

NRF LOSS PREVENTION CONFERENCE & EXPO JUNE 12-14, 2013 / SAN DIEGO, CALIFORNIA SAN DIEGO CONVENTION CENTER National Retail Federation

**STARBUCKS**

## Developing an Effective Loss Prevention Roadmap in International Markets

*Advance Planning for Creating a Global Framework*

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## Starbucks Global Presence

- Over 18,000 Stores
- 63 Countries
- Joint Venture, Licensed and Company Operated Models
- 70 million customers per week
- Over 200,000 partners
- 11 roasting and distribution facilities
- 54M Facebook fans, 3.4M on Twitter




*That's a lot to protect... but there's more!*

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## Further Areas of Concern...

- Global Base of over Four Thousand Primary Suppliers
- Nearly Five Million Annual Deliveries
- Millions of Gallons of Milk procured
- Historic Quantities of Green Coffee Purchases
- Billions in Annual Procurement Spend

**...supplier resiliency, transportation security & food defense**

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## Disasters Across the Globe...Impact Stores



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## Acquisitions & New Program Deployment

**Supporting a global enterprise has its challenges...**

- Acquisitions, rapid growth & online presence
- Global footprint & support team structure



**As well as...**

- Varying levels of process, communications, systems and reporting infrastructure
- Safety and security is not a one-size-fits-all business function in 63 countries



**Growing Risk - Starbucks Value Cards in North America alone...skyrocketing**

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## Global Safety & Security at Starbucks

*Protecting our partners, customers and assets around the world*

The Global Safety and Security organization supports Starbucks' enterprise with disaster preparedness, business continuity planning, incident response, security services and fraud prevention.

With continued global store and partner growth, acquisitions, and an uncertain economic climate, the need for global safety and security protocols and programs has never been greater.

**Global Safety & Security**

- Partner & Asset Protection
- Business Continuity & Support Services
- Corporate Investigations & Fraud
- Protective Services

**...A Global Framework**

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Provide proven safety & security solutions for global markets which are economically efficient, scalable, supports long term sustainment and leads to International self-sufficiency

**The Approach....**

- Value Model**
  - Develop a Value Model - define capabilities necessary to support an industry standard safety & security organization
- Market Assessment**
  - Complete by market assessment - identify current situation of each region and market
- Tools & Training Analysis**
  - Complete Tools, process & Training analysis - outline tools, processes & training necessary to implement each component
- Gap Analysis & Prioritization**
  - Develop Gap Analysis - evaluate each market against the Value Model identifying opportunities for development and prioritize base on need
- Implementation Plan**
  - Design, prioritize and execute an Implementation Plan by region and market
- Communication & Sustainment**
  - Integrate sustainment plan into the existing communications framework to ensure alignment & support for sustaining the Value Model

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**Value Model** Market Assessment Tools & Training Analysis Gap Analysis

**High Level GS&S Value Model Components**

|                                                                                                         |                                                                                                                    |                                                                                                           |                                                                                                    |                                                                                                        |                                                                                                            |
|---------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| <b>Corporate Investigations</b><br>✓ Fraud Prevention<br>✓ BEC Linkage<br>✓ POS & Web Monitoring        | <b>GS&amp;S Service Standards</b><br>✓ Service Agreements<br>✓ Supplier Resiliency Standards<br>✓ Audits           | <b>Organizational Resources</b><br>✓ Dedicated GS&S Mgr.<br>✓ Define resource to store into org Structure | <b>Vendor Management</b><br>✓ Vendor sourcing<br>✓ Performance Management<br>✓ Performance Metrics | <b>Protective Services</b><br>✓ Travel Standards<br>✓ Event Security<br>✓ Security Operations Center   | <b>Business Continuity</b><br>✓ Business Recovery<br>✓ Core Crisis Management<br>✓ Supply Chain Resiliency |
| <b>Financial Analytics</b><br>✓ Defined Metrics<br>✓ Scorecards & Reporting<br>✓ ROI<br>✓ Business Case | <b>Manufacturing Security</b><br>✓ Food Defense<br>✓ C-TPAT Standards & Certification<br>✓ Physical Plant Security | <b>Risk Control</b><br>✓ Partner & Customer Safety<br>✓ Regulatory<br>✓ Retail Compliance                 | <b>Security Systems</b><br>✓ Access Control<br>✓ Alarm Panel<br>✓ Safes<br>✓ Retail Video          | <b>Training Program</b><br>✓ Instructional Design<br>✓ Program Delivery<br>✓ Evaluation & Verification | <b>Business Development</b><br>✓ PMO<br>✓ Systems Admin<br>✓ Process & Program Dev.                        |

