Lavastorm

Compass Implements Data-Driven Loss Prevention to Drive Bottom-Line Improvements

COMPASS GROUP

RESULTS:

In just a short time, Compass Group Canada transformed its loss prevention efforts with an agile, data-driven approach, driven by Lavastorm. It has been able to:

> Utilize a massive amount of point-of-sale data from 2,300+ locations to uncover potential theft and improve adherence to operational policies.

> Reduce shrinkage and improve the success rate of its investigations. In initial use, the system was 100% accurate in identifying thefts.

> Better use its auditing resources through a data-driven approach that identifies high-potential targets worthy of investigation.

> Improve ability to prove cases in court by pinpointing issues with data analysis and linking those patterns with surveillance video.

> Quickly monitor and identify errors that wouldn't be seen otherwise.

> Begin to move toward a culture where loss prevention is embedded companywide.

"With the flexibility and data discovery capabilities of Lavastorm, we are able to scale our loss prevention efforts and harness our data to take it to a new level of success impacting both operational efficiencies and savings."

Humza Teherany, VP Business Transformation, Compass Canada

CUSTOMER PROFILE

Compass Group Canada is the country's leading food service and support services company with annual revenues of $1.5 billion. The company owns and operates 2,300 retail locations in Canada including restaurants for nationally known brands such as Tim Hortons, Subway, Starbucks, Quiznos and Pizza Pizza.

SITUATION

Compass Group Canada set a goal to improve operational efficiency of the retail locations it manages. Since Compass Group employs approximately 8,000 cashiers for the retail locations it operates and because cash-handling retail companies average 2% loss due to shrinkage, Compass Group focused on preventing retail loss as a way to achieve their overall efficiency goal.

To identify suspicious activity and potential theft, Compass Group Canada mostly relied on tips from other employees. While the company's retail outlets were equipped with high-tech point of sale (POS) systems, the data from these machines was not being used to identify potential loss or to prove a case in a court of law. Compass followed up on tips, interviewed people, but without hard data many times.

To improve their loss prevention efficiency, Compass Group wanted to implement an approach where investigations were driven by data rather than suspicion. It expected a data-driven approach would allow it to better deploy investigative resources and create cases that would hold up better in court. In addition, it believed that improved detection capabilities would allow its loss prevention team to be more proactive and would therefore help it change its corporate culture, creating a deterrent to future theft. By improving its loss prevention efforts – even minimally – Compass Group expected it could make a huge impact over time, potentially adding up to millions in cost savings.

SOLUTION

Compass Group Canada's loss prevention program analyzed the current state of its loss prevention effort and concluded that its greatest potential asset was the data that it had at its disposal, which was being generated by its POS systems and surveillance infrastructure. It wanted to use the data from these systems to uncover metrics and patterns that were reliable indicators of theft. Tit needed an analytic platform that would allow it to easily aggregate data from the five different POS systems in use throughout Compass Group Canada and other supply chain data sources, as well as to flexibly explore many hypotheses to discover the key indicators of theft and policy breaches. It chose to use the Lavastorm.

Enabled by the speed and flexibility of Lavastorm, Compass Group Canada quickly unified the POS data and calculated key metrics for each retail location, including the average number of voided sales and the number of times the cash drawer was opened. By comparing locations based on these metrics, it was able to find locations where there were unusually high levels of suspicious activity. From the data,, it also identified the time of the suspicious activity and correlated suspicious activity to video from their surveillance system. With this information, it could prioritize cases and determine where best to deploy loss investigators to either confront employees or gather additional evidence.

Compass Group Canada began to continuously monitor key metrics that were reliable indicators of theft and policy breaches. This not only improved the efficiency and speed of investigations, but also discouraged future shrinkage and changed the culture to one theft and policy breaches were not tolerated.

BENEFITS

With Lavastorm, Compass Group Canada was able to more accurately detect theft, reduce shrinkage, improve operating procedures, and develop a comprehensive and scalable loss prevention plan.

Successful Investigations & Reduced Shrinkage

By looking at several key metrics, Compass Group Canada is able to identify locations and times where theft or policy breaches are likely to have occurred, allowing it to focus scarce investigative resources on cases that with a greater likelihood to reduce overall shrinkage. In initial use, the system was 100% accurate in identifying theft and policy breaches, leading to a significant reduction in shrinkage.

Scalable Loss Prevention Plan

Lavastorm provides a powerful and flexible foundation on which Compass Group Canada can expand its loss prevention efforts. With Lavastorm, can monitor a high number of retail locations and transactions, and it can identify additional theft patterns and metrics to implement.

Collaboration

This data-driven approach helped raise the visibility of the company's loss prevention efforts companywide, encouraging greater collaboration between groups such as IT, internal audit, and operations management. This approach led to a culture where everyone is accountable for reducing loss.

Improved Operating Procedures

Compass Group Canada has been able to use Lavastorm to explore the POS data to uncover and analyze additional anomalies – not just those that indicate theft. For example, it used the system to uncover policy violations, such as cashiers voiding transactions when they don't have the proper authority or cash drawers being left open too long.

"With more than 2,300 retail units in Canada and over 50-75% that accept cash, I would have to hire an army of auditors to review all the surveillance tapes and be on site to monitor the situations. With Lavastorm, we have become proactive and are able to use a data-driven approach, which frees up our resources and helps prioritize our investigations.."

Brent Mooney, CFO, Compass Canada