Theft-Proof Your Restaurant Chain

As a restaurant owner/operator, you need to understand that every business has to deal with theft. You're probably thinking, "Not my employees. They're good people, they wouldn't steal." But according to the U.S. Chamber of Commerce, 75% of employees have stolen from their employer at least once. This doesn't have to be a big theft that costs your company thousands of dollars. Even small thefts repeated over several months or years will add up.
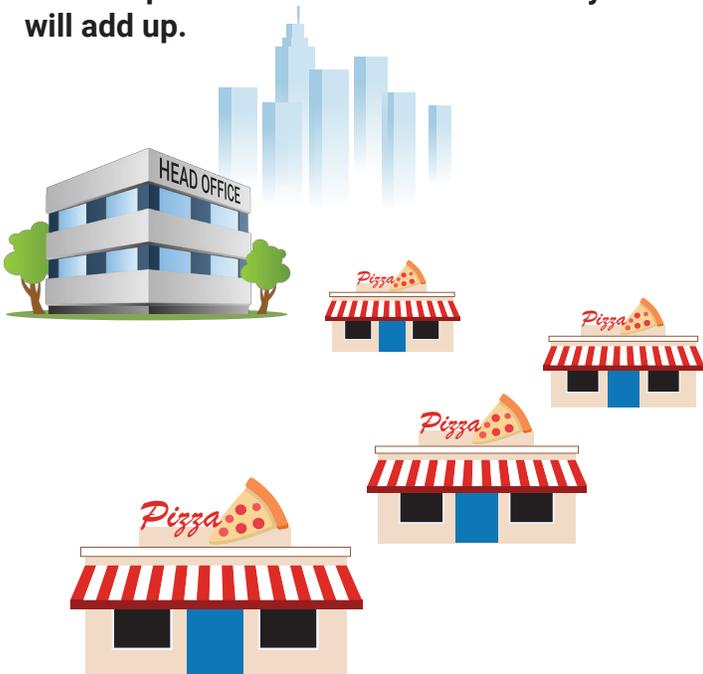
Speedy Tip

The insurance firm Hiscox reports that 29% of employee thefts go undiscovered for five years or more.

Whether you are in charge of one location or ten, it is crucial that you get a better understanding of internal theft and how to prevent it.

Throughout this guide, you'll find a list of the most common ways that employees steal from restaurants, and learn about some effective techniques for theft-proofing your entire operation.

Common Examples of Restaurant Theft

The first step in theft-proofing your restaurant is understanding how your employees steal from it. Once you figure this out, it becomes much easier to know what you have to do in order to stop it.

Register Skimming

One of the easiest ways for someone to steal from your pizzeria is to simply take some money from the cash drawer. This is usually done in small amounts so that it's less obvious.

Smaller restaurant chains or independent pizzerias are the most susceptible to this type of theft since they often lack thorough sales reporting systems.

Short-Ringing

If the money in the till matches the sales history in your POS terminal, then it's hard to ever know there's a problem, which is why short-ringing is such a problem at some restaurants. This involves customers ordering a more expensive item like a double pepperoni pizza, being charged the correct amount for this item, and then the employee only entering it as the regular version of the item (in this case, a standard pepperoni pizza).

The employee pockets the difference in the prices, and your till balance still perfectly matches sales. They can either pocket the difference immediately if the customer paid in cash, or can wait until the end of their shift to take the total difference from the till.

Excessive Comping

You might not think of giving out comps as a type of theft, but when it is done excessively it can rob your store of hundreds of dollars in revenue. This doesn't mean that you shouldn't give out comps to customers. They can be a great tool to help prevent someone from leaving a negative review and hurting your business.

It can also be a great way to show customers that you care about their birthday or appreciate them being loyal patrons by giving them free food or drinks. You just need to make sure that employees are not getting carried away and offering customers (or their personal friends) comps for seemingly no reason.

Speedy Tip

Some studies report that 40% of customers will potentially avoid eating at a restaurant if it has received negative reviews.

