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Worker theft losses can add up

Employers urged to have system that tracks assets

By **Kristin Stankewicz**
For The Post-Crescent

Employers who think they are immune to employee theft are kidding themselves, according to Dean Olejniczak, an Appleton loss prevention consultant.

Olejniczak, who runs Loss Prevention Services Inc., said the problem is worse than most employers realize.

"Pretty much any time you have assets, you have theft," he said.

According to a 2002 report by the Associations of Certified Fraud Examiners, the average organization loses 6 percent of its annual revenue to fraud and abuses by employees.

Whether employees pilfer company copy paper or embezzle tens of thousands of dollars, Olejniczak — whose business helps companies set up and then follow-up on loss prevention plans — has seen it all.



zoom

Dean Olejniczak, owner of Loss Prevention Services Inc., helps deter loss from employee and customer theft for retail outlets. He is pictured here at one of his longest-standing accounts, Van Vreede's in Appleton, last week. Photo for The Post-Crescent by Wm. Glasheen

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"I don't want to say there isn't an honest employee, but that's irrelevant to me," he said. "One-third of businesses that go bankrupt are because of employee theft. It's about putting good business practices in, so that if somebody steps across the line, you catch it early."

Some area businesses conduct applicant background checks through services such as ChoicePoint, a national provider of background screening solutions with more than 500 clients in Wisconsin.

"Individuals with criminal histories often seek jobs with small businesses because it's easier to hide your background," said Lisa Wells, director of product development for ChoicePoint's WorkPlace Solutions.

Dine-Inn Delivery Service, a new restaurant delivery service in Appleton, conducts background checks and has policies to protect company property, said co-owner Scott Jacobson.

"Potential employees are put through a rigorous screening process," he said. "We like to see how they'd react in a real situation."

Once hired, Dine-Inn drivers sign a form acknowledging receipt of company property, including delivery bags, phones, signage and money bags, and agree to take responsibility for any missing items. A computer software program monitors cash flow for each driver.

"It allows us to track them so exactly that the minute something turns up missing, it points the finger to the exact moment and situation," Jacobson said.

At Lemon Grass Thai Restaurant in Grand Chute, owner June Kulthol keeps an eye out for employee theft.

"We watch each employee exit, to ensure that they don't take anything that belongs to the restaurant," she said.

And the wait staff is never allowed to take cash from the register, unless it's change for a customer, which is noted on the receipt.

Unlike in restaurants, where cash theft is a major concern, in regular office settings owners should be most concerned about accounting systems, said Olejniczak.

"Accountants can get huge amounts of money," he said. A common scam involves "ghost vendors," fake vendors set up by employees.

Luckily, this type of theft is easy to spot and prevent.

"You should be able to ask your accountant at any time, 'Let me see the list of vendors,'" he said. "Then pick up the phone and

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make a few calls."

At the Alaily Group in Kimberly, which manages local Cost Cutters and SuperCuts salons, the computer system helps protect against accounting fraud.

"Information is password-protected, and audit systems are in place. Our deposit procedures are uniform and require more than one person to authorize," said owner Kitty Alaily.

Olejniczak said inventory theft is a major area of concern for retail businesses. To catch it, "you do what's called cycle counts. You go up to a product and count how many are on the hook, then go back to your computer and make sure those match."

Alaily Group salons take regular inventory counts. "Sales information, salon daily business goals and achievements and individual performance are shared daily with everyone," Alaily said.

Another way businesses can safeguard against loss is through closed-circuit cameras.

"Employee theft and 'sweet-hearting,' selling merchandise at a discount to friends and family, are two of the biggest problems," said Andrew Zimmerman, sales representative for ADT Security in Appleton.

Zimmerman said cameras "act as a deterrent to any potential employee crime." In addition, "It enables the employer to have a documentation of an employee's productivity...or any illegal activity."

Olejniczak agrees that cameras are good, "as long as you look at them."

While business owners never want to believe the worst of a seemingly loyal employee, Olejniczak said, "I don't know how many times I've gone into a business where something is missing, and they'll say, 'Well, I'll tell you who it's not. It's not Julie ... we trust her.'"

After Olejniczak investigates, "You can't imagine the owner's face when I have to say, 'Guess what? It's Julie.'"

"They get caught up in that trust factor. I say, trust all you want, but put in some controls."

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