



INTERVIEW

EXTENDING LP TECHNOLOGIES TO THE ENTIRE ENTERPRISE

AN INTERVIEW WITH
MIKE LIMAURO
OF WEIS MARKETS

By James Lee, LPC, Executive Editor

EDITOR'S NOTE: Mike Limauro is vice president of asset protection for Weis Markets, where he is responsible for loss prevention, safety, risk management, insurance, food safety, and quality control. Limauro has held a number of LP positions with companies such as Neiman Marcus, Lord & Taylor, Kmart, and Supervalu. He was also the owner of an Allstate insurance agency for several years. Limauro serves on the Asset Protection Council of the Food Marketing Institute, is a member of the editorial board for Integrated Solutions for Retailers, and chairs the Requirements and Exceptions Committee for the Loss Prevention Foundation.

EDITOR: Let's start at the beginning and tell our readers how you got started in loss prevention.

LIMAURO: I went to Northeastern University and studied criminal justice. Initially, I thought I wanted to work

for the federal government, so I got an internship with the Drug Enforcement Administration. I had a professor who had retired from the FBI and went to work for Sheraton hotels. He convinced me that the private sector had much more to offer. Between his recommendation and working with the federal government, I decided on retail loss prevention. Shortly after, I completed my master's degree in private security management at the University of New Haven. It was the closest thing to an asset protection or loss prevention degree that colleges had to offer at the time.

EDITOR: Where was your first job in retail?

LIMAURO: I started out as a store detective with Big V ShopRite in Connecticut. There I learned a lot about basic loss prevention and in-store operations. After that I worked for Neiman Marcus and Lord & Taylor, which gave me some upscale department store experience. Then

I went to Super Kmart where I eventually managed the asset protection program for all of their supercenters in the US and all Kmart stores in the Caribbean. I've been in the grocery segment since.

EDITOR: How long have you been with Weis Markets?

LIMAURO: I've been here now for about three and a half years.

EDITOR: Tell us a bit about Weis.

LIMAURO: I'm very proud of Weis Markets. The company has been in business for more than 100 years, which is pretty amazing in itself. We're a publicly-traded company, but the family is still very influential here, so it has a family atmosphere. We currently operate 163 stores that generate more than 2.7 billion dollars in sales, and we're in five states—Maryland, West Virginia, New York, New Jersey, and Pennsylvania.

In addition to our retail stores, we also have our own distribution network. This includes a 1.2-million-square-foot distribution center that we are in the process of enlarging and a fleet of tractor trailers.

We also do a ton of manufacturing. In fact, right here next to the office we make seventy flavors of some of the best ice cream you'll ever taste. When I find a candidate I really want to hire, the first thing I do is bring them down to the ice cream factory for a sample and tell them, "This is truly the happiest place on earth."

We also manufacture our own water bottles, bagged ice, and dairy products. So there's this element of manufacturing that from an asset protection standpoint adds an entirely different dimension to our business.

Additionally we are proud of our "green" efforts. In one year we reduced our overall carbon footprint by 3 percent. That's equivalent to removing 197,441 cars from the road. We just re-lamped our distribution centers, which reduced our energy usage by 30 percent, and have installed special idling controls on our trucks to make them more environmentally friendly. We've recycled 23 tons of cardboard in a year and 826 tons of plastic bags. We're part of the EPA's Green Chill program, which to even qualify requires a store to reduce



I think there are still companies out there that are focused primarily on malicious activity given this industry evolved from a private policing concept. The progressive folks out there today, however, are looking at total loss. They want to get involved with anything that can cause a loss to the company, and that's where workers' comp, public liability, safety, and all of our other disciplines come in.

their refrigerant usage by 50 percent compared to the average American supermarket. So it's no small undertaking, but these are just a few things that show our commitment to the environment.

Hand-in-hand with that, we also have many local initiatives. We buy approximately 25 million pounds of produce from about 150 local farmers every year, and all of our Weis Quality dairy products come from Pennsylvania farms. There's a very strong commitment by the family and by the company to support local production.

EDITOR'S NOTE:

To read more about Weis Markets, see "Weis Markets—100 Years of Innovation" in our March-April 2012 issue or online at LPportal.com.



EDITOR: How is your department organized?

