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NAVY EXCHANGE

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NEWS RELEASE: 86-11

November 7, 2011

Shoplifting From NEX Hurts Everyone

The Navy Exchange Service Command's (NEXCOM) Loss Prevention/Safety Department takes preventing theft in all its NEXs seriously. During 2010, NEX Loss Prevention/Safety associates investigated and resolved 1,847 shoplifting cases with a total dollar amount of \$883,551. According to a joint study recently released by the National Retail Federation and the University of Florida, theft continues to be a big problem for American retailers and it cost them a staggering \$10.94 billion during the past year.

"The key to preventing theft in our locations begins with providing our customers PREMIER customer service and promoting our loss prevention awareness programs to our associates," said Tom Ruane, NEXCOM's Loss Prevention/Safety Program Manager. "Customers and associates play an important role and should report any suspicion of theft activity to NEX management, loss prevention/safety personnel or through the anonymous Alertline program."

Shoplifting losses vary by store type, but can account for about one-third of the total inventory shrink. Shrink is the retail industry term for the difference between the recorded book inventory and the actual physical inventory counted at the end of the year. Shrink is generally attributed to shoplifting, employee theft, administrative errors or vendor fraud.

If shoplifting is suspected, NEX Loss Prevention/Safety associates turn all incidents over to base police and /or local law enforcement. In addition to possible disciplinary action and criminal prosecution, the Federal Claims Collection Act allows NEXCOM to enact a flat administrative cost or Civil Recovery of \$200 for each incident of theft.

While the NEX continues to be proactive in apprehending shoplifters, NEX Loss Prevention/Safety associates work hard at preventing theft before it happens. NEXs worldwide use electronic article surveillance (EAS) systems for electronic and high value merchandise as well as extensive closed circuit surveillance systems (CCTV) to try and deter

as well as catch shoplifters. The CCTV systems, coupled with digital video recorders, give the NEX the ability to see everything within the store and identify incidents of theft.



NEXCOM's vigilance has been paying off. Over the past eight years, NEXCOM has seen its inventory shrink below one percent to sales compared to the national average of approximately 1.50 percent to sales.

"When someone steals from the NEX shrink occurs and our profits decline," said Ruane. "Seventy percent of NEX profits are given to Navy Morale, Welfare and Recreation (MWR) to support quality of life programs. In 2010, that contribution totaled over \$48 million. If our profits decline, so do our contributions to MWR."

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About NEXCOM

The Navy Exchange Service Command (NEXCOM) is headquarters for the worldwide Navy Exchange System that oversees 104 Navy Exchange (NEX) facilities and nearly 300 stores worldwide; 40 Navy Lodges; Ship's Stores; Uniform Program Management Office. NEXCOM's parent command is the Naval Supply Systems Command. NEXCOM's mission is to provide authorized customers quality goods and services at a savings and to support quality of life programs for active duty military, retirees, reservists and their families. NEXs operate primarily as a non-appropriated fund (NAF) business instrumentality. Revenues generated are used to support Morale, Welfare, and Recreation (MWR) programs. In FY10, \$2.6 billion in sales were generated with \$48.4 million in dividends provided to Navy MWR programs.