

As the Combination Spins

Upcoming events:

International Pizza Expo

March 2–4
Las Vegas, NV

KioskCom Self-Service Expo

April 14–15
Las Vegas, NV

Professional Retail Store Maintenance (PRSM) Conference

April 18–20
Orlando, FL

Retail Industry Leaders Association (RILA) Conference

May 2–5
Dallas, TX



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The Economy's Impact on Shrink

The economy over the last year has been challenging for individuals and for our customers. Tough economic times tend to see an increase in theft - 2009 was no exception. Retail System Research and The Retail Industry Leaders Association (RILA) recently released their benchmark report, Loss Prevention 2010: Retailers Battling Shrink in Tough Times. A clear understanding of the issues our customers are dealing with help us to better tailor our products and services to help them address their needs. Following is an excerpt from the report.

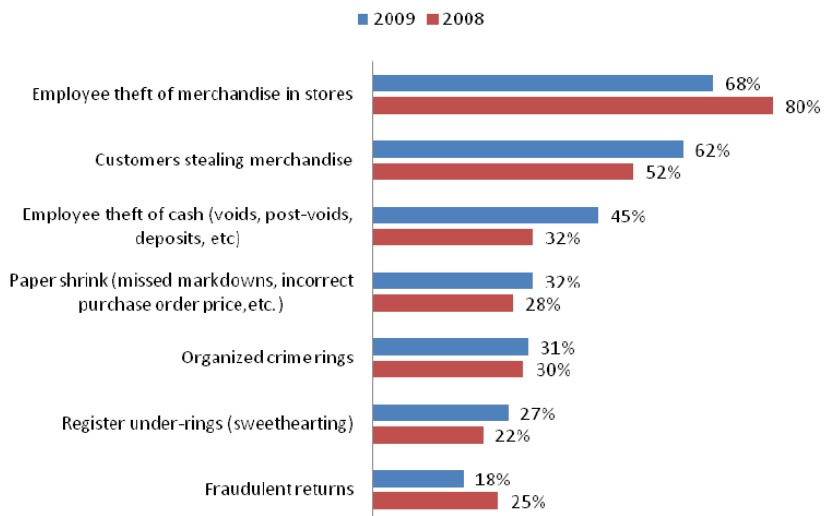
“A poor economy can have a mixed reaction on shrink. On the one hand, high unemployment levels tend to improve the talent pool available for in-store employees. On the other hand, desperate times breed desperate people, and desperate people tend to do bad things. 44% of retailers believe shrink has risen because of the economy.

We asked retailers to report their top three (3) sources of shrink. As we can see from the following table, we've seen some significant changes from prior years. Retailers report taking a proactive approach to combating retail theft, investing billions of dollars a year in hiring policies, personnel, tech-

nology and other preventive measures. Additionally, retailers' troubles with employee theft may often involve collusion with outside crime rings and thieves. While employees remain a significant source of shrink, they are less apt to steal merchandise. Instead, they are more likely to steal cash. On the surface, this is a somewhat baffling turn of events: retailers have had sales and cash audit systems in place for years, but as we'll see later in this report, these applications are in need of a refresh, as retailers acknowledge the need for better business intelligence to analyze results, rather than more staff to pore over report details.

In the current economy, when it comes to roadblocks preventing retailers from “getting there,”

Sources of Shrink



Source: RSR Research, December 2009

expense and time to recoup investments top the list. Specifically, 86% cite expense, while 53% cite difficulty proving ROI.

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What Facilities Produce Coins in the U.S.?

When the United States government began minting coins in 1792, the original United States Mint facility in Philadelphia was hard-pressed to produce enough currency for our small country.

As the country grew and the demand for coins increased, it became necessary to expand Mint facilities. This expansion was further fueled by the discovery of gold, first in the Southeast and later in the West, and the need for hard currency which caused people to mint their own gold coins. In the mid-nineteenth century, additional mints were opened in Charlotte, NC; Dahlonega, GA; New Orleans, LA; and San Francisco, CA. In 1870, the Carson City, NV Mint opened, and in 1904 the Denver, CO Assay Office became a mint facility. Today, in order to keep our economy flowing smoothly, the United States Mint maintains facilities in Philadelphia, Denver, San Francisco, and West Point, and a bullion depository in Fort Knox, KY.

The number of coins minted today is astounding. Denver and Philadelphia alone produce 65 million to 80 million coins a day.

Got a CSS story to tell?

Like to write?

Submit articles for consideration to:
Wes Wernette
wes@wernetteassociates.com
630-428-4024

Following is a list of “high tech” tools and the percentage of retailers reporting usage for longer than one year:

- Video surveillance: 91%
- Pre-employment screening systems: 76%
- Sales audit: 71%
- Returns and void management: 68%
- Exception analysis reporting: 67%
- Cash Management Systems: 63%

New investments must eliminate grunt work. Even as the economy begins to re-stabilize, personnel budgets will likely remain tight for months, if not years to come. As a result, any technology refresh must eliminate the mundane work of balancing, crosschecking and low-level data analysis. This is the essential

value of business intelligence layered on top of existing investments. We don’t necessarily advocate additional staff reductions; rather we encourage the pre-filtered information presented to existing staff.”

CSS continues to play an important role in helping retail establishments protect their assets. Continued investment in our Advanced Cash Control System (ACCS) platform directly addresses the needs of our customers. The integration with Point of Sale (POS) systems will help provide the information to audit each transaction in a retail environment enabling our customers to maximize their cash flow, reduce their cash shrinkage and deter robberies and burglaries. Keeping a close eye on the flow of cash will remain a priority for our customers through 2010.

Congratulations to the sales leaders who are out to a fast start in January!



Industry forecasters are predicting retail sales to pick up speed through the year, showing quarter-by-quarter improvement and approaching long-term average growth rates of 3.0% to 4.0% by the end of the year.

Pictured below with Mike McGunn are four individuals who got off to a great start in 2010. Pictured from left to right are the CSS

sales leaders for January:

- Rudy Nugin
- Nicole Finnegan
- Karl Watson
- Jack Costello

Congratulations to all and way to hit the ground running in January!

