

Would you call this theft?

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Theft is pretty clear. It is taking someone else's property without permission.

In the hospitality industry, however, the definition of theft seems to depend on who is doing the defining! Is it theft to over-pour in order to get a better tip? What about over-pouring for visiting staff from other restaurants and bars, or giving them a free drink? What about having a staff drink after close on an exceptionally busy night? What about keeping any overages when counting the cash at the end of the night? Staff drinks? Use of "open keys" on the POS system to save time?

We seem to be afraid to talk about this problem. Most operators refuse to believe that their staff would steal. Yet we know that virtually every bar gives up more than 20 percent of their sales to illicit freebies, over-pouring and, yes, theft. That fact alone suggests that a bar owner who doesn't acknowledge a significant amount of theft is ignoring reality – and making a lot less money as a result.



Part of the problem is that managers have been promoted from the same team they are now meant to supervise: in most establishments the staff and managers are all friends and socialize together. Moreover, most managers find it pretty difficult to discipline staff for doing something that the managers themselves used to do, before their promotion. Finally, unless the manager's compensation is tied directly to alcohol losses, the manager has little, if any, motivation to "rock the boat" by vigilantly safeguarding the alcohol.

Another contributing factor, like it or not, is that many owners often send the wrong message. This happens when the owner takes alcohol home from the bar or borrows \$100 from the register. It happens when the owner takes a bottle of water or gives away a drink without having the bartender ring it up. Obviously, being the owner, you aren't stealing. But you are sending the wrong message to your staff. And, just like children, bartenders and servers pay more attention to your example than your policies.

But the biggest reason that theft is ubiquitous is that most owners don't think their staff would steal and they don't have the data to know it is happening. Most operators take a quick look at their pour cost to determine how their bar is performing. If it is not "out-of-line" they think everything is fine. But "out-of-line" simply means comparing it with previous month's costs. What they don't consider is the possibility that their bar has been plagued with theft and over-pouring problems all along – and that their pour cost should always have been two or three points lower than it has been.

Bevinco is in business to help our clients knock two to three points off of their pour costs. Not only can most bars easily accomplish that, we guarantee it.

The holy grail is establishing a culture of honesty in your establishment. Dishonesty is contagious. But if employees know that their colleagues are honest, because the alcohol is regularly audited and compared to sales, they will buy into the culture of honesty and accountability.



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THEFT PREVENTION CHECKLIST

Acceptance

The industry attitude of adding employee theft losses into the operating cost of running the bar must stop. Our industry has losses far higher than any other industry and yet they are accepted as a cost of doing business. Acceptance of internal theft as an operations cost is crazy. Stop making excuses and stamp it out!

Written Policy

Employees must have a clear and written policy within their manuals relating to employee theft. This policy must be set in stone and followed to the letter. Don't be afraid to use words like "terminated," "arrested," or "prosecuted".

Criminal Background Checks

These are inexpensive and have the potential to save you thousands of dollars.



Cameras

Catch them in the act and, most importantly, have the evidence on tape.

POS System

A good POS system will detail every drink sold and give you a full record. If you aren't able to track sales properly, a determined thief will know that and have a field day.

Independent Audits

Employ a professional independent audit company to carry out weekly alcohol audits. Correctly and independently done, these will show just where and to what extent losses are occurring and expert advice on eliminating losses.

Incentives

Management compensation should be tied closely to alcohol losses. Many Bevinco clients, for example, bonus their managers based on the Bevinco Rating (a measure of how close their pour cost matches their ideal pour cost)

Zero Tolerance

If an employee is caught stealing, owners must have a set plan and be ready to stick to it. Have this zero tolerance policy written for employees to read. Have the policy outline steps for management to follow.

Prosecute

If you have the evidence then get the police involved. If the person has a conviction then any future employer can see that and be warned. We have an industry that has two tempting subjects for any dishonest person – cash and alcohol. Don't be one of the operators who discover they have a problem when they have already lost thousands of dollars. Be proactive and prevent the problem.