



**You Just Lost \$100,000**

## **Theft Prevention for Insulation Contractors**

ICAA Platinum Education Session: Thursday, September 29, 2016

# Agenda

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- How big a problem is theft?
- Share results of ICAA member survey
  - How do your results compare?
- Panel Discussion
- Checklist

- \$15-\$25 billion is lost each year.
- 30% of all businesses fail due to employee theft.
- 60% of all applicants falsify their credentials.
- 20% of job applicants have criminal backgrounds.

- Inventory “loss” is a major concern in the building materials industry
- Building Materials Operations Comparison Survey of 150 dealers from 20 states found the average shrinkage amounted to 0.5% of net sales
- But according to a National Retail Security Survey, 70% of inventory losses are caused by theft, and 55% are caused by employees
- What about insulation contractors?



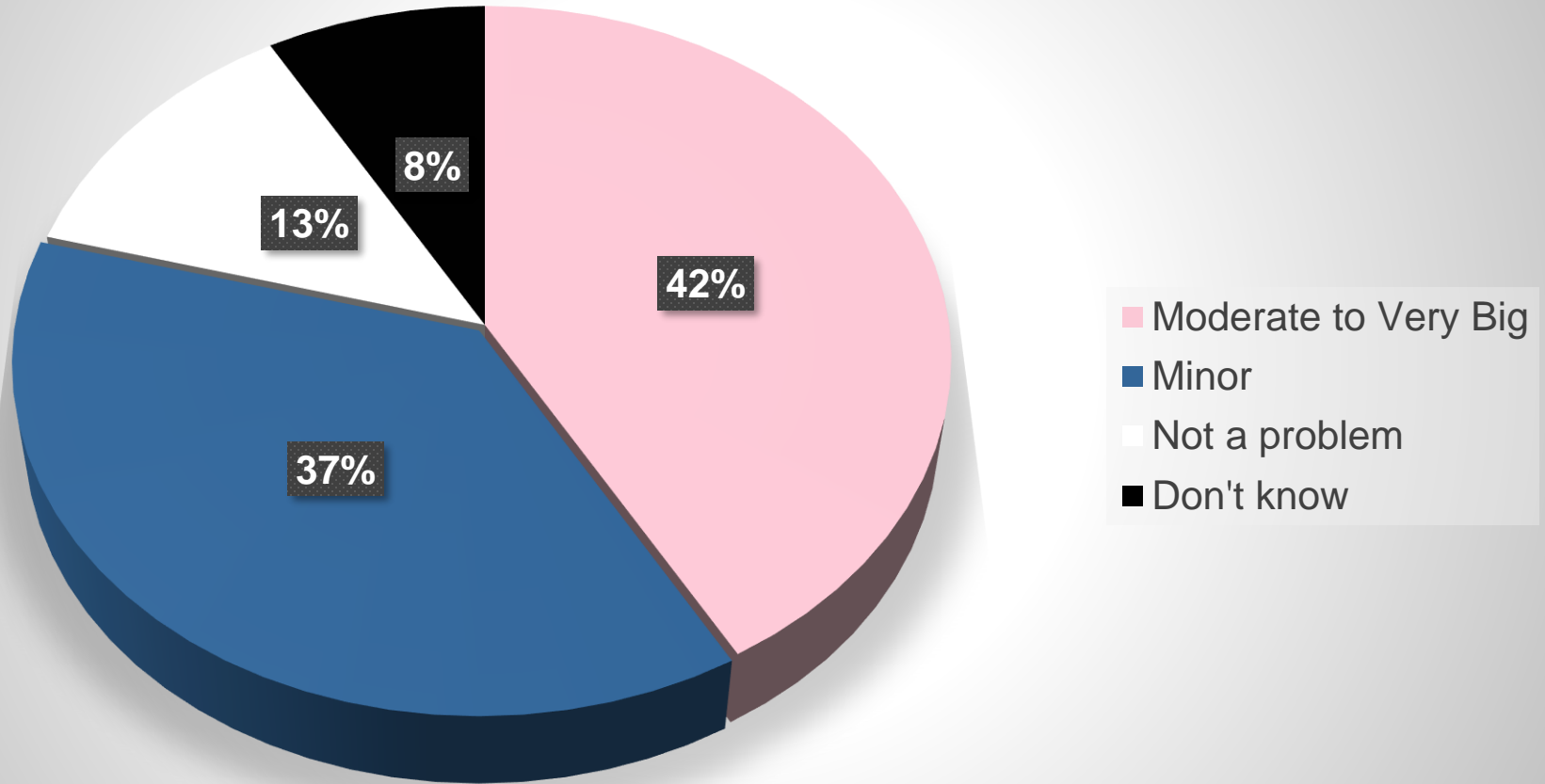
# ICAA Survey Results

August, 2016

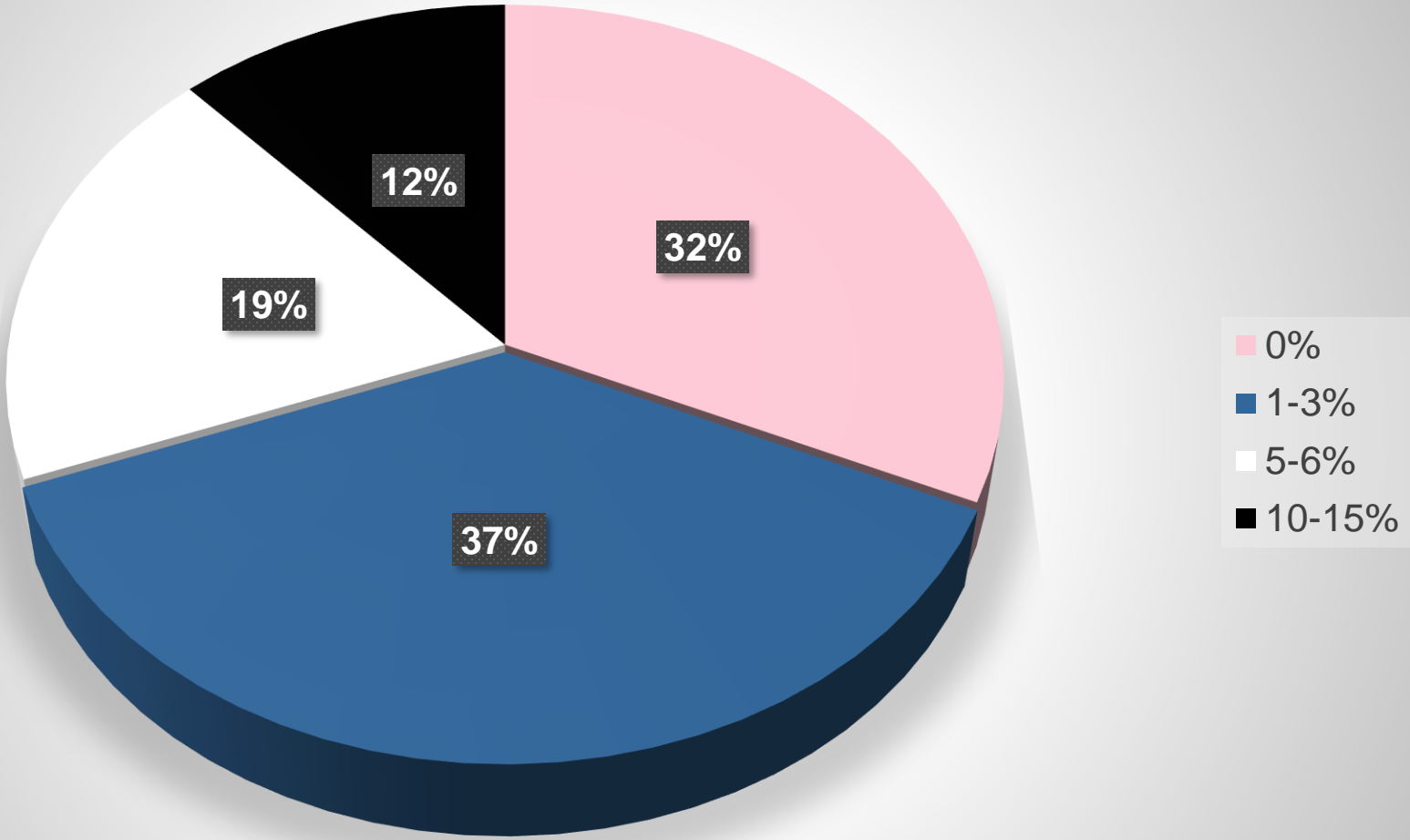
# How big a problem is theft for your company?



