by Kevin E. Lynch

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Symbiotic Relationships Needed Now More than Ever

Over the last few weeks I have taken meetings with a host of retailers that have given me pause to think about how this current economy has changed the vendor-retailer dynamic. The conversations more closely resembled the exchange you might hear between a priest and parishioner or a patient and psychiatrist.

Heavy-hearted LP executives have been going through layoffs, severe budget cuts, and in many instances helping close the very stores that provided their family a living.

The brutality of the economy has not stopped C-level management in these companies from demanding that their loss prevention team maintain good shrinkage results or even reduce shrinkage further. They want them to accomplish this with fewer people and less capital.

As I told one LP director, "You should just tell your CFO that you're changing your name to David Copperfield or Doug Henning," because LP executives would have to be magicians to accomplish what their company is asking of them given the seemingly impossible constraints they are operating under.

The levity may have produced a smile, but the reality is that the problem will not go away. Vice presidents and directors of loss prevention are being asked to perform a "Sophie's Choice" with their people, their vendors, and the products and services that they purchase from those vendors.

Long-standing relationships will be strained as maintenance contracts turn into "time and materials." Friendships will be tested as retailers are forced to purchase inferior systems to affect quantity over quality to try to maintain a cohesive security profile in a time where crime is rising.

Universally admired loss prevention programs that were tantamount to respected teaching hospitals are becoming MASH units with the goal of just keeping the patient stable and not letting him "shrink out."

Vendors who come into town adopting the mantra, "Here's what I have on the wagon, what would you like?" will be run out on a rail. Companies that espoused to be "solution providers" will have to be creative in putting their money where their mouths are.

Reducing labor costs will be a preeminent variable in helping directors do more with less. One of the major factors in cutting loss prevention labor without sacrificing productivity will be integrated solutions. The use of handheld PDAs that allow store security managers to maintain the same level of surveillance that took two people in the past is an example of an integrated solution that affects more with less. The luxury of two forty-hour LP professionals in a store at any given time is a thing of the past.

These tough economic times will test the ability of even the most seasoned and respected loss prevention professionals in "triaging" their departments to get the equitable balance of labor and technology.

EAS source-tagging programs, video analytics, POS exception monitoring, IP cameras, and RFID solutions that are integrated into the current compliment of security products are no longer a pipe dream, but a necessity. These concepts that seemed so far off on a director's radar screen are here today and need to be understood in order to make quality decisions about a loss prevention department's future.

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At the same time, the sales professionals who call on these executives will likely be updating their resumes if they can't bring to the table a cost-effective solution that passes the litmus test with finance.

If there was ever a time where a symbiotic relationship was the gold standard for mutual self-preservation, well, it's right now. ■