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**Value Model** Market Assessment Tools & Training Analysis Gap Analysis

Define the capabilities necessary to support a global safety & security organization...by component

**Process**  
**Systems**  
**Tools**  
**Resources**

**Basic / KLO**  
Define the minimum capabilities needed to support the organization

**Industry Standard**  
Target what similar organizations are doing

**World Class**  
Define best in class capabilities that will protect, respond & recover employees & the business

**Capabilities** ↑

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**Value Model - Global Safety & Security Strategic Vision** (Illustration only)

**Loss Prevention Online & Retail**  
• Fraud Mitigation  
• POS Manipulation  
• Inventory Shrink

**Business Continuity & Recovery**  
• Business impact assessments  
• DR plans in place for critical functions  
• Security Operations Center

**Partner, Customer & Asset Protection**  
• Workplace Violence  
• Safety Programs  
• Incident Management  
• Store Security  
• Fraud Prevention  
• Risk Control

**Protect the Brand**  
• Event Security Management  
• Facility Security  
• Food Defense  
• C-TPAT Certification  
• Manufacturing Security

**Security Systems Infrastructure**  
• Access Control  
• Video Monitoring  
• Reporting and Analysis  
• Global Operations Center

Legend:  
● Basic Capabilities  
○ Industry Standard  
○ World Class  
● Today - Country X  
● Today - Country Y  
● Future Vision - Global

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**Value Model** **Market Assessment** Tools & Training Analysis Gap Analysis

- Score and quantify the gaps in each Region & Market (example)
- Weight the capabilities that are most important
- Scores are a combination of Process, Tools, Systems & Resources

Significant Gap KLO Industry Standard World Class

**World Class Capabilities**

|                            |          |
|----------------------------|----------|
| North America              | 70 / 100 |
| A Country in Asia          | 55 / 100 |
| A Country in Latin America | 48 / 100 |
| A Country in EMEA          | 61 / 100 |

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**Value Model** **Market Assessment** Tools & Training Analysis Gap Analysis

**A Representative Country in Asia...**  
Engage market resources to assess existing capabilities (Example Only)

**Business Capabilities** Current State Maturity Gap Assessment

|                                |                      |                     |                    |                        |                                                                                                                                                      |
|--------------------------------|----------------------|---------------------|--------------------|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Business Recovery</b>       | Process: Low to High | System: Low to High | Tools: Low to High | Resources: Low to High | Limited systems - Home grown Excel for tracking & documenting decisions - connection to business process is manual.                                  |
| <b>Supply Chain Resiliency</b> | Process: Low to High | System: Low to High | Tools: Low to High | Resources: Low to High | Contract Management - Continuity plans in place and beginning to work with legal to incorporate supplier contracts. Need process for regular audits. |
| <b>Core Crisis Management</b>  | Process: Low to High | System: Low to High | Tools: Low to High | Resources: Low to High | Crisis Team - Team in place and trained to use All Hazards Guide. Need to develop process for on boarding new partners and updating contact sheets.  |

Small ○ Large ●

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Value Model Market Assessment Tools & Training Analysis Gap Analysis

### Enterprise-wide assessment & prioritization (Example)

- Market gaps are quantified and compared against components of the value model
- Markets are grouped into growth categories to show a relative distribution based on future growth potential
- High value, low effort markets are prioritized first

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### Tools, Process & Training - Readiness by Component

