

Restaurant industry **loss** **prevention** index



Multi-unit restaurant owners and operators lose an estimated \$14.2 billion in revenue every year to employee theft.



What does this mean for your bottom line, and what do you do about it?



Delaget data analysts polled thousands of restaurants across multiple fast casual and quick service brands to determine benchmarks for three major categories of fraud:

- ✓ **Discounts and promotions**
- ✓ **Deletes and cancels**
- ✓ **Refunds, voids, and over-rings**

We've shared these benchmarks in the following sections, along with expert advice on how to combat employee theft and fraud in your operation.

#1: Discounts and promotions

Discounts make up about **1.3%** of restaurant sales. Cashiers have the ability to reduce the price of an order by using an employee meal, manager meal, senior, military, or friends and family discount or promotion. While these discounts serve a purpose in business, they also provide an easy opportunity to steal. And Delaget data proves it's happening: approximately **4** out of every **10** discounts are fraudulent. For a franchise owner operating 50 units, discount fraud can cost an average total of **\$69,715** annually.

Of all the discount options available to cashiers, manager and employee meal discounts are the most commonly abused, according to Delaget data. Manager and employee meal discounts make up more than **40%** of all discount violations, and they are responsible for **0.6%** of sales on average.

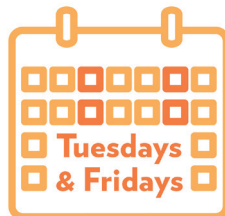
By the numbers



of sales are discounts



of sales are manager discounts



days violations are most likely to happen



of discounts are fraudulent



#1: Discounts and promotions

Pro tips

- #1:** Make sure you and your above-store team can validate cashiers' discount activity with receipts. Every discount or promotion should have a coupon, POS receipt, or some type of documentation to validate the activity.
- #2:** Make sure you and your team are aware of and following your brand or franchise's discount policy. This may sound simple – but sometimes there can be discrepancies among stores, which can cause confusion on your team.
- #3:** If your brand or organization uses swipe cards or manager codes to perform discounts on the POS, keep them secure. Swipe cards must always be on the manager's person. Also, change the register codes often, perhaps even daily.



#2: Deletes/cancels

A deletion is an action taken when a mistake is made between the guest and the cashier. But, in theft examples, a cashier rings in all or part of the items ordered, takes the guest's money, serves the guest, cancels all or part of the order, and pockets the money. Deletes can occur before or after total. Delaget data revealed that deletes make up an average total of **7.2% of sales** and **"deletes before total" are more common than "deletes after total."**

By the numbers



of sales are made up of deletes before



of sales are made up of deletes after



#2: Deletes/cancels

Pro tips

- #1:** Monitor your managers' performance on the register and pay close attention to deletions, especially during non-peak times. Deleting an entire order (or "deletions to 0") should be a red flag and warrant a conversation with the manager and/or cashier.
- #2:** Pay close attention to the location of the keys to the cash drawer. If you see that a key is in or near the cash drawer, have a conversation with the manager and the cashier. Register keys should be on the manager's person at all times.
- #3:** Be aware that high deletions may also be a sign of poorly-trained cashiers, inattentive cashiering, or cashiers that simply don't care. In these examples, theft may not be in play, but operational loss certainly is: a compromised guest experienced, slower speed of service, frustrated line workers, and increased waste may be costing you big time!
- #4:** Do not accept the ongoing excuse for high deletions - "guests are changing their minds." Properly trained cashiers who care about their performance do not face these challenges.



#3: Refunds, voids, and over-rings

Refunds as a form of theft make up the smallest percentage of loss across employee theft metrics. Delaget data shows that the average refunds account for just 0.13% of sales. While they make up a smaller percentage compared to deletes and cancels, these metrics are still important to monitor.

Examples of fraudulent situations include:

- ✓ Managers over-ringing/refunding orders to balance (cover up) cash shortages
- ✓ Managers or cashiers over-ringing or refunding guest orders from a specific receipt to pocket the cash
- ✓ Managers or cashiers over-ringing or refunding guest orders to feed friends or family for free, circumventing the need to discount

