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Restaurant Operations Weekly™

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Welcome to the 22nd issue of Restaurant Operations Weekly

Dear Friend,

As a reader of this newsletter, you already know that our mission is to help our friends run better, more successful and profitable hospitality operations. With 21 issues already behind us, this week's issue is probably going to be viewed by some as one of the "harsher" issues, because this week, we're talking about an uncomfortable topic...employee theft.

If you've been in the hospitality industry for any period of time, maybe you have even experienced theft in your own business, so you certainly will understand how theft can really take the wind out of your sails. For example:

Sudi C.

Server convicted of \$65,000 in guest credit card forgery/theft.

Final outcome: Prison for two years, probation for two years and full restitution.

Charles M.

Prep cook convicted of theft leading to burglary, assault with attempt to kill (my manager). Attempted manslaughter. Caught by police as he ran down the street with his company shirt still on, covered with blood, and the previous day's deposit bag in his hands.

Final outcome: Prison for 33 years, still there.

Four dishwashers.

Meat theft ring – apprehended by police in the act – retrieving four large containers of prepped, 8 oz. filet mignon steaks from the restaurant dumpster that were (stolen) "disposed of" earlier in the shift.

Final outcome: Immediate termination and probation for all four individuals.

Julie D.

Bartender convicted of theft. Cash and products.

Final outcome: Probation for three years.

Phil H.

Bartender convicted of monetary theft.

Final outcome: Probation for two years.

Ed M.

Line cook caught stealing bulk food in a to-go box. This was one of my toughest terminations as there were deep connections and he had gone "above and beyond" many times for the business.

Final outcome: Termination.

These are some of my personal experiences with varying types of employee theft and as an operator, your list might look somewhat similar to mine. Every one of these situations has a deep back-story and the common denominator is that in every case, there was loss, pain, wasted time, extensive involvement and in some cases, personal agony.

Nationwide, seven (7%) percent of gross sales revenues are lost to employee theft. 30% of all business failures are attributable to employee theft, and [75% of all employees are likely to steal from their employer in the next year](#) - according to the U.S. Chamber of Commerce (employee theft statistics 2012).

How do these facts and figures impact you? Let's get to it...

"Feel the Burn" (of theft)

As a restaurateur, your employees have a belief that, true or not, you have success and money. Also, they want what you have...especially the money. They want and statistically, 75% of all of your employees will steal your money, your food and your alcohol. Harsh as it may sound, you as a restaurateur have everything that people want, need and like.

Your restaurant business is the low-hanging fruit on the tree of theft

"No Kevin, not MY employees...I can trust every one of them!" I can't tell you

how many times I've heard this and interestingly, it's meant with the utmost in sincerity. ***You are trusting in people to watch over your money, your products and your restaurant. Single unit or chain, independent or franchise, you have theft going on.***

This is a tough topic for some of you who believe that people are, for the most part, substantially honest, because research proves that they're not.

I get it and agree that as owners and as people, we want to extend every possible opportunity for our employees to do the right thing! We set the standards in our employee policy manual, we provide them with job descriptions, we greet them by name when they arrive and when they leave, we give them thanks for a job well done. We want to be "good employers" don't we?

Of course. But, for 75% of your employees, and while they're working, they're jamming liquor bottles in backpacks or in loose ceiling panels, punching in for somebody else, they're voiding sales, stealing your recipes and other confidential information, giving free drinks away, giving free desserts to guests (in hopes of a bigger tip at your expense), they're sitting on the clock longer than necessary, and then finally, when they punch out and leave with their two pound employee meal in a 9X9" foam box, their backpacks (or your unlocked dumpster) or unwatched shrubbery bushes are concealing rest of the day's take. Yes, this is all true and it's probably happening right now at your restaurant. My friend, it's time to get real about theft.

Here's a few more ways that your property and money are going into the hands of someone else:

- Improper employee breaks or time accounting (time theft)
- Short-ringing of sales
- Free food (desserts, salads, sides, coffee, sodas) to guests in exchange for bigger tips
- Free alcohol (to guests or employees) in exchange for bigger tips
- Voiding of sales by manager, cash kept and deposit gets "shorted"
- Fraudulent petty cash invoices traded out for cash by manager
- Manipulating the books, changing daily receipts
- Uncontrolled ordering mistakes causing wasted items (that get eaten by staff)
- Vendor theft/shortages, incorrect invoicing for damaged product, kickbacks, bribes
- Compromised guest credit card information – inflating tips
- Receipts being manipulated (especially in delivery orders)

- Food, alcohol, supplies theft – bulk theft, giveaways, trade-outs and lack of management oversight resulting in loss

There are quite literally, hundreds of ways that your business is losing cash, products and valuables due to theft. It's helpful if you run a tight ship with quality operating systems and standards...and provide timely daily oversight into all reporting and system procedures, and by breaking up routines, conducting random audits, implementing mystery shopping, and other techniques.

Time to feel....."the REAL burn"

At 10% profit, every dollar is worth \$10.00 in sales. If you save a dollar, that's ten dollars you don't have to earn.

If today your business experiences a loss/theft of "only" \$45.00, in reality, THAT'S \$450.00 IN SALES!

If, in the next month, your business experiences a loss/theft of \$2200.00, THAT'S \$22,000 IN SALES!

So, the lesson in all of this? Know that your business is most likely getting hurt by (statistically) 75% of the employees and management that work there. This week, focus on how you can protect the integrity of your physical business assets. Lock up every bottle of alcohol. Clean up the old receipts in your safe, edit your voids for the last month, change the management schedule around for a couple weeks, change out bartenders, change the safe combination, install some video monitoring equipment, and become educated about the many ways you're getting hurt and how to prevent it.

Here's three excellent articles you can use as resources.

[*Eight ways your restaurant staff is stealing from you right now*](#)

[*Employee theft – corporate America's dirty little secret \(excellent article from a multi-unit Domino's franchisee and how he dealt with driver theft\)*](#)

[*Seven tips for preventing employee theft in the workplace*](#)

Thanks for reading and have a great week!



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Resources

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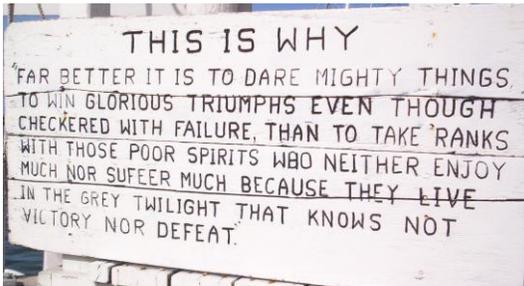
[Everything You Wanted to Know about Wagyu and Kobe Beef](#)

[50 Restaurant Industry Statistics \(by Toast\)](#)

[Food holidays in August - Great Promotional Calendar](#)

[What it means when a restaurant gets a Michelin Star](#)

**A sign in the Florida Keys at a local
fishing boat dock...**



[The World's Greatest Restaurant Systems Checklist](#)

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