

# Model Document: Investigative Report (Memo with Recommendations)

## Green Department Stores Memo

To: William Bernardi, Regional Manager  
From: Julius Chernoff, Department Manager *JC*  
Date: September 23, 2003  
Subject: Shoplifting at Store E-5150

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 \$10,000 a year for shoplifting losses, our monthly inventory check shows that we have lost \$11,800 in merchandise this year. The loss was especially evident during the summer months. It is time to take action to reverse this trend.

*Introduction  
and  
background*

### *Proposed Solutions*

My staff and I have researched several different 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 price.

*Section heading  
and overview of  
options*

### Security Guards

We first considered hiring security guards. I met with the president of Hall Security on July 25. 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.

*First option  
investigated,  
with findings*

If we decide to have one security guard on duty during all store hours, we would pay a flat monthly rate of \$1,900. One guard on duty from 4 p.m. until 10 p.m. daily, our busiest hours, would cost \$1,000 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.

*Recommen-  
dation*

### 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 5. 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

*Second  
option  
investigated,  
with findings*

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.

*Impressions  
of service*

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 \$3,000. 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. I called several store managers where the cameras are in use, and they verified these results.

*Third option in-  
vestigated, with  
findings*

#### 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.

*Risks  
associated with  
option*

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 Services can provide training over a one-week period at a cost of \$1,200 per employee.

#### Recommendations

*Section  
heading and  
recommendations  
based on  
findings*

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 security cameras. 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.