

Situation

SSP America, the Food Travel Experts, were in search of a process to mitigate malfeasance and identify training opportunities in a diverse environment without making large additions to the staff.

Solution

They selected MICROS XBR® Loss Prevention to identify suspicious situations using exception analysis.

Results

The system paid for itself in less than a year and is helping the Asset Protection team address the root causes of loss, thus preventing fraud.

Strategic Benefits:

- Achieved ROI in less than 12 months
- Potential dishonesty is detected early, preventing loss
- 35% of units were rated as low performers in the initial XBR analysis. One year later only 10% are
- SSP America partners with many brands, and uses XBR to demonstrate their commitment to protecting profits

Operational Benefits

- Multiple restaurant formats and brands are monitored by one central solution
- Helps the LP department to focus on the most valuable cases first
- New employee performance is measured objectively and additional training can be provided as needed
- XBR is an effective component of SSP's loss prevention awareness program

Why MICROS XBR?

- It is the leading exception reporting solution in foodservice and retail industries
- XBR provides flexibility to use consistently in all formats
- Interpreting reports can be taught easily to front-line managers
- Could expect to reach full return on investment within the first year

Snapshot of SSP America

- North American headquarters in Landsdowne, Virginia
- Operates quick serve, table service, and bars in 40+ airports in the US, Canada, and the Caribbean
- Most of the restaurants run MICROS RES and use mymicros.net for polling
- Small LP department operates efficiently throughout the region

Two-Pronged Approach at SSP

SSP, the Food Travel Experts, is the leading dedicated operator of food and beverage brands in travel locations worldwide. Their North American branch operates quick service, bar, and table service restaurants at more than 40 airports comprising over 200 revenue centers in the US, Canada, and the Caribbean. They use XBR Loss Prevention and Store Analytics to produce dramatic savings through a two-pronged approach of training and detection.

Creating a Culture of Honesty & Integrity

"We went live with MICROS XBR Loss Prevention in November 2008 and saw a full return on investment in less than a year," says Joe Lindstrom, Director of Corporate Loss Prevention at SSP America. "We noticed right away that we could save a substantial amount of money by improving and monitoring our training. About 60% of losses at a new location were attributable

to training, and those early errors can become very expensive habits."

Now the Loss Prevention department reviews the new employee's transactions with a standard set of reports at 30, 60, and 90 days. With this process they correct any slips and shortcuts before they become ingrained.

Employees learn about XBR during orientation. The location's General Manager explains its use, shows reports, and even describes actual cases. "We want associates to understand that honest, responsible behavior will be valued and fraudulent behavior will not be tolerated," says Lindstrom.



Tracking & Trending

The Loss Prevention team spent 30 days reviewing XBR reports, then selected five Key Performance Indicators (KPIs) that they used as the foundation for their reporting:

- Sales < Threshold (Low Value Checks)
- Error Corrects
- Line Voids
- Cancels
- Discounts

“Fluctuations in the trends associated with the KPIs indicate where problems exist,” says Omar Khan, Chief Analyst at SSP America. “We then drill down for more information about individual incidents to determine whether it’s a case of fraud or a loss-producing process.”

The department also developed programs that foster continuous performance improvement. They created a point system that summarizes a unit’s performance in one score. Every month each unit receives a trend scorecard that shows the unit’s performance as well as the high, average, and low KPIs for the month graphed out in correlation to sales. Managers can easily compare their unit’s performance with their peers’ results. Poor performers are coached and encouraged to achieve better scores. Top performers are recognized for their success in emails and are highlighted in monthly performance calls.

The LP department also separates the scores into four groups:

- High contributor (best)
- Contributor
- Low contributor
- Non-contributor (worst)

An objective of the LP department is to help units move out of the lower contribution ranges. “We are seeing excellent results. We originally had 14 units in the Non-contributor level, and a year later, have only three,” says Lindstrom. “Through the use of XBR we have seen a significant reduction in cost and a decrease in cash variance.”

Mitigating Risk & Eliminating Fraud

“We purposefully funnel dishonest behavior



through the register,” explains Lindstrom. “A dishonest employee looks for ways to defraud the company. If we leave an opportunity at the register, then we can catch him quickly using XBR,” explains Lindstrom.

By using XBR to evaluate a combination of sales performance, cost of goods sold (COGS), and KPIs, the LP group found five employees engaged in fraud using line voids. They entered the order, tendered payment from the customer, and while the kitchen fulfilled the original order, the cashier “corrected” the order and replaced its contents with the cheapest items on the menu. The cashier pocketed the difference, and the drawer remained in balance.

“Another time we looked for high beer cost,” says Lindstrom. “We found employees who were selling beer at 49 cents. It turned out that the manager was lax about protecting his card, and often gave it to employees to handle transaction corrections on their own. Some employees took the opportunity to mark down the sales price of the beer and keep the difference for themselves. We corrected the situation, and our beer cost dropped significantly.”

Through the use of XBR, the Loss Prevention department uncovered dishonesty among long-term and new employees alike. One employee had been with the company 38 years, and another had been working there 22 years.

“Whenever we resolve a situation we see an instant reward in food cost or cost of goods sold,” he continues. “We attribute that to a combination of removing the dishonesty and an overall improvement in attitude among the personnel.”

Involving Operations

“The number one key to success with XBR was getting buy-in from Operations,” says Lindstrom. “We had to prove its value to them. Once they saw the results that could be achieved, they became our strongest advocate. To keep XBR in the forefront, we issue reports regularly that show financial results. They see what XBR is doing for them, so they are eager to help both with the training/prevention phase and the investigations.”

When fraud is suspected the General Manager is asked to review the report. Then a member of the LP team and the General Manager conduct an interview with the employee. Because XBR provides solid evidence, there is little dispute and cases are resolved quickly.

In the future, Lindstrom and his team plan to expand their use to include more inventory control functions. “We’re gathering more intelligence through the use of XBR and are able to take more preventive measures. The early months are spent on the big cases, but there is so much opportunity for improvement beyond stopping fraud,” he says.

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