

Distribution Center MANAGEMENT

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Managing people, materials and costs in the warehouse or DC

From the Golden Zone

Simple changes will help prevent employee theft in the DC

By Jason Bader

When I talk about the warehouse in a distribution company, I usually refer to it as a vault. This is where we keep our greatest asset: Inventory.

Our inventory is really just money in a different form. In fact, most of a company's money is found neatly stacked on the shelves and pallet racks of the warehouse. If our inventory was actually stacks of bills, in all of their greenback glory, do you think that we would manage our facilities a little differently to keep that inventory secure?

To protect your inventory, you don't need to run out to install an elaborate theft deterrent system with video cameras and flashing lights. Instead, just look at the basics of the operation. I love the expression "shrinkage" in our business. It is such a nice way to express three less pleasant realities: You either lost the inventory, you broke it, or somebody stole it.

Depending on your industry, theft can play a major part in shrinkage. Statistically speaking, 20 percent of people will always steal. Conversely, 20 percent of people will never steal. Lastly, 60 percent of people will steal if we make it easy. Our job is to remove the temptation to steal in the first place.

Change the mindset of your employees

The first order of business is to teach your employees the value of the items all around them. When they come to work each day, what do they see? They see boxes of stuff. They don't see that

the inventory all around them has monetary value.

To teach them the value of the warehouse, try this exercise. Go to the bank and buy \$200 in quarters. Come in over the weekend and throw the quarters all over the warehouse. Casually observe the behavior of the warehouse personnel over the week.

By Tuesday, employees will be climbing pallet racks and sweeping under them in search of a stray quarter. Those floors will never look as good. Folks who are notoriously late will suddenly show up early for work. At the end of the week, round everyone up and tell them about throwing the quarters around. Make observations on how great the place looks. Have a discussion about the warehouse as a vault, and encourage them to talk about security. Above all, listen to their ideas. Rather than throwing around quarters every week, create a weekly incentive to keep the place looking top notch. Isn't it worth \$200 to have a clean and orderly warehouse?

Now that your employees are beginning to understand the importance of their jobs, give them some identity. Give them all cool-looking shirts that say Vault Security Team or Asset Protection Team. This will help identify certain individuals who should not be allowed in the warehouse. If you don't have a shirt, you shouldn't be there.

Sixty percent of people will steal if we make it easy. Our job is to remove the temptation to steal in the first place.

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Who is roaming through your cash?

Most companies have a fairly open door policy when it comes to the warehouse. A couple of groups that we need to watch are truck drivers, customers, and manufacturer reps.

Most of us are more than willing to point out the way back to the bathroom for truck drivers. Similarly, many companies like to let customers wander through the expanse of the warehouse. By showing the breadth of product mix, the customer will become duly impressed and buy more.

This isn't a bad philosophy. Just make sure that the visitors have an escort to help them with their tour or show them the way to the washroom.

Raise your profile

One of the best ways to discourage internal theft is to be highly visible to all your employees. Take random walks through the facility during the day. Smile and greet your employees by name. If you don't know their names, learn them. It is much less appealing to steal from someone you know. Every so often, hang out around the exit at quitting time. Thank everyone for working so hard to keep the company going. Watch for

strange behavior. If someone sees you at the door and does a quick about-face, there is a good chance he or she was taking something from your facility without documentation.


Don't set the stage for theft

Thieves will commonly stage items near the door before the end of the day. Look for random items stacked near the exits. Avoid leaving open shelves near the exit.

The dumpster is another great staging area. Move dumpsters away from the building. A would-be thief should have to travel a good distance before putting something in the dumpster. This increases visibility and will provide more of a deterrent to use this as a staging area for thefts.

Warehouse security is not a difficult process. Many of the solutions have little or no cost.

It does, however, require a change in old habits and the discipline to enforce them. Remember, 80 percent of people will not steal if we make it hard for them to do so.

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