| Ready Today                                                                                                                                                                                        | Requires Customization                                                                                                                                                                          | New Development Required                                                                                                                                                                                                                                                                                                                                                       |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Store Safety Assessment</li> <li>Global All Hazards Guide</li> <li>Store Safety Manual</li> <li>Regulatory Guidelines</li> <li>Retail Compliance</li> </ul> | <ul style="list-style-type: none"> <li>Emergency Evacuation Procedures</li> <li>Vendor Performance Metrics</li> <li>Cash Audit &amp; Reconciliation</li> <li>Core Crisis Guidelines</li> </ul>  | <ul style="list-style-type: none"> <li>Resource to Store Ratio Guide</li> <li>Risk Management Standards</li> <li>Equipment Safety Specifications</li> <li>Incident Reporting</li> <li>XBR Training Manual</li> <li>Troubleshooting Documentation</li> <li>Security Operations Center</li> <li>Access Control Guidelines</li> <li>Store Safe functional Requirements</li> </ul> |
| <ul style="list-style-type: none"> <li>Travel Standards Policy</li> <li>Event Security Guidelines</li> </ul>                                                                                       | <ul style="list-style-type: none"> <li>By Department Contingency Plan Repository</li> <li>Core Crisis Protocols</li> <li>IT Systems Recovery Plan</li> <li>Reporting &amp; Analytics</li> </ul> | <ul style="list-style-type: none"> <li>Integrated Communication Model</li> <li>Resource Model</li> <li>Loss Prevention Manager Training</li> <li>Org Structure</li> <li>Web Tools</li> <li>Troubleshooting Knowledgebase</li> <li>System Implementation Best Practices</li> <li>Store Alarm Specifications</li> <li>Retail Video Specifications</li> </ul>                     |

Value Model Components Key

- Protective Services
- Service Standards
- Organizational Resources
- Risk Control
- Business Continuity
- Security Systems

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Value Model Market Assessment Tools & Training Analysis Gap Analysis

Red Dots represent a gap against the recommended Value Model Components based on market size and growth potential (for illustrative purposes only)

| MBU         | PLAP          |                | XB Reporting |     | Inv. Mgmt |     | Business Continuity & Support Services |              |     |        | Protective Services |     | Security Systems |                |           |
|-------------|---------------|----------------|--------------|-----|-----------|-----|----------------------------------------|--------------|-----|--------|---------------------|-----|------------------|----------------|-----------|
|             | MBU PLAP Mgr. | MBU PLAP Ratio | Cyber Crime  | POS | Tools     | AHG | DR for IT                              | Risk Control | SCA | C-TPAT | GDCC                | WPV | Travel Policy    | Access Control | Video Rec |
| Austria     |               |                |              |     |           |     |                                        |              |     |        |                     |     |                  |                |           |
| Belgium     |               |                |              |     |           |     |                                        |              |     |        |                     |     |                  |                |           |
| Bulgaria    |               |                |              |     |           |     |                                        |              |     |        |                     |     |                  |                |           |
| Cyprus      |               |                |              |     |           |     |                                        |              |     |        |                     |     |                  |                |           |
| Czech Rep   |               |                |              |     |           |     |                                        |              |     |        |                     |     |                  |                |           |
| Denmark     |               |                |              |     |           |     |                                        |              |     |        |                     |     |                  |                |           |
| France      |               |                |              |     |           |     |                                        |              |     |        |                     |     |                  |                |           |
| Germany     |               |                |              |     |           |     |                                        |              |     |        |                     |     |                  |                |           |
| Greece      |               |                |              |     |           |     |                                        |              |     |        |                     |     |                  |                |           |
| UK          |               |                |              |     |           |     |                                        |              |     |        |                     |     |                  |                |           |
| Ireland     |               |                |              |     |           |     |                                        |              |     |        |                     |     |                  |                |           |
| Middle East |               |                |              |     |           |     |                                        |              |     |        |                     |     |                  |                |           |
| Netherlands |               |                |              |     |           |     |                                        |              |     |        |                     |     |                  |                |           |
| Portugal    |               |                |              |     |           |     |                                        |              |     |        |                     |     |                  |                |           |
| Romania     |               |                |              |     |           |     |                                        |              |     |        |                     |     |                  |                |           |
| Russia      |               |                |              |     |           |     |                                        |              |     |        |                     |     |                  |                |           |
| Spain       |               |                |              |     |           |     |                                        |              |     |        |                     |     |                  |                |           |
| Switzerland |               |                |              |     |           |     |                                        |              |     |        |                     |     |                  |                |           |
| Turkey      |               |                |              |     |           |     |                                        |              |     |        |                     |     |                  |                |           |

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### Developing Your Own Global Framework

**Before**

- Gain Market Buy-in, Build Trust & Gain Sponsorship from the Top
- Understand the Culture & Learn New Business Norms
- Kiss, Bow or Shake Hands - Reference Book*
- Pre-planned Success Measurements

**During**

- Reciprocal Requirements Vetting
- Vet Implementation & Sustainment Plans with Market(s)
- Cross Training & Organizational Change Management is Critical
- Robust Materials & Job Aid Development (in local language where feasible)
- All Hands on Deck During "Go-Live"

