White Paper

Effective Asset Management in Retail

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Introduction

Millions of people pass through supermarket doors every year, with retailers generating billions of pounds in sales. An escalating price war between the big five chains means shoppers saved £182m on their gro-cery bills last year.

However, along with the millions of pounds that retailers make, there are millions more that they lose be-cause of theft and fraud. It is common that in times of economic uncertainty fraud increases, but this activ-ity costs UK retailers billions of pounds each year. Worryingly, 22% of this theft and fraud is by staff, high-lighting the importance of installing a positive culture and an intelligent asset management system to pre-vent losses.

A study conducted by research company Martec International in 2012, found that retailers tend to spend less on loss prevention meaning losses now almost match their profits, which paints a worrying picture for the market.*

Installing an effective key and asset management system prevents and deters internal theft and minimises loss and operational costs. This whitepaper will explore the consequences of inadequate management of keys and assets and examine the benefits of installing an effective system.

Minimising Operational Costs in Retail

The UK retail industry has become increasingly competitive in recent years with discount giants shaking up the market with their low prices.

For consumers, this is good news. However, the price war also means that supermarkets are having to minimise their operational costs through other means, for example, monitoring staff levels, reviewing administrative costs and carrying out stock control checks.

Last year, more than one supermarket giant admitted that it had done worse than expected amid increasingly tough competition. As a result, some chains are now implementing operational efficient technologies such as handheld scanners, tablets and similar devices, for inventory and time management.

However, managing these assets can be difficult. That is why many supermarkets have installed asset management systems to provide better management of PDA devices, which are instrumental to the operational efficiencies of the company.

Traka, the key and asset management specialist, provides key cabinets and lockers, which can be accessed by biometric fingerprint readers, PIN or a smart card, so that supermarkets have reliable information on who has used which PDA, and more importantly when they returned the device. As well as biometric technology, the systems also use RFID tagging.

Loss, theft and damage of these devices can obstruct the effective running of a store, with companies having to pay a substantial amount of money to either replace or repair them.

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Operators starting their shifts can often be presented with devices that are either faulty or do not have enough battery life, but one of the benefits of installing intelligent lockers is that PDAs and printers can be charged while they are stored away, ensuring they are always available and ready for immediate use.

A database holds information about who last used a device, bringing about a greater sense of user accountability and responsibility. If a user discovers that an asset is already damaged or faulty, they can highlight this to their line manager who, using the comprehensive audit trail, can attribute this to the last user and take any required action.

Key cabinets are another way retailers are minimising their operational costs. One supermarket giant decided to install cabinets inside its 50,000 square metre warehouse after stock began to go missing. Previously, staff had access to all areas, including stock rooms, and there was no effective system to hold anyone to account should anything go missing.

As well as this, staff were also unable to find keys to vehicles in order to move pallets because of an ineffective key management system. As a result, there was no record of who had last used a truck or handled equipment and keys would regularly go missing and have to be replaced.

Around £20,000 had to be paid to repair and replace damaged and lost equipment and certain vehicles could not be utilised because their use could not be monitored. Since installing key cabinets however, the cost of damage to equipment has been reduced.

Detailed auditing makes each member of staff accountable for the vehicles or equipment they have taken as any damage caused can easily be traced. This level of responsibility encourages employees to take greater care of machinery, saving warehouses money in the long run.

Minimises Downtime

An effective key management system could save 42 minutes in productivity time every week for each employee within a store. On average, it takes staff members six minutes to find a key, whether it's a key to gain access to a vehicle or a key to open a cabinet to retrieve a piece of equipment.

This is equal to 190 million seconds a year and can cause losses of up to £40,000. An effective key management system minimises downtime and cuts unnecessary costs.

Key cabinets control who can gain access to keys, restricting them to authorised users only, as well as reducing administration time that would normally be spent issuing keys. At the same time, they maintain a full audit of all key usage, past and present, thus identifying who took a key, when, and at what time it was returned, and by whom.

