

Small Business is Our Business...
 Small Business Advancement National Center
 University of Central Arkansas
<http://www.sbaer.uca.edu>
 SBANC Newsletter, December 22, 1998

 OUR OFFICES WILL BE CLOSED THURSDAY, DECEMBER 24, 1998 THROUGH
 SUNDAY, JANUARY 3, 1999. THEREFORE THERE WILL NOT BE AN ISSUE OF
 THE NEWSLETTER SENT OUT NEXT WEEK, TUESDAY, DECEMBER 29, 1998.
 WE HOPE THAT YOUR YEAR HAS BEEN PROSPEROUS AND THAT NEXT YEAR
 WILL BE EVEN BETTER. FIND TIME TO ENJOY THE SEASON AND HAPPY
 HOLIDAYS FROM SBANC!!!

 UPCOMING EVENTS!!!

"DOING BUSINESS IN WESTERN EUROPE" CONFERENCE MARCH 7-9, 1999.

Mark your calendar for this spectacular world-event that the
 Small Business Advancement National Center will host. Delegates
 from France, England, Finland, Germany, Portugal, and the
 Netherlands will be present. Plan to attend this "global" event
 to be held at the Holiday Inn Airport in Little Rock, Arkansas.
 This conference will focus on how American businesses can do
 business with the countries mentioned above. To enhance
 attendees' learning experience, please plan to participate in a
 panel discussion. Look for more information about the conference
 in upcoming newsletters.

 TIP OF THE WEEK

"Employee Theft"

(Taken from "Effective Small Business Management" by Norman M.
 Scarborough and Thomas W. Zimmerer. See full credit below.)

The majority of criminal losses to small businesses is the result
 of employee theft, not shoplifting. Department of Commerce
 statistics show that employee theft accounts for 75 to 80 percent
 of all retail crime. Although 93 percent of those apprehended
 for stealing merchandise from businesses were shoplifters,
 employees who were caught stealing took seven times as much per
 person. Experts estimate that losses from employee theft total
 anywhere from \$60 to \$120 billion per year! A study by an
 insurance company estimates that one in three business failures
 is the result of employee theft. One security expert claims that
 "a given business may be losing as much as a third of its profits
 to internal crime."

Preventing Employee Theft

Selecting Honest Personnel. By hiring honest employees, the
 manager can do a great deal to deter employee theft. Too many
 firms are concerned with hiring competent employees. While
 capable workers are critical to business success, hiring them is
 futile if they turn out to be thieves.

Implementing Internal Controls

The basis for a sound security system is a program of internal controls designed to deter employee theft. "Employers who assume employees are honest and, therefore, don't develop procedures and policies for financial accountability are opening themselves up to allow honest people to steal from them," says one security expert. An owner should not allow employees to ship merchandise without a purchase order or an invoice. All internal documents--shipping, ordering, billing, and collecting--should be numbered. Missing numbers should arouse suspicion.

Unannounced spot inspections are a good way to evaluate the level of compliance with security procedures. In addition, such spot checks keep dishonest employees "off balance"; they never know when they are likely to be detected.

Avoid the Role of "Supercop." Although the small business manager must maintain a healthy degree of suspicion about the business operation, she must always treat employees with respect. Employees soon lose confidence in the manager who sacrifices courtesy and consideration for security. The manager should resist the temptation to play detective, trying to solve crimes that may not exist.

When a business owner does catch an employee thief, the best course of action is to prosecute. Too often, embarrassed managers take the attitude, "Resign, return the money, and we'll forget it." But one chief executive disagrees: "If you let them go, they'll steal from the next employer. You have a moral obligation to others." Prosecuting a former employee is never easy, but it does send a clear message about how the company views employee crime.

"Effective Small Business Management," Fifth Edition, Scarborough, Norman M., Zimmerer, Thomas W., Prentice Hall, Inc., Upper Saddle River, New Jersey, Pgs. 685, 692-694, 1996.

 If you have any comments about our newsletter or if you know of an upcoming small business event in your area, please contact Kim Stubbs by e-mail at: kstubbs@mail.uca.edu

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webmaster@www.sbaer.uca.edu and we will remove you from the list.
We apologize for any inconvenience.