## Last 12 Months

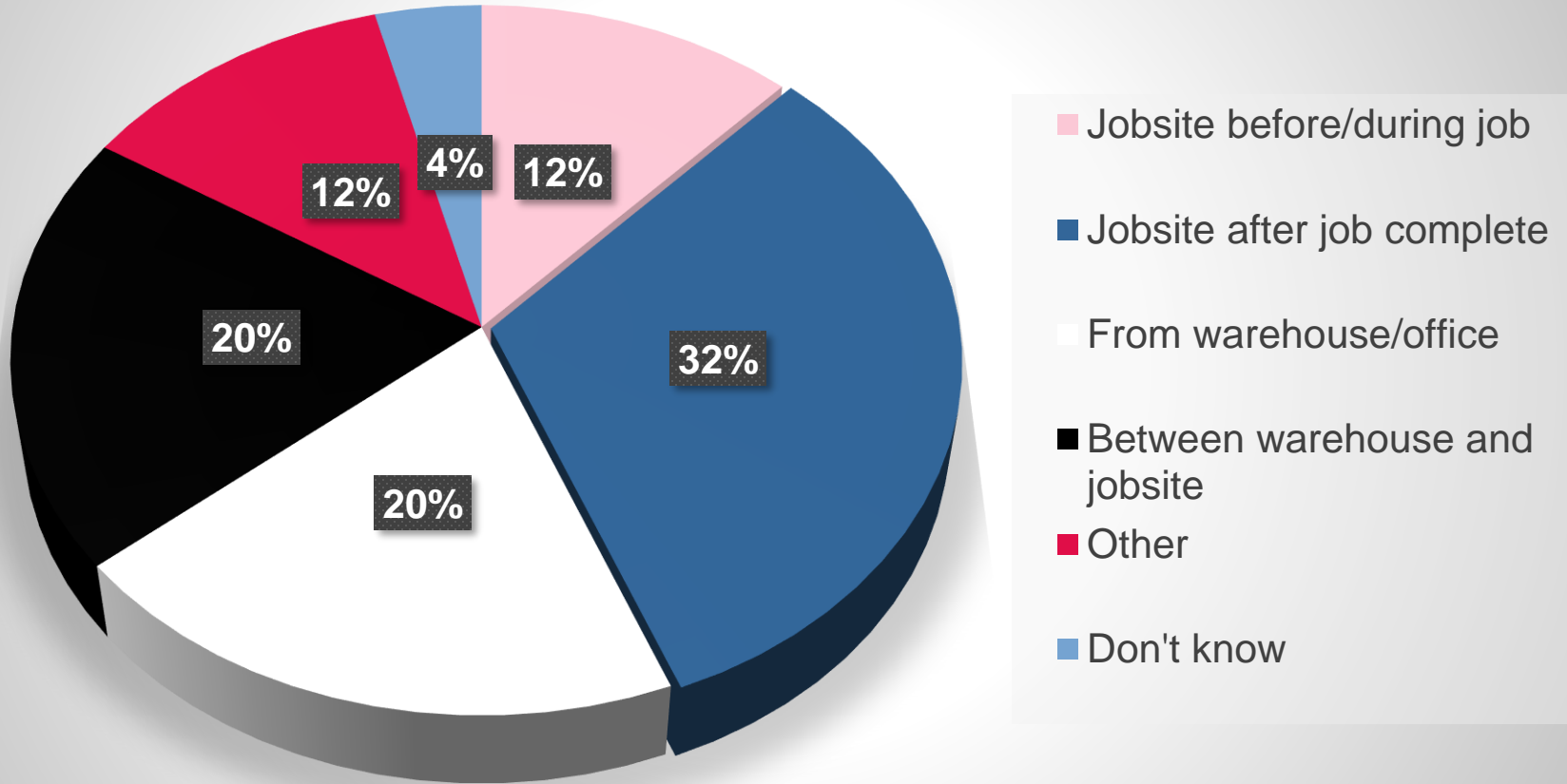


# What percent of materials were lost or stolen?



# From where are materials lost or stolen?

## Last 12 Months

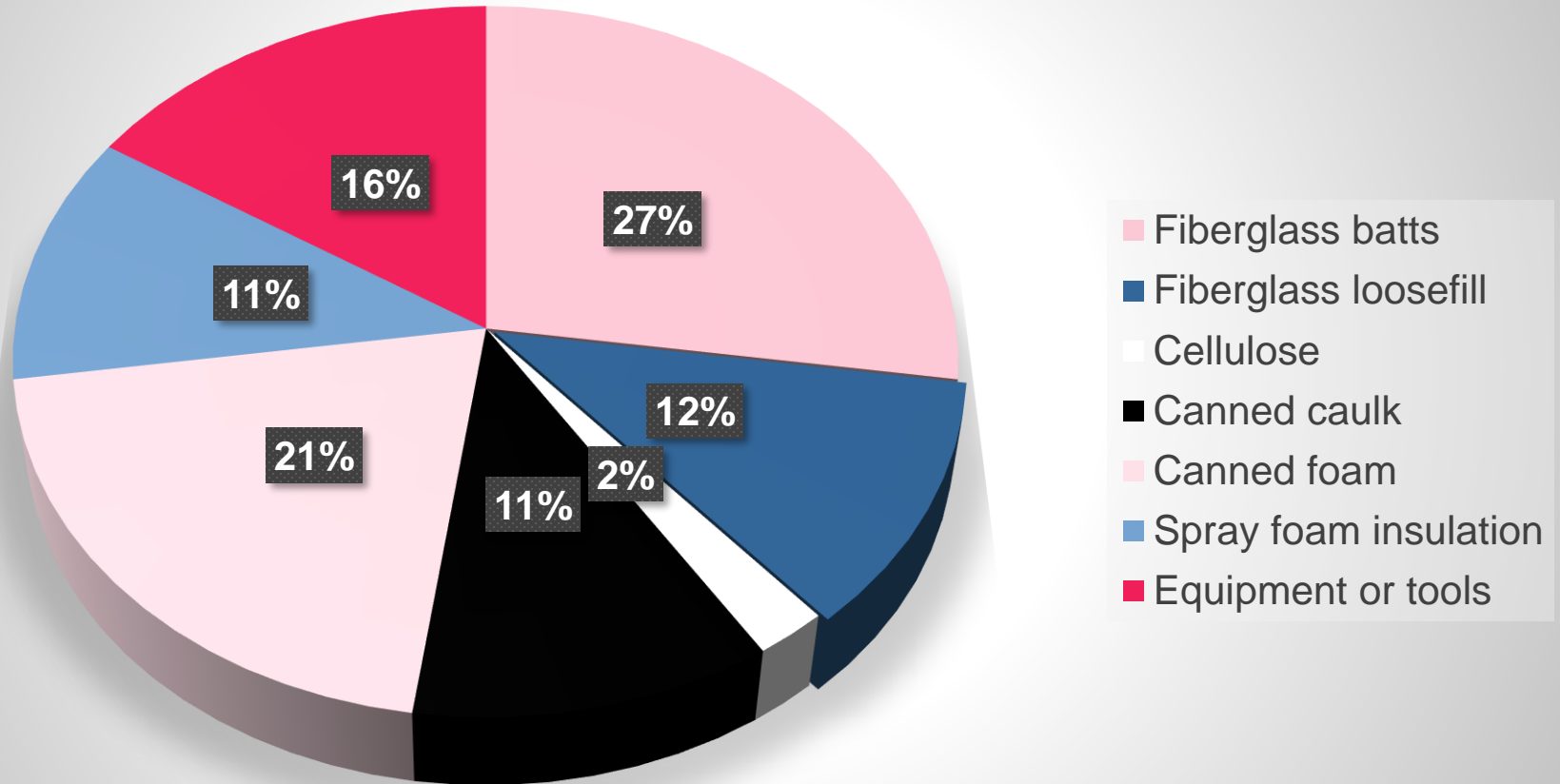




# What materials have been lost or stolen?



## Last 12 Months



extension\_cords

saws

lasers

drills

ladders

staple\_guns

air\_staplers

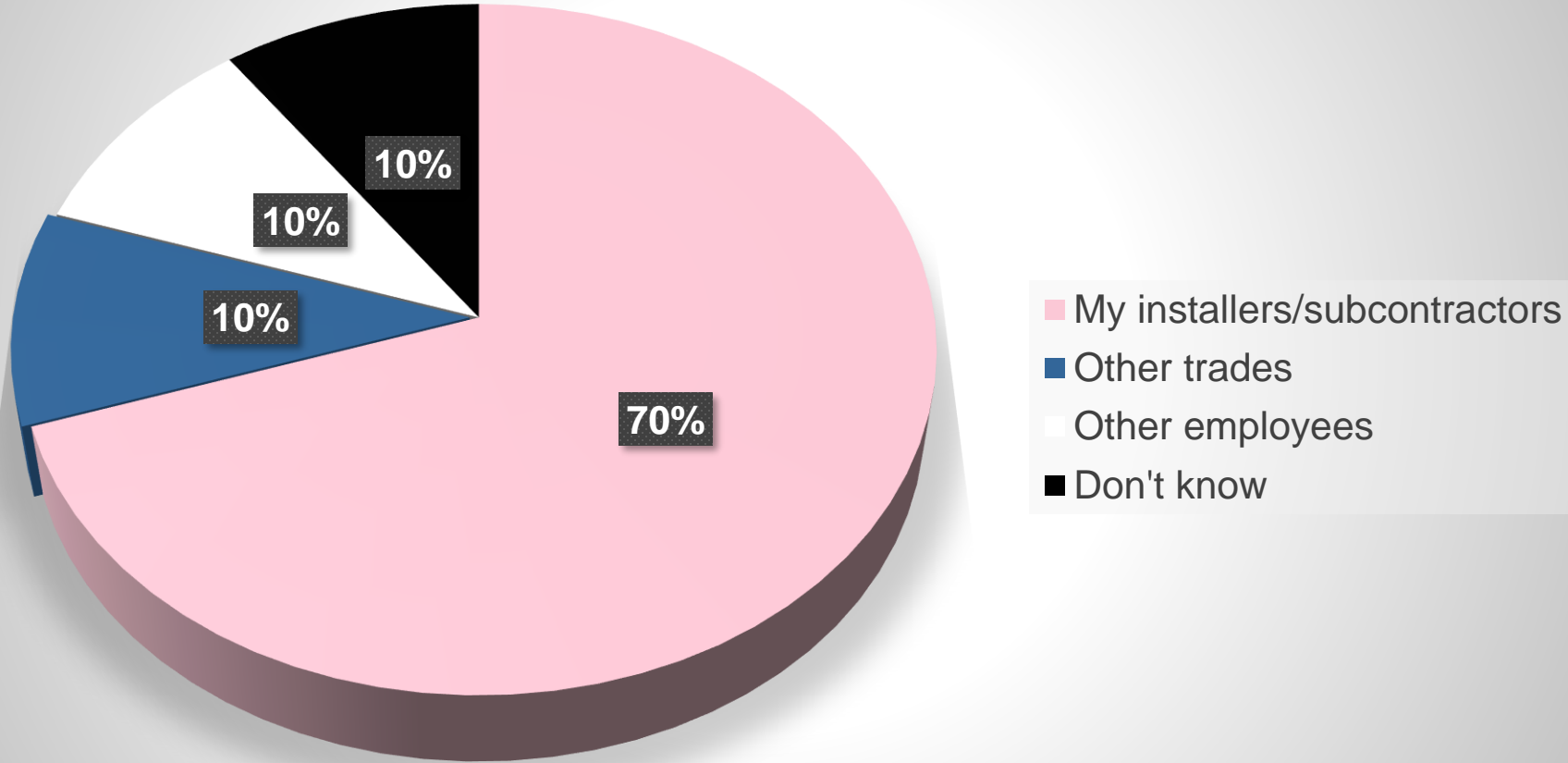
staple\_hammers

foam\_guns

# Who do you believe is mainly responsible?



Last 12 Months





# Panel Discussion

- Moderator:
  - Joe Arrigo (President, Resource Development Partners, LLC)
  
- Insulation Contractors:
  - Hayden Drum - (Vice President, Garland Insulating)
  - Ric Molloy - (CFO, American Building Systems)



## Security

- Fence around property?
- At least one security camera?
- Controls on door access?
- Parking lot lighting?
- Controls on key access areas (Tools)?
- GPS on trucks?

## Inventory management

- Who loads the trucks?
- Are there random audits?
- Is there separation of duties on who loads the truck and who drives to job site?
- Are there incentives built in for inventory accuracy?
- Are goals shared?
- Are crews rotated?



# Checklist



- Pre-employment investigations/screenings
- Ethics policy/code of conduct agreement – empower employees to report violations
- Use tally sheet to inventory incoming material loads that can be compared to installers work order or packing slip
- Spot checks of insulation trucks leaving the facility/institute check-out procedures with verification
- Job site security measures – when materials are left
- Segregation of duties re: inventory controls/measurement
- Post “no trespassing” signs and install security video cameras, alarm system
- Key controls to have records of all keys/access codes
- Consider pay piece rate for return of unused material if footage is estimated