**After**

- Ownership Transfer (but not all Accountability)
- Speedy Response to Inquiries & Concerns
- Robust & Continuous Coaching
- Visibility & Openness to Issues - Fix Problems

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### Developing an Effective Loss Prevention Roadmap in International Markets

**A Grassroots Perspective**

The **Walmart** Company  
Europe, Middle East & Africa

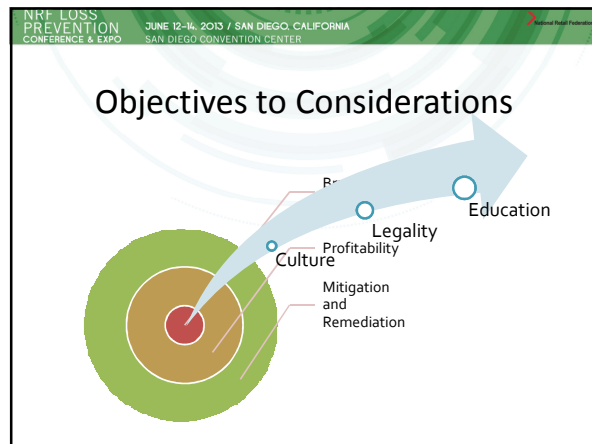
Disney STORE

Presented By: Phil Smith

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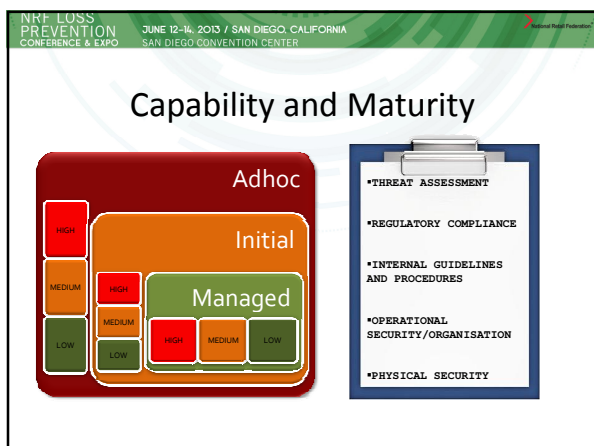
### Roadmap Introduction

- 18 months into Programme
- Dovetail to the Global Framework
- Objectives and the Considerations
- Cultural and Legal Issues
- Measurement and Education
- Communication and Resource Building

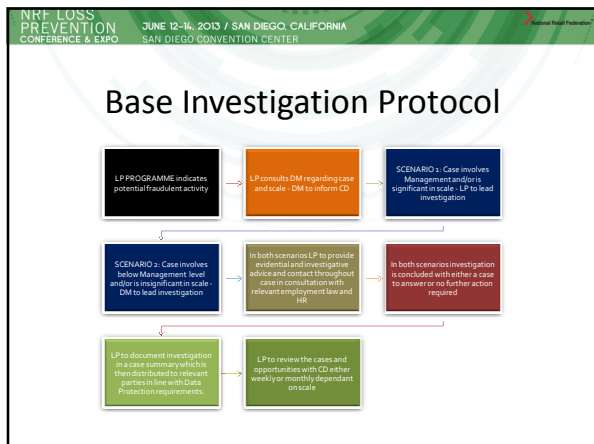


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- ### 'You say SCONE, I say...'
- Cultural differences: be there – see it, feel it
  - Some Market Specifics:
    - CCTV Retention (Italy), Confidential Lines (France), Alarm Activation (Eire), Data Protection – Safe Harbor considerations
  - Try not to get caught up in what can't be done but what can
  - One size definitely does not fit all

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- ### Measurement and Education
- Reporting baseline, market differences
  - Set reporting lines and expectations
  - Appreciate cultural approach and educate
  - Identify the low hanging fruit which move the business towards the destination
  - Flexible in approach



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- ### Communication, Resources and Structure
- Establish what is required – start with commonality not differences
  - Understand legal issues or challenges
  - Where is the risk, where is the resource – does that match
  - Local is better - but framework is critical



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- ### Summary
- Establish the objectives and considerations
  - Cultural Sensitivities - Local is better, framework is best – ‘You say SCONE, I say...’
  - Communication – lighting fires not putting them out - establish open lines
  - Flexibility – what works.... not what doesn’t...
- 

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# Questions...

The Walt Disney Company  
Europe, Middle East & Africa

Disney STORE F

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