

IDEAS

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LESSONS LEARNED | BY GERSON ROSENBLUM

CURBING INSIDE JOBS

“The check is in the mail.” “I’m from the government, and I’m here to help you.” “Trust me.” These are all terrific lies, and most of us have probably had some experience with them at one time or another.

One mistruth that may not have been on your top 10 list of world-class lies, but probably should be, “I trust my employees completely.” Of course we do!

Particularly in smaller companies like the majority of music retailers, we all work closely together and our employees often become like members of our extended family. No one wants to believe that “family” would ever do anything to hurt them, but the simple truth is that in the United States, employee theft accounts for a higher percentage of shrinkage than shoplifting. A survey from the Association of Certified Fraud Examiners states that 75 percent of all U.S. retail employees have stolen from their employer at least once. And worse yet, the same survey shows that one-third of all U.S. retail bankruptcies can be traced to employee theft as a contributing cause.



Walk the line between trusting employees and protecting your business carefully

The various ways that employee theft happens are well documented. From under-ringing sales to leaving extra accessories in instrument cases to employees cooking the books — there are as many ways to steal as an ill-intentioned imagination can conjure.

IDENTIFYING THE WARNING SIGNS

I experienced this at my own shop once. I started noticing

that some microphone and effects pedal boxes were coming out of the stock room and missing the actual item. It was terrible. Every employee became a potential suspect and that ruined morale. I couldn’t imagine any of my staff doing this, and yet I hated that every one of them suddenly seemed capable of doing it. In the end, my employees were all vindicated. We found ads in the local shopper paper for several of the items that had gone missing. It didn’t take much to connect the thievery to one of our guitar teachers, an independent contractor who had taught there for decades and had free access to all areas of the store. Lesson learned — don’t let familiarity lull you into a sense of security.

Only your own employees have a vested interest in the security of your business — if they’re bright enough to realize that! People not on your payroll (contractors, delivery people, customers) should not be afforded the same access as your employees.

Here’s a warning sign that could signal a problem: Do you know which of your employees play in bands or even play regularly in their own studio or for

their own enjoyment? If the answer is “no,” learn about them today. Then, you want to be sure that you require every employee sale to be documented. Putting these two pieces together, you want to quietly become aware of how much merchandise your giging employees have purchased. If someone plays guitar regularly but has never purchased guitar strings from you, you’ve got a problem. A drummer that never buys sticks is equally suspect. There is one wrinkle that can change this dynamic: if you do not offer steep discounts, then there’s the chance that your own employees are buying their supplies elsewhere. For that reason alone, I always believed in selling to my employees at cost.

Lest it appear that I am advocating creating some sort of police state in your business, I really don’t believe in that at all. A pleasant workplace where employees are valued and treated fairly is one of the very best deterrents. Ultimately, I believe that the best policy is to trust and verify. **MI**

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