By the numbers



are the least costly form of theft



Refunds make up an average of .13% of sales

#3: Refunds, voids, and over-rings

Pro tips

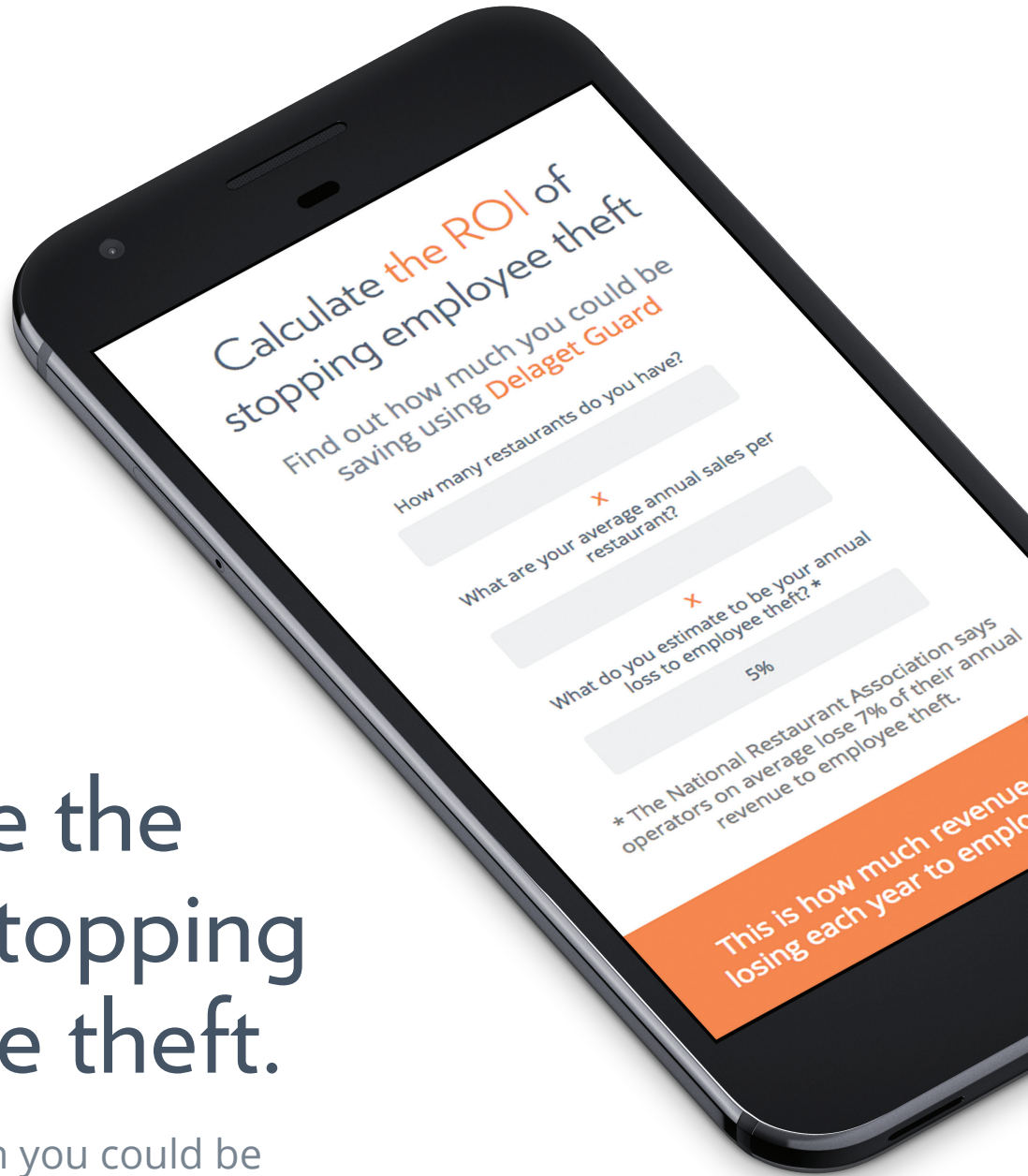
- #1: As with discounts, documentation is key. There should be receipts to support all refund and over-ring activity.
- #2: If you notice cash refunds for credit card purchases, it's most likely a suspicious transaction. Follow up with your cashiers when this happens.
- #3: Educate your team on the brand's threshold for refunds, voids, and over-rings. The team should know that you and your managers are watching and are holding them accountable.
- #4: The same applies here as it does for discounts: If your brand or organization uses swipe cards or manager codes to perform discounts on the POS, keep them secure. Swipe cards must always be on the manager's person. Also, change the register codes as often as every day.

The accountability for all of the above metrics can be significantly improved when:

- 1) Cashiers are working registers assigned to them, in their name.
- 2) You limit the number of people ringing orders on a register. As a general rule of thumb, only have one cashier working on each register.



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Calculate the ROI of stopping employee theft.

Find out how much you could be saving using Delaget Guard.

Calculate my ROI



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Stop employee theft before it happens.

Check out our Loss Prevention Checklist to discover dozens of ways to increase efficiencies and reduce loss in 7 critical areas of your business.

[View the checklist](#)

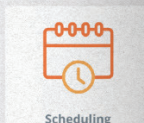
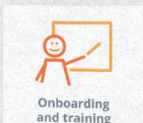
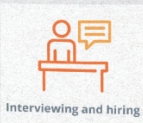


Improve your operation – and save money

By using this handy loss prevention checklist with best practices and tips from a restaurant consultant with more than 40 years of experience.



Top areas where loss and inefficiencies can occur include:



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Restaurant loss prevention checklist

Interviewing and hiring

Take the time to hire right

Taking time to hire the right people for the right roles at your restaurant can save your team time, money, and prevent loss in the long run. Use the checklist below to make sure you're implementing interviewing and hiring best practices.

- ✓ Utilize your brand's people and bench plan to help you compare actual vs. planned staffing and to inform you of staffing needs and targets.
- ✓ Review resumes and select candidates to interview who match with job goals and brand values.
- ✓ Use brand tools like interview guides, if you have them.
- ✓ Conduct thorough interviews.

TIP: Consider having the candidate meet with several team members (including staff who have the same position) and perform customer service role plays during the interview.

- ✓ Conduct reference checks for all potential hires – especially if the candidate has experience working for your brand.
- ✓ Conduct a pre-employment background check drug test for manager hires.