LIMAURO: Under my umbrella I have three distinct but aligned divisions. The first is asset protection that encompasses

all of the traditional aspects of loss prevention but goes far beyond. By inserting ourselves into the entire business, our mission is to amplify profits rather than just protect them. This is the area of our business we refer to as "The Profit Hub." By taking a holistic approach to profitability, we offer solutions to enhance the other departments' primary functions rather than just limiting ourselves to a traditional LP role.

The second division is safety, risk management, and insurance. That includes claims management, all of our property and casualty insurance, and the implementation and management of our safety programs.

The third division is food safety and quality control. Food safety is critical on the store side of the business, and when you manufacture so many products, quality control becomes an essential part of the process. It is our top priority to provide only safe products of the highest quality to our customers.

EDITOR: Do the directors of each of those divisions come from a loss prevention

background or were they specialists in risk, safety, and quality control?

LIMAURO: They all have an asset protection background. I was very specific about hiring people who had experience overseeing all three areas. The supercenter environment was a great learning ground for this stuff, because it all fell under our umbrella. Early on I recruited a few individuals with supercenter experience as I knew they would be versatile.

My director of asset protection is Chris Harris, who comes with many years of experience from Sears, Kohl's and Kmart. My director of risk, safety, and insurance is Chris De Tray, who came from Harris Teeter and Super Kmart. And my director of food safety and quality control is Rob Wynn, who also came from Harris Teeter and Super Kmart. All three of these individuals started as regional directors, but have since been promoted to director positions running their own divisions.

EDITOR: Have you always had all three of these areas reporting to you?

LIMAURO: No, I came in as the vice president of loss prevention and only had

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LP. When we started to show results in loss prevention, they allowed me to change the name to asset protection and gave me safety. Again, when we proved that we could make an impact in safety, they gave me risk management and insurance. Finally, they gave me food safety and quality control. My team is always hungry to take on additional responsibility. It keeps the job interesting and helps us add value throughout the entire organization.

EDITOR: Do you have any LP personnel in the stores?

LIMAURO: Although we have some, this isn't where our focus is. Of course, catching bad guys is part of what we do, but it's not the main contributor to our loss, especially in the grocery business. We've trained every manager in every store on how to prevent shoplifting, and even trained them on how to deal with shoplifters should they need to. Since we've done that, our shoplifting detentions have actually gone up dramatically, while our lawsuits, bad stops, and injuries have disappeared. In two-and-a-half years since we've implemented strict guidelines in the field, we haven't had any serious incidents.

EDITOR: That's remarkable.

LIMAURO: Of course, we'd much rather have them prevent a situation from happening in the first place, but we don't want our store operators to feel defenseless. I've seen it before when the stores say, "Corporate won't let us do anything" or "My hands are tied." So, we gave them an avenue to make a detention, but we taught them how to do it the right way, to keep them safe, to keep our customers safe, to keep the bad guys safe, and protect our reputation.

EDITOR: What's involved with that training, and how did you get the buy-in from stores and operations?

LIMAURO: Well, I tricked them, of course. [Laughter] All kidding aside, I would hold meetings and tell the store managers that they were coming in for shoplifting training. People are always excited to learn about how they can catch shoplifters. But I was really there to teach them about shrink. I would start my presentation with, "Can anybody tell me what two

departments in your store contribute the most dollars to shrink?" Of course, I knew exactly what they were going to say. They would say health-and-beauty products, meat, cigarettes, or beer—all the high-theft stuff, right? But then I would put the numbers on the board and show them that the produce and deli departments topped the list by a mile. The room would go silent. I got this down to a tee—the reaction and the response was the same in every single class. They couldn't argue with the numbers, so we'd talk about it. "Why do you think it's produce? Are people stealing your produce?"

There are a lot of assumptions out there about shoplifting and shrink, so every slide was designed to put theft into perspective. We showed articles and news media clips about things that have happened at other retailers, whether it was a death or bad press, lawsuits, or an injury due to an apprehension. Then we talked about

how many dollars we had recovered in shoplifting versus the total shrink number. It was about perspective and placing our emphasis in the right place.

