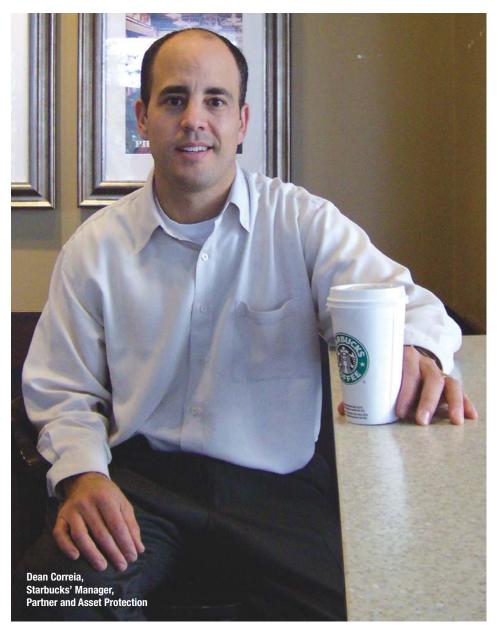
The evolution of the coffee cops



hey were once known as the "Coffee Cops" — a group of loss prevention professionals protecting Venti Frappucinos, Grande Double Decaf Lattes and Tall White Hot Chocolates.

Today, the loss prevention team at Starbucks Coffee Canada is viewed by everyone who has seen it in action as an intricate part of the java giant's success in Canada, and a vital component in ensuring the health, safety and security of all of its partners (i.e., franchise owners, managers, staff, customers and vendors).

"Our philosophy is to protect people, secure assets, contribute margin and support the mission," says Dean Correia, Starbucks' Manager, Partner and Asset Protection. "Way back then, we were viewed as the 'Coffee Cops,' but the name of our department — Partner and Asset Protection — is not a fluke. Now we are seen as partners to add value and protect the business. We do more than just catch people stealing stuff."

Correia, an 11-year employee of Starbucks, and his team of six LP specialists

watch over approximately 700 Starbucks stores across Canada. Besides the usual retail loss prevention worries, such as internal and external theft, credit card chargebacks and gift card fraud, Starbucks' biggest loss prevention concern is actually workplace violence. It is something that keeps Correia "up at night," largely due to the murder of a Starbucks store manager at a Vancouver location in January 2000.

"Our incidents, year-over-year, increase exponentially," he notes, adding the company's definition of workplace violence is any threat, actual or implied, to a partner, customer or vendor on its lease line. "When there is an incident [at one of our stores], it is a stop, drop and serve issue for my team."

To ensure everyone is prepared for any workplace violence situation that may arise, Starbucks proactively trains every new partner on workplace violence, avoidance and robbery prevention; as well, it offers a continuing education program throughout the year to keep every employee keenly aware of the issue.

"People are our most important asset. I tell them, 'Starbucks can replace any asset, but we cannot replace you,'" insists Correia. "That resonates with our partners. They work so hard and it is our job to protect them and add value so they can continue to deliver the experience our customers expect."

It is this relationship with its partners that has strengthened the reputation and level of trust of Correia's team.

So whether it is preparing for a visit to one of Starbucks' locations in Ottawa by U.S. President George Bush or a protest by any one of a variety of organizations, Starbucks is prepared to handle it all and more. Proof of this can be seen in the company's planned formation of a pandemic preparedness steering committee that Correia says "will make sure if and when that becomes a realization in Canada, we're prepared for the impact it will have on our partners, customers and assets.

"We are looking at anything and everything that adds value to our stores and that increases speed of service and gross margin," he adds.

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SURVEY: ROC A GROWING CONCERN FOR CANADIAN RETAILERS

The impact of retail organized crime (ROC) on the retail industry is a growing concern for loss prevention professionals, according to a survey of Retail Council of Canada's Top 100 members.

While 68 per cent of respondents have noted an increase in retail organized crime activity within the past 12 months, only 38 per cent say their organizations are allocating additional resources to deal with it.

More than half of the 66 respondents said the average dollar loss per case attributed to ROC theft rings is \$4,000, but Rita Estwick says it's not just about losing revenue.

"In December 2006, a CTV News report highlighted a recent investigation whereby counterfeit hair shampoo was found in the Canadian marketplace containing E.coli bacteria," said the co-chair of RCC's Retail Organized Crime task force.

"While the criminal groups are not concerned with the health and safety implications, Canadian retailers are troubled by these criminal activities, which is why 91 per cent of respondents are in support of the development of a national strategy."

The anonymous survey was distributed through Zoomerang, an online market research service provider, between Jan. 15, 2007, and Feb. 5, 2007.

The following numbers are excerpted from the final report. For a copy of the full report, members can contact Rita Estwick, Manager, Corporate Security, Canada Post Corporation, at rita.estwick@canadapost.ca.

Criminal activities experienced within past 12 months

| • Internal Theft91% | 'n |
|----------------------------|----|
| • External Theft | |
| Credit/Debit Card Fraud79% | |
| Container/Cargo Theft | 0 |
| Pin Pad Tampering32% | |

The proportion of shrink is attributed to: (Pased on 62 responses)

| (based on 65 responses) | |
|--------------------------------|-----|
| Internal Theft | 35% |
| External Theft | 29% |
| Administrative/Paperwork Error | 17% |

| • | Retail Organized Crime | 16% |
|---|------------------------|-----|
| • | Vendor Fraud | 3% |

Instances of crime experienced within past 12 months

| • | 1–5 | 18% |
|---|-------|-----|
| • | 5–10 | 0% |
| • | 10–15 | 5% |
| • | 15+ | 77% |
| | | |

Has there been an increase in ROC activity within the past 12 months?

| • Yes | 68% |
|------------|-----|
| • No | 26% |
| Don't Know | 6% |

In terms of severity, how would you rank ROC as a threat to your organization?

| • | Mild Threat | 14% |
|---|-----------------------|-----|
| • | Mild to Medium | 11% |
| • | Medium Threat | 30% |
| • | Medium to High Threat | 21% |
| | High Threat | |

Percentage of apprehensions linked to ROC within the past

| • | Less than 5% | 58% |
|---|---------------|-----|
| • | Between 5–10% | 30% |
| • | More than 10% | 12% |

Is your organization allocating additional resources to deal with ROC?

| • Yes | 38% |
|------------|-----|
| • No | 61% |
| Don't Know | 2% |

Is a national strategy needed to deal with ROC?

| • | Yes | 91% |
|---|------------|-----|
| • | No | 3% |
| • | Don't Know | 6% |



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