

# General Loss Interviewing: Part One

**"A**ll my life's a circle;  
Sunrise and sundown," sang Harry Chapin.  
It may be just a natural part of life, but it seems like what was comes around again. Wide and narrow lapels and ties, pedal pushers now capris, bell-bottom pants, chukka boots, Nehru jackets, but, thankfully, leisure suits have not seen fit to return in force yet.

It seems, though, general loss interviewing has returned as an investigative tool once again. Over the last year we have had a number of organizations request information and training about how best to conduct general loss investigations.

## History of General Loss Interviewing

For those who may not be familiar with general loss interviewing, it was a common practice, maybe thirty years ago, to walk into a high-shrinkage store or department and interview all the associates in an attempt to determine the cause of shrinkage in the location. Remember, this was an age where inventories and store controls were in their infancy. The store had a 5 percent shrink and investigators were not sure if it was the result of paperwork, or internal or external dishonesty. The idea that one could know the store was actually missing two sweaters, their style, and colors, was unthinkable back then. Was it a problem with refunds, which falsely appeared to be a merchandise problem, or was it a serious shoplifting problem contributing to the losses? Investigators entering the store rarely had any information to help them resolve the shrinkage other than to talk with each associate to find out what they knew.

Today organizations are blessed with the ability to closely establish a store's inventory and product selection, plus companies have exception-reporting systems to target poorly trained or dishonest store associates. The exception-reporting programs allow loss prevention to mine the extensive store data and identify potential dishonest employees at the location. Many companies today prefer to limit employee interviews to those they have clearly established are stealing from the location. Using an exception-reporting system, organizations can now focus their investigative resources on the individuals most likely to be involved in theft and then clearly prove that. However, there will be certain cases where shrinkage may not be attributable to a particular associate or operational inefficiency making general loss interviews a technique of choice.

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## Internal Resistance

Once loss prevention has made the decision that general loss interviewing may be an effective way to reconcile shrinkage in a high-loss location, the next priority is selling the decision to human resources, legal, and operations. Many times the decision to do general loss interviewing will face resistance because of perceived difficulties and operational problems caused by the investigators in the store.

In addition, there may be additional problems in the wake of a general loss investigation. For example, in one high-shrink location on the East Coast, we obtained theft admissions from the entire management team and staff at the location. This resulted in the termination of everyone at the store by the end of the day, which left the district manager with no one to operate the location. In most instances it is difficult to know the extent of the problem until the interviews have concluded.

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Another potential problem is the perception of how the interviews will be conducted in the store. Many members of human resources, legal, and operations have the perception that each of the employees will be accused and "interrogated." Wisely, they are reluctant to put their people through that situation without evidence of wrongdoing.

The general loss interviews have the potential to cause personnel and legal problems if they are not handled correctly. The selection of the interviewers should be carefully done with an eye toward their skills and evenhanded personalities. Generally, the organization's best and most experienced interviewers should be used for general loss investigations. In addition, the location

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selected for general loss interviews should be investigated using traditional means in an attempt to identify the reasons for the shortage first.

## Selling to Management

When selling the general loss interviews to the other management teams, it is often beneficial to walk them through a non-confrontational approach to the interview. It is often helpful to simply ask a series of questions and let them respond.

- Is it permissible to have a voluntary conversation with an employee about business practices at the store?
- Is it permissible to ask an employee about his position and job responsibility at the store?
- Is it permissible to tell an employee about what loss prevention does and its scope of responsibility?
- Is it permissible to tell an employee about how losses occur and the types of document manipulations that may contribute to losses in the store?
- Is it permissible to tell an employee about the investigative methods loss prevention uses to identify people responsible for losses in the store?
- Is it permissible to tell an employee about some of the reasons people make errors in judgment and take things from the company?
- Is it permissible to ask an employee if they have taken money or merchandise from the store?

**Besides resolving the shrinkage problem, another positive aspect of the general loss interview is the opportunity to do loss prevention awareness training with each associate on a personal level.**

In most cases the management teams will acknowledge that in each and every one of the above questions, an employee may be told or asked about the topics. They have in effect agreed that the use of an introductory statement is an appropriate pathway to conduct an employee interview in a high-shrink store. This conversational non-confrontational approach allows an investigator to have a conversation with the associate and make a determination whether to proceed with the inquiry or look for other operational or external problems at the location without creating morale issues.

## Potential Outcomes

Part of the discussion with the management team should revolve around the potential outcomes following general loss interviewing. One disconcerting result of general loss interviewing is discovering that the store is operating significantly differently than the organization's strategic plan. In essence, there is a big difference between what we think is happening and what is really happening at the store level.

As part of the team approach, consideration should be given to staffing levels during the interviews, plans for hiring replacement workers should individuals be terminated for theft or policy violations, and the level of confidence in existing management at the store. In a large number of the general loss investigations that we have been involved in, it was a management problem that allowed the losses to accumulate. Most investigators who have entered a store and found the location dirty and disorganized have come to find that this is a breeding ground for theft and shrinkage. In addition, employees who are not attentive to customers and operational policies are generally allowed to exist because of poor supervision and management at the location.

The other management teams should also expect secondary information to arise during the interviews related to sexual-harassment, hostile workplace issues, poor management practices, and violation of policies and procedures, which contribute to the overall health of the store. An important part of the general loss interviewing is partnering with the other management teams to successfully resolve the issues uncovered. The general loss interviewing will create additional work for a variety of people to deal with, and they should know in advance the potential outcomes from the investigation.

Besides resolving the shrinkage problem, another positive aspect of the general loss interview is the opportunity to do loss prevention awareness training with each associate on a personal level. These interviews can also be used to reinforce policy and procedure, shoplifting awareness, and make the associate feel an important part of the company's operation.

## Upcoming Columns

In the next several columns we will deal with the initial organization of the investigation in a high-shrink location. There are a number of options investigators have to plan and execute their investigations. Some of the options can streamline the process, generating significant information prior to the arrival of investigators at the store, while others offer little or no help. We will focus on those strategies that we have found most beneficial in concluding a successful investigation. However, because many organizations have different resources, financial constraints, and personnel policies, we will also include those approaches that are more difficult to use. ■



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