The other point we made was convincing them to take the emotion out of the whole idea of shoplifters. Our associates work extremely hard, so I understand that when somebody comes in to mess that up, they want to catch them. But that's emotion. We're running a business and need to make smart decisions that are for the good of our customers, associates, and company. So, I disguised a meeting on shrink education as a meeting on shoplifting detention. Of course, we did teach and certify them on how to detain shoplifters as well.

EDITOR: How do you define the components of shrinkage in food retailing?

LIMAURO: I think the question of what gets put into the shrink bucket is really

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Say you go into a grocery store and walk up to the bakery, but they closed down 20 minutes early. Or you go in the morning to get seafood, but the person behind the seafood counter is late opening up. We're experimenting with our video analytics to send an alert anytime one of these critical departments closes early, opens late, or if there's a customer waiting with no associate there to help them.



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an important issue for the entire loss prevention industry. It's very difficult to compare shrink between companies because we're all defining it differently. We use different accounting practices, which result in different measures.

At Weis there are three main components that contribute to the total shrink number. They include known loss, invisible shrink, and price adjustments. We use the retail method of accounting for our center store departments and don't capture all price increases and decreases from an inventory standpoint, so price adjustments have to be factored into our equation.



EDITOR: When it comes to technology, what direction have you taken Weis?

LIMAURO: Our department loves technology and innovation, but we always make sure that our culture comes first. We want to ensure the technology is right for our company and that it will actually get used to generate an ROI. We also challenged every strategy

and every bit of technology from the past to make sure that it's still relevant in today's environment.

We've revamped our CCTV strategy completely. When I arrived, our CCTV systems were used exclusively to catch bad guys. We said, "We need to design a system that also focuses on elements of workers' comp,

safety, and public liability." We did that, but we still weren't content.

CCTV is a huge investment. Why wouldn't I make the system beneficial to our merchants and operators—to everybody that will find value in using it. When you add analytics to the cameras, you open the doors to a lot of new uses for your operations



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Data mining drove our transition into The Profit Hub concept. I have merchants come to me and ask, "How can I make more money by adjusting my shelf space allocation?" Now you might ask, "How does that tie into loss prevention?" Well, it's easy because our data-mining tool is telling us exactly which products should be pulled and which products should be added based on sell-through and profitability.



and merchandising counterparts. The possibilities are endless.

EDITOR: Explain that.

LIMAURO: Say you go into a grocery store and walk up to the bakery, but they closed down 20 minutes early. Or you go in the morning to get seafood, but the person behind the seafood counter is late opening

up. We're experimenting with our video analytics to send an alert anytime one of these critical departments closes early, opens late, or if there's a customer waiting with no associate there to help them.

Another thing we're doing from an analytics standpoint is looking at our in-stock position. Our cameras are telling us that, for example, a soda vendor is out

of stock in store X. What's that worth to the soda vendor? If I can instantly notify them every time their product is out-of-stock on my shelf, that's got to be worth something to them. In addition, it's worth a lot to us because as long as there's no product on that shelf, we're losing sales.

Another thing that we're experimenting with is using our cameras to keep count of the number of people in the store. What happens at any retailer today when the checkout lines back up? Somebody will call "code 2 to the front end," or "all hands on deck." But at that point it's too late. What our cameras will do is tell the store manager that X number of people just came through the door, therefore your checkouts are going to start to get busy in the next 15 minutes, so you should open two registers ahead of time to be ready. Combined with conversion rate and some additional calculations, we will be able to tell how many registers a specific store should have open at any given time.

Some of these projects are in an experimental phase right now because we're kind of making it up as we go

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along with help from our video partners i3 International and Trans Alarm. But this creates so much potential for us to embed asset protection into other areas of the company.

EDITOR: How do you do that?

LIMAURO: When I came to Weis this was very much a bad-guy-focused department. I think there are still companies out there that are focused primarily on malicious activity given this industry evolved from a private policing concept. The progressive folks out there today, however, are looking at total loss. They want to get involved with anything that can cause a loss to the company, and that's where workers' comp, public liability, safety, and all of our other disciplines come in. But what we're trying to do is to take that to the next level—what I mentioned earlier, The Profit Hub. What that means to us is that instead of trying to just *protect* the company's profits, we're trying to *amplify* them. And there's a big difference.

Because of this approach, we're now able to add economic value