

# Ten tips for improving your bottom line



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Group 1 Security is a specialist in Retail Asset Protection providing solutions to both large and small retailers nationally, and are a preferred supplier for the Australian Retail Association.

All successful retail businesses continually look at how to improve net profits. The initial ideas that spring to most people's minds are to increase sales, increase price point on key lines, increase the range of products, or cut back on wages.

Another way of improving your bottom line, which is often overlooked, is the implementation of loss prevention (LP) strategies.

When most people involved in retail think of LP they think of plainclothes store detectives lurking around corners waiting to catch people stealing stock off shelves. While that is a function of LP, it's not what we are going to discuss today.

Though LP isn't as glamorous as making the big sale, by developing and implementing some key strategies it does have a benefit that you can't get from a sale and that is, when you save a dollar you have saved a whole dollar.

For example, a business conducts a stocktake and identifies that over the previous 12 months it has lost \$25,000. That business then implements some LP strategies and, in the following 12 months, identifies the business has reduced its loss to \$5000 – this business has added \$20,000 to its bottom line.

How many sales would you have to generate to create a net profit of \$20,000? Even if your net profit was 20 cents in the dollar, you would have to make an additional \$100,000 in sales.

Regardless of whether you are a large or a small trader, by implementing the following strategies you will find extra dollars on your bottom line within the next 12 months.

There are two areas we will cover: the first, physical, the second, administrative.

## Physical

**Close circuit television system (CCTV):** CCTV has become part of the norm for large retailers and is becoming very common with smaller retailers. Initially, CCTV was brought in to provide a visual deterrent for customer theft and armed hold ups.

If used correctly, CCTV can be a formidable tool in reducing loss, the

key areas you want to ensure you have covered are customer entry/exit, cash registers and parcel pick-up area.

If you can afford to put on extra cameras, you should have them over high-theft items such as MP3 players, high-end apparel, cosmetics, etc. Other spots you could consider are security areas such as lock ups, back office areas and after hour entry/exit points.

By covering these areas you will achieve two things. Firstly, you will have a visible deterrent to would-be thieves (you should also have signage identifying that you have CCTV on the premises) and, if they do try to steal, there is a good chance you will have footage to present to police that may assist in catching offenders.

Secondly, if you have a staff member stealing cash or stock from your business, the CCTV system combined with some specific policies will assist in identifying who the person is and, depending on the amount, either terminate their employment or have them charged by police.

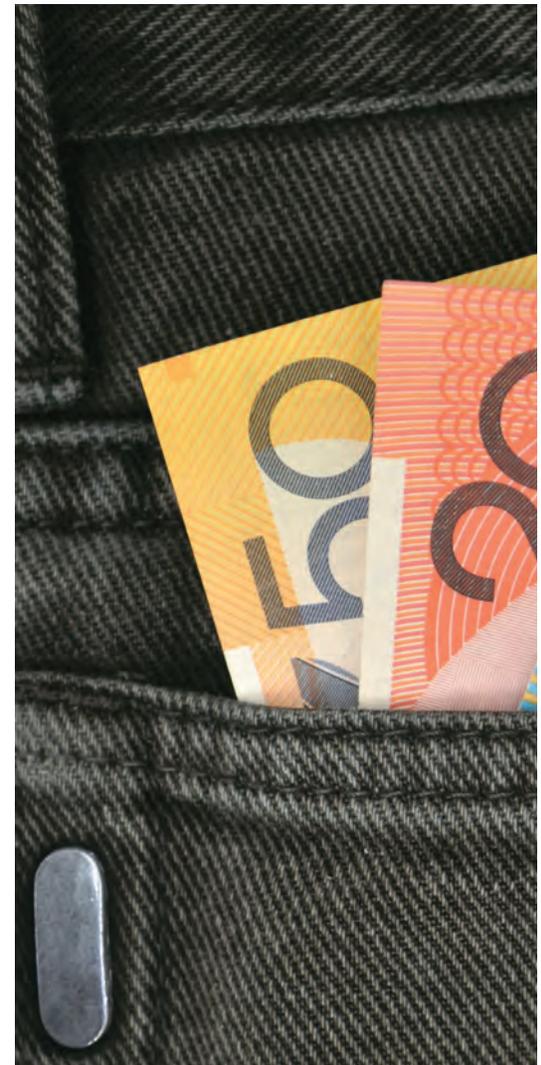
**Note:** There are some areas where, legally, you cannot put CCTV cameras, so talk to a qualified security consultant or police prior to installation.

**Quick tip:** Have your CCTV installer put extra cable in the roof, so that if you need to relocate cameras you can do so without having to place more cable.

**Alarms:** An alarm system in this day and age is just about mandatory. What you need to decide is, do you get a back-to-base monitored service or do you have a stand-alone siren alarm?

Most larger retailers use both, but this does come at greater expense. If something does happen, though, you will be notified much quicker than if it is just a stand-alone alarm.

At a minimum, you want to ensure you have all doors and windows on the perimeter of your building set with alarms and there are a couple of ways to do this. The first is with a reed switch, which comes in two parts and creates a magnetic seal: one part is fixed into the doorjam or the base of the window and



the other part is attached to the door or window. When the door or window is opened, the seal between two magnets is broken and the alarm activates.

The second way is by passive infra-red (PIR) alarms, which are wall- or ceiling-mounted and can cover a large area. They are motion detectors and, as such, activate when they detect movement. Some stores that are concerned about break and enters through roofs may use a 360 ceiling-mounted PIR, which, as the name suggests detects motion in a 360° radius.

Larger retail sites will use a combination of reed switches and PIRs.

**Electronic article surveillance (EAS):** There are two main types of EAS. The first is radio frequency (RF) and the other is acousto magnetic (AM). Almost all major retailers use one of these two systems.

EAS is designed to assist in protecting stock by having electronic gates at the entry/exit points of a store so that when a product that has been tagged (with an EAS sticker or hard tag) is carried out on a person, the gates will activate an alarm indicating that the person is most likely in possession of some stock.