

Model Document: Investigative Report (Memo with Recommendations)

Green Department Stores Memo

To: William Bernardi, Regional Manager
From: Julius Chernoff, Department Manager JC
Date: September 24, 2010
Subject: Shoplifting at Store E-5150

*Introduction
and background*

As we have discussed over the last several months, shoplifting at Store E-5150 has increased since the store opened one year ago this month. Although we have budgeted \$30,000 a year for shoplifting losses, our monthly inventory check shows that we have lost \$47,800 in merchandise this year. The loss was especially evident during the summer months. It is time to take action to reverse this trend.

*Section heading
and overview
of options*

Proposed Solutions

My staff and I have researched several options for minimizing shoplifting in our store. They include hiring security guards, using strategically placed security cameras in the store, and using undercover employees. In investigating options available to us, we considered effectiveness, convenience, and cost.

*First option
investigated,
with findings*

Security Guards

We first considered hiring security guards. I met with the president of Hall Security on July 26. Hall Security is a local company that has been in business ten years. I also talked to other store managers in the area who have contracts with Hall Security—all are very pleased with the service and its effectiveness. They believe that the presence of uniformed security guards in their stores discourages theft. The managers surveyed report shoplifting reduction rates of from 50 to 70 percent. I can provide you with detailed data from these interviews at your request.

If we decide to have one security guard on duty during all store hours, we would pay a flat monthly rate of \$4,300. One guard on duty from 4 p.m. until 10 p.m. daily, our busiest hours, would cost \$2,100 a month. We are not considering the option of a night guard because we have not had any problems with break-in burglaries after hours.

*Second option
investigated,
with findings*

Security Cameras

We next considered the use of security cameras. The cameras provide a record of thefts in progress and make prosecuting shoplifters much easier once they're caught. The technicians from TSC, Inc., a camera service company, visited our store on August 6. They studied the floor plan to determine the most effective placement of cameras throughout the store. They recommend six cameras placed so that we have a view of the whole store at all times. We would need to purchase a single

Figure 10–3 Investigative Report (Memo with Recommendations) (continued)

Source: Walter E. Oliu, Charles T. Brusaw, Gerald J. Alred (Bedford/St. Martin's 2010)

William Bernardi

2

September 24, 2010

monitor that would display each camera's view on a rotational basis every ten seconds. The monitor would be located in the store manager's office where I or, in my absence, someone I designate, can observe activity throughout the store's retail space. The videotapes can be kept for a week and then recorded over.

TSC, Inc., would install the system and train our employees to operate it. TSC, Inc., also provides a five-year on-site service warranty for the cameras and monitor. They make service calls to the store during business hours within four hours of being called. Total cost, including installation, will be \$7,500. We were impressed with the knowledge, experience, and professionalism of the TSC representatives. They provided data for stores comparable to ours that showed an average 60 to 75 percent drop in the incidence of shoplifting after cameras were installed. I called several store managers where the cameras are in use, and they verified these results.

*Impressions
of second option*

Undercover Employees

The third option examined is the use of undercover employees. This option involves having store employees who pose as customers as they stroll through the store monitoring customers for shoplifting. We estimate that this option would require two employees each shift. They would alternate between their regular duties, such as stocking shelves, and performing inventory-control tasks. If we also employ security guards, these two units could work in conjunction to help discourage theft.

*Third option
investigated,
with findings*

However, the option has some risks associated with it. It would require that our employees receive training in the legal rights of customers and could potentially put our employees at risk in encounters with criminals. Hall Security can provide training over a one-week period at a cost of \$1,500 per employee.

*Risks associated
with option*

Recommendations

After completing our research on these possibilities for theft prevention, my staff and I believe that the best option is the installation of security cameras. After comparing the cost of the system with the amount of merchandise we are losing, we believe that the expense is worth the investment. Once the system is installed, there will be negligible expense in its use and maintenance. Our research shows that theft has declined in more than 90 percent of the stores that have had security cameras installed. Pending our approval, TSC, Inc., can install the system in four days. Once it is installed, we would evaluate the effectiveness of the system on a monthly basis, and I would provide you with a monthly status report. I look forward to your assessment of this recommendation.

*Section heading
and recommenda-
tions based on
findings*

Figure 10-3 Investigative Report (Memo with Recommendations) (continued)

Source: Walter E. Oliu, Charles T. Brusaw, Gerald J. Alred (Bedford/St. Martin's 2010)