



Bhs achieves major reduction in staff related losses

UK variety retailer, Bhs, has made major inroads into shrinkage through the implementation of a loss prevention solution from IntelliQ.

The challenge

Loss prevention means different things to different people across the industry. Bhs' view is that Loss Prevention initiatives are tasked with protecting all of the assets of the company, protecting staff as well as customers and seeking to prevent and reduce loss wherever it occurs. Bhs felt it needed to broaden and strengthen the companies' loss prevention initiatives. It had gone through major changes in the two years prior to acquisition and tasked itself to improve the current issues. This strategic imperative was supported by a view that to succeed, new loss prevention initiatives had to be based on a single, central loss prevention system that had visibility of all stores and that could support the company's existing regionalised, store-based loss prevention structures.

Prior to implementing the IntelliQ solution, investigations into staff theft were primarily driven by anonymous tip-offs and spotting suspicious activity, and resulted in highly structured and reactive investigations that utilised the limited exception reports that were physically obtainable at an individual store level. Such an approach was time consuming, requiring ad hoc visits to individual stores, and had a detrimental effect on employee morale.

"Under the old scheme, it was as if everybody was considered guilty until proven innocent", says Nigel Terry, Head of loss prevention, Bhs Ltd. "That was not only bad for morale, it was unethical. We had to find another way."



Bhs wanted a system that over time would move the focus away from detection to the prevention of losses based on much tighter controls and targeted investigations. A solution was required that provided the investigators with complete visibility of all store transaction activity down to the lowest level of detail. It had to be able to proactively investigate EPOS data, drilling down wherever necessary without recourse to an over-worked IT department. Bhs knew that losses can be hard to pin down in the first place and more importantly, as soon as you have identified and tackled one problem, a new and often more complex form of loss appears somewhere else. Any tool used had to be flexible enough to keep pace with the changing losses the company seek to encounter.

Solution

Bhs chose the IntelliQ solution because of its ability to deliver results (and payback) in a dramatically short time. Nigel Terry said, "Shrinkage is a critical problem for every retailer in the UK. Traditionally the main focus is on shrinkage caused by external shoplifting, whereas having the ability to deal more effectively with internal loss both establishes a preventative approach and can quickly make a massive difference to the bottom line."

The IntelliQ solution rapidly delivered Bhs' exact requirements without the need for significant customisation, enabling unconstrained investigative analysis at a very detailed level. The solution provides different visualisation tools to view both transaction information and charts for train of thought analysis. This allows investigators to access all of their detailed transactions have the ability to utilise their knowledge of the business to rapidly identify actionable information.

The solution is updated with the daily EPOS transaction data that is polled from Bhs' 160 stores in the UK. It currently holds twelve months of detailed transaction data and has the vital ability to review all of the historic data. The information set allows access to analysis on critical loss risks such as refunds, price reduction methods such as markdowns and staff discounts, credit card and cash transactions, and a whole suite of loss indicators captured unique to Bhs.

In contrast to traditional rules-based systems which can only discover the anomalies that they are set up to identify, IntelliQ's software is an investigative solution that can identify all types of loss, so it provides a long term solution which adapts as the nature of fraud changes. It will also allow an investigator to build a complete case with detailed supporting evidence such as the individual operator, time, place and value, before leaving their desk. This ability to prioritise and rapidly prepare cases delivers significant operational efficiency and leads to a higher investigation success rate. Data is presented visually, making it easy to analyse relationships within the data to determine patterns such as collusion.

According to Nigel Terry, "The IntelliQ solution provides a powerful visualisation tool enabling users to view both transaction information and charts for train of thought analysis. This enables investigators to use their business knowledge to rapidly drill down to information they can act on."

Implementation

Initially, a prototype solution was built to ensure that all data was validated for quality, accuracy and integrity. An operational solution was then built to mirror the blueprint of the prototype and configured to operate within Bhs' network infrastructure. It then underwent an integration test cycle with consultants CSC to ensure that all information was transferred correctly and that no conflicts would occur with other enterprise systems. During the implementation, Bhs was able uncover many areas of shrinkage, some of them known but many unknown as well.

Benefits

Nigel Terry says, "In the first year of using the system, staff related losses were reduced by 25%. In the second year, IntelliQ's solution delivered an annualised value of £400,000. Not only did the IntelliQ system pay for itself in a few short months, but it's contributing to an overall improvement in staff morale and performance."

He adds, "It is the ability to go beyond shrinkage that allows retailers to return millions of pounds to their bottom line and gain ROI in under a year, what is more the returns do not diminish over time but rather increase further. We are now in our 4th year of using IntelliQ's software, and continue to build on our partnership with IntelliQ – whilst still gaining returns."

Bhs puts a higher value on the system, roughly double, because of its deterrence value. For every pound which is recovered from the loss prevention efforts using the IntelliQ solution, it is believed to deter at least the same amount. Bhs is now able to demonstrate that it has highly accurate systems that can pinpoint loss.

Future Plans

The successful implementation led to the creation of a road show presentation by the Loss Prevention Team to the stores. Bhs has coupled the IntelliQ solution with a head office digital CCTV feed increasing the awareness amongst the stores line management/department levels of the power of a holistic approach, driving the deterrent effect.

About Bhs

Bhs is a leading UK retailer of fashion, home wares, lighting and gifts. It also has a restaurant and take-away food department. Since the acquisition of Bhs by entrepreneur Philip Green, the high street retailer's estimated worth is around £1bn. It has over 160 stores with over 50 overseas franchises. Bhs' target customer is female; family oriented, 30-50 years of age with contemporary fashion sense, and is quality and value conscious.

About IntelliQ

Headquartered in London, United Kingdom, IntelliQ is the leading provider of Forensic Analysis Solutions. IntelliQ solutions enable clients to efficiently analyse transactional data from multiple sources and quickly identify instances of potential fraud, loss or failure of process compliance. With a strong presence in the Retail, Financial and Government sectors, IntelliQ's solutions generate rapid, substantial and sustainable returns.

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