



The Secret Sauce of Shrink Prevention

What's that, you say there is no such thing as a secret sauce, or a silver bullet? Maybe you think I am about to tell you about the next "big thing" in retail technology. Nope, it's not that. But I say there is a real secret sauce, and it's called leadership. In fact, it's the only thing that truly provides lasting results.

Leadership sets the tone of management engagement. Management engagement affects how the employees execute their responsibilities, whether it be an inventory management process such as receiving product, merchandising it or selling it through the point of sale. Management engagement also has a huge effect on employee engagement with the customers. You see the best shrink prevention resources aren't in the form of technology. They are organic. People determine the shrink of a retailer.

People work for people. Back in the day, they worked for companies who gave them a pension and a gold watch when they retired, they didn't jump around. Nowadays, the average person changes jobs 12 times during his or her career. They aren't job hoppers. They are smart, resourceful ambitious people and guess what, they follow their boss from job to job very often. Leaders and managers inspire loyalty stronger than companies used to. Consequently, they have an enormous impact relative to their supervisors' engagement. Management engagement effects employee behavior. Your people are the line level representatives of your business to your customers. Management engagement also effects employee engagement that effects customer behavior. That's how you drive sales and operational excellence.

It's also how to prevent shrink. The right management engagement effects shrink in the three primary areas of shrink loss: operational inefficiencies, employee theft and opportunistic shoplifting. All three represent about 67% of shrink in retail. Who wouldn't want a little secret sauce to pick up some savings here, which represents billions of dollars in retail loss?

- People execute the operational processes of inventory management. Garbage in, garbage out. Accurate or pencil whipped. The "why" behind their execution is a reflection of their engaged manager.
- People work for people, and people steal from their boss, not from the company. They won't steal from a boss who is genuinely engaged in them.
- Opportunistic shoplifters, do not come to a store with the intention of stealing. They shoplift because they are tempted by a "window of opportunity." Engaged employees shut windows of opportunities through customer service engagement, and they do so because their engaged managers ensure it.

That's the secret sauce. As for technology, don't throw it out. It's a tool that people use to drive efficient engagement and important analytics, but it's not the end all, and it's not the real secret sauce.