One of the benefits of this is that downtime and lost productivity is significantly minimised, as a key can always be identified quickly giving employees more time to spend on the shop floor with customers.
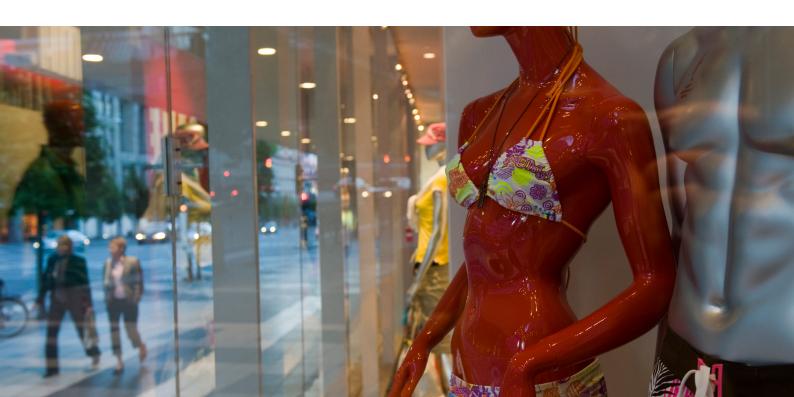
Administration time spent checking records, preparing for an audit or coping with security breaches, is also reduced because keys are always available 24 hours a day, seven days a week, without the need for security or management supervision. As a result, less money is spent on replacing missing or lost keys.

Without an effective key management system, time is wasted. In a high value area of the store such as the cash office, if someone wants to access the room they will need another member of staff to authorise it and give them the appropriate keys, which takes them away from the shop floor and wastes valuable time.

Many organisations still adopt this manual and time consuming method of managing keys with paper-based processes, which themselves are easily mislaid. However, an automated approach takes the pressure off managers because they can be confident that keys, and the equipment those keys control, are managed automatically.

Staff are able to identify themselves at an automated key cabinet rather than having to ask for permission and they will only be allowed access to keys for vehicles and equipment they are authorised to use. Another added benefit of this is that they can quickly retrieve the right key they need, allowing them more time to spend with customers.
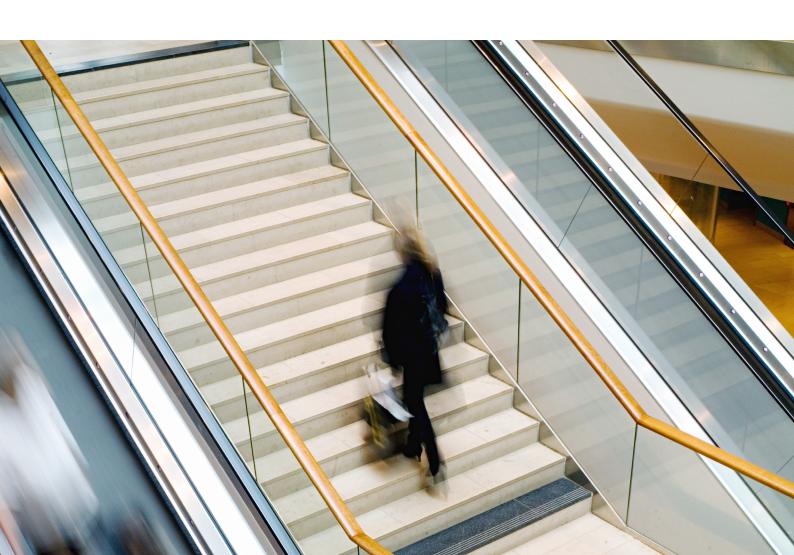
Saves on Labour

On a conventional site, any attempt to manage keys usually relies on a book in which cursory details of which keys are taken and returned are entered by hand and confirmed by a more often than not illegible signature – an arrangement that is unreliable and makes tracing keys an impossible task.

Having a good key control system in place meant one supermarket giant was able to scrap this system, saving around £20,000 in labour in each of its hundreds of stores. The retailer saved on paying one member of staff per store who would normally be employed to vend keys out in this way.

With key cabinets, user profiles and key details are entered onto a system, which ensures that only authorised users are allowed access, and only then to designated keys. The system automatically records when a key is used and by whom on a central database.

This information is available via the cabinet's data display or on the administrator's PC and because of this, a key vendor is not needed, therefore cutting unnecessary costs out of the business. Thousands of pounds can be saved in every store by implementing this system.

Health & Safety

It is essential that health and safety is maintained within the retail industry, but it is difficult to know if guidelines are being met 24 hours a day, seven days a week.

Similarly, in a warehouse with a large number of staff using different machines daily, it is very difficult to ensure that only the right staff have access to the right equipment.

Many warehouses store keys for vehicles and tool storage units in a basic key box, with audited keys using a paper logbook. In most cases this relies too heavily on the employees and management staff and as a result, keys are often taken without being documented and not returned on time. If an accident occurs, it is extremely difficult to trace why and how the user gained access to the keys needed to access or start that piece of equipment.

