adequate lighting in all areas of the store, keep end displays low for better visibility. Keep small items of high value behind the counter or in a locked case with a sales clerk on duty. Also attach noise alarms to unlocked exits, and close/block off unused checkout aisles.

Use protective personal and equipment. Uniformed guards are powerful visual deterrents to the shoplifter. Devices that can be used are: two-way mirrors, peep holes, closed circuit television, etc.

## **Steps to Prevent Burglary & Robbery Loss**

Be sure to use the right kind of lock on your doors. Under standard burglary insurance policies, evidence of a forced entry is necessary to collect on burglary insurance.

Keep keys from falling into the hands of burglars, issue as few keys as possible. Keep a record on the keys you issued. Whenever a key is lost, or an employee leaves the firm without turning in his or her key, re-key your store.

Implement a silent central station burglary alarm system to give your store the best protection. The reason: it does not notify the burglar as does the local alarm - such as a siren or bell - outside the store.

Flood your store with lights. Outdoor lighting is another way to shield the store from burglary. Almost all store break-ins occur at night. Darkness conceals the burglar and gives him or her time to work.

Implement indoor lighting. When a store is lighted inside, police officers can see persons in the store or notice the disorder which burglars usually cause.

Arrange window displays so police patrols can see into the store.

Be sure the safe in which you keep your money and other valuables is strong enough to deter burglars. Store money should be protected in a burglar resistant money chest - as such safes are properly called.

Locate your safe properly. Putting a safe in the back of the store or where it is not visible from the street, invites burglary. Police recommend that the safe be visible to the outside street. Also the safe area should be well lighted all night.

No matter what the safe weighs, bolt it to the building structure.

Leave the "Cupboard Bare." Even when you use an "E" rated burglar resistant money box, it is a good idea to keep on hand the barest minimum of cash. Bank all excess cash each day.

Leave your cash register drawer empty and open at night.

If possible, remove attractive and expensive merchandise from the window at night.

Train to reduce risk. You should let each of your employees know what may happen if a robbery occurs. Train them on how to act during a holdup.

Emphasize the protection of lives as well as money. Warn each person that you want no "heroes." The heroic action by an employee or customer may end as a deadly mistake. The robber is as volatile as a bottle of nitroglycerin. Handle him or her with the same care you would use with any explosive.

Do not build up cash. Cash on hand is the lure that attracts a robber. The best deterrent is to keep as little cash in the store as possible. Another deterrent is camera equipment that photographs robbers.

Make bank deposits daily. During selling hours, check the amount of cash in your register or registers. Remove all excess cash from each register several times a day.

Do not set up cashier operations so that they are visible to outsiders. The sight of money can trigger crime. Balance your register an hour or two before closing - not at closing time. Make it a rule to keep your safe locked even during business hours.

When making bank deposits, you should take a different route to the bank each day and vary the time of the deposit. Obviously, the best time to make deposits is during daylight hours.

You should also vary the routes you travel between the store and your home. Keep your store keys on a separate key ring. At least then, you won't be stranded by the loss of your car and personal keys.

Opening or closing the store is a two-person job. When opening your store, station one person - an employee or your assistant - outside where he or she can observe your actions. You enter the store, check the burglar alarm to be sure it is still properly set, then move around in the store and look for any signs of unwanted callers.

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For further information regarding starting a business, contact the

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