Voiding Paid Orders

Another method that some employees use to cover their tracks is voiding orders that have already been paid for. This allows them to take money from the till and not throw off the register balance. This is much more likely to happen when you handle a lot of cash transactions and is a type of theft only available to managers since they are usually the only ones with the ability to void orders.

Buddy Punching

Time theft can be just as big a deal as more traditional types of theft. In a restaurant, the most common type of time theft is buddy punching, which is a $373 million a year problem for American businesses. This involves an employee clocking in for another employee without them actually being present. With the right type of login/time clock technology, you can ensure that this doesn't happen and you're not paying people who aren't even at the restaurant.

Snacking on Ingredients

When someone is constantly surrounded by food, it can be quite tempting for them to sneak a taste every now and then. But if everyone on a kitchen staff of five or more people does that at each location, then those few pieces of pepperoni or small handfuls of cheese become a major source of inventory shrinkage.

How to Prevent Restaurant Theft

Now that you know how people may be stealing from your restaurant, it's time to go over what you can do to stop it from happening. With these methods, you can turn your restaurant chain into a theft-proof pizza empire.

Require Managers to Approve Meal Comps or Discounts

If you are the owner of several locations, then it's unlikely that you have a direct hand in hiring the drivers or kitchen staff at each location. However, you might be the one responsible for hiring managers. At the very least, you should have a close relationship with the managerial staff. This allows you to put more trust in them and make them responsible for approving any meal comps or one-time special discounts before a transaction can be processed. By doing so, it should greatly reduce or even eliminate excessive comping.

Keep Expectations Hidden During Cash Counts

When employees know how much money should be in their register, they can adjust the past sales in the POS to perfectly accommodate whatever cash is missing. However, when they are kept in the dark regarding the running sales total for their shift, they will have no idea how much money should be in the till. This will help eliminate the problem of register skimming.

Monitor All Voids and Other Suspicious Transactions

You can't always be around to see every transaction take place. But with the right POS, you can still get the full picture by using its reporting capabilities. SpeedLine provides a report that includes a "notable activities" section that lists voids made after ticket close, and any other suspicious or abuse-prone activities that have occurred during the specified period. One of the specific areas highlighted in this notable activities section is something called change downs, which is the key to identifying instances of short ringing.

Having this detailed list of flagged activities allows you to keep a closer eye on what your employees are doing, even when you're not around. From there, you can identify if any particular individual is consistently responsible for voids or suspicious transactions and then investigate the matter further to see if it is malicious or not.