However, an electronic key management system takes care of the process. A manager will define the access rights to a store or warehouse and the system takes care of everything else, automatically recording the use and return of a key. Only trained staff are able to access the system.

This process reduces operational costs and the risk of an accident without corners being cut by staff keen to leave early or having their mind on different matters. It also ensures staff take responsibility and that they are accountable for their actions, as well as making sure keys are returned to their rightful place.

One supermarket chain has roof space in its stores for staff to access and carry out various tasks as part as part of their role. As a result, this supermarket has implemented a key management system, which issues keys and sends out alerts if they have not been returned within a two-hour period.

The benefit of doing this is so that the health and safety of staff can be maintained. A staff member can check on his or her colleague on the rooftop to make sure they are well and not in any danger once the alarm sounds.

Stock Loss

* Source: http://www.
theguardian.com/
business/2013/nov/12/
shop-thefts-riseeconomic-
downturn-bites

Between 2012 and 2013, retailers and supermarkets reported a surge in theft, pushing the direct cost of retail crime up to £603m. Shoplifting, employee and supplier fraud, organised retail crime and administrative errors cost the UK high street more than £3.4bn and lost retailers 1.2% of their sales as a result of the economic downturn.*

Shoplifting represented the biggest problem accounting for 36% of total losses, or £1.22bn. Administrative and non-crime losses and supplier fraud were estimated at 25% and 6% of the total amount respectively. However, theft by employees was also a major concern accounting for 33% of the overall figure.

An effective key management system ensures everyone's movements can be tracked and it lets management know who has been where in the store so that they are able to monitor who has access to cabinets, cages, lockers and different areas of the store, specifically areas containing high value items including alcohol, cigarettes and electrical items.

One store minimised its loss of assets and managed to keep more money in the business by installing intelligent lockers, thus maximising efficiency. It spent £1.8m replacing lost equipment in the last year alone, but since Traka equipment was placed inside its stores, it has only lost one device out of hundreds that are managed, which is a significant improvement.

Conclusion

Assets such as PDAs, equipment and vehicles are vital to the operation of a supermarket, but these assets are difficult to manage across large, challenging and competitive environments. It is also difficult to implement accountability of expensive and operationally critical items across the wide range of personnel, who will all have different access rights to equipment.

Having a key and asset management system in place enables staff to manage stock and minimise operational costs while continuing to be efficient. Staff are more accountable for their actions and are aware that their movements can be traced, thus minimising the risk of employee theft and fraud. Another benefit is that equipment is better utilised and there is less chance of PDAs or printers breaking or becoming lost or stolen, therefore keeping more money in the business.
Key cabinets give staff controlled access to

Product Details

buildings, facilities, secure areas, equipment, machinery, stock and vehicles.

At the heart of Traka's system is the iFob containing a chip, which provides a unique electronic ID. Once attached to an iFob, keys are electronically tagged and assigned to a specific port within a Traka key cabinet and locked in place until released by an authorised user.

Once user profiles and key details have been entered into the system, Traka ensures that only authorised users are allowed access to the key cabinet, and only then to designated keys. The system will record when a key is used and by whom on a database and the information will be available via the cabinet's data display or on the administrator's PC.

Traka intelligent lockers come in a variety of sizes and solve an organisation's issues, firstly by controlling who can gain access to equipment such as PDAs, and secondly with RFID tagging,

recording if and when the asset was taken. This is all managed through Traka's management software

Each asset is fitted with a unique RFID tag. Software controls if, and when, a pre-assigned user can access one item, some, or all of the equipment, and then records what equipment is in or out, when a locker door is opened and by whom, and exactly when an asset is removed and returned.

If a user tries to return an asset to the incorrect position/compartment within the locker, the system will direct them to the correct one. In addition, on returning the equipment, the user can automatically report any faults or problems via the locker's keypad. All this information can be seen on screen and graphical reports generated immediately, prompting appropriate management action.

About Traka

Traka enables you to control, monitor and record the use of almost any physical asset, including: premises, facilities, equipment, machinery and vehicles. Traka provides intelligent key management and equipment management access control to better protect your important assets – resulting in improved efficiency, reduced downtime, less damage, fewer losses, lower operating costs and significantly less administration.

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For more information on Traka's range of locker solutions designed to store, manage and protect body worn camera technology, or to find out about Traka's range of intelligent key management solutions, please visit www.traka.com

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