Speedy Tip

You can hide cash count expectations in SpeedLine by going into Store Manager and clicking on Settings>Money>Bank Options>General and then unchecking the box labeled Show Expected Amounts.
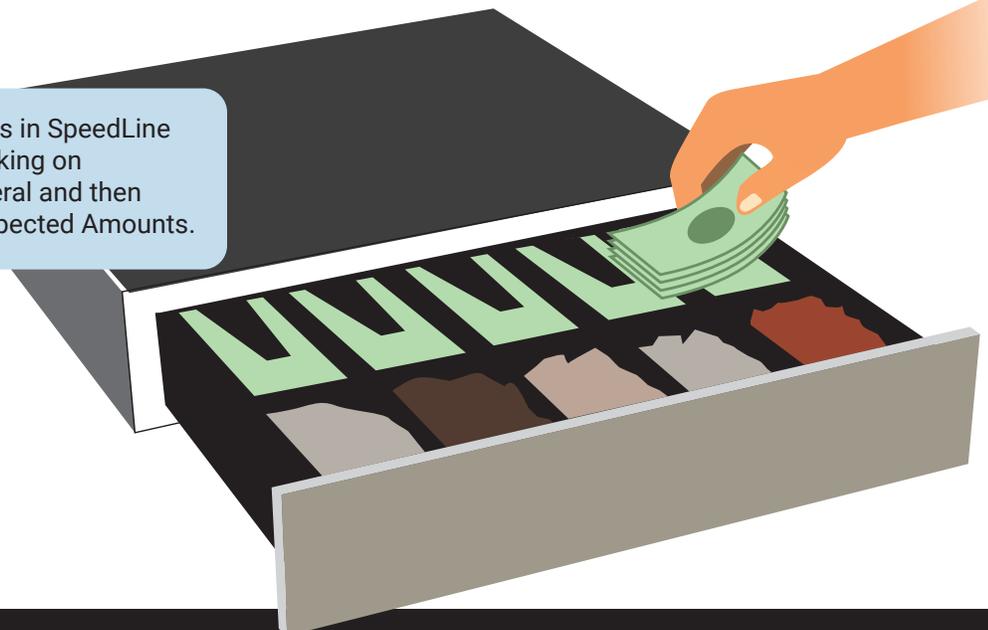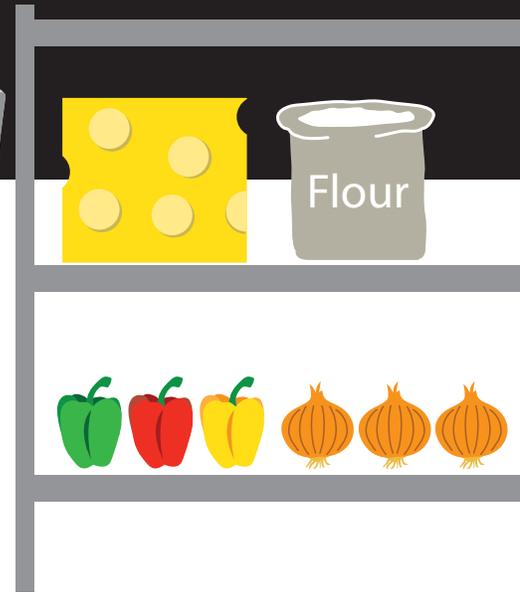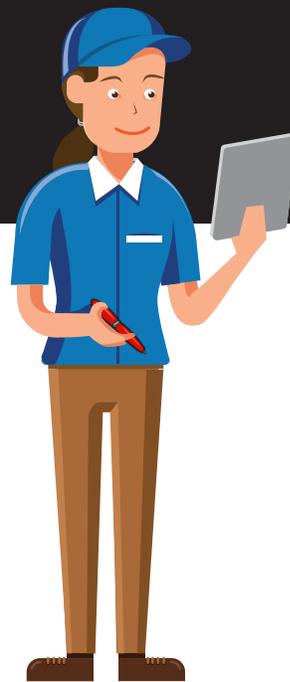
Use Daily Inventory Reporting

If you don't have detailed tracking of your inventory, then it becomes impossible to pinpoint when ingredients have gone missing. But with SpeedLine Inventory, you will know exactly when there is any problem with your stock levels.

With sections like Usage Variance and Negative Stock, you can compare the actual ingredient amounts with the ideal usage based on your current sales. This will tell you if your inventory is lower than it should be, and with regular inventory counts, you can even narrow down these missing ingredients to a particular shift. So if inventory is going missing, you'll be able to identify the problem before it costs you any more profits.

Install Security Cameras

Sometimes the simple solution is the best. While all of these aforementioned tools are essential for identifying possible theft, security cameras can give irrefutable evidence by actually showing the employee dipping into the cash drawer, or sneaking a wheel of cheese out the back door. By using security cameras placed in vulnerable or high-traffic locations and pairing them with an integrated POS, you will be provided with synced-up video clips in a searchable database. This makes it extremely easy to get hard evidence when confronting the employee behind the theft.

Speedy Tip

The most common restaurant locations for security cameras include the office, bathroom entrances, kitchen line, drink station, walk-in cooler, back door, and front counter.

Use Fingerprint Sensors for Employees

The problem with ID cards or employee codes is that anyone who has them can use them, regardless of whether or not they belong to the individual. So one employee could easily impersonate another one when using the POS system, making it impossible to know who's truly responsible for suspicious transactions.

An easy way to deal with this is to start using biometric ID fingerprint sensors. These match a person's fingerprints with their employee profile, so there's no doubt who is clocking in/out, processing voids, approving discounts, or handling transactions. No longer will you have to worry about buddy punching or other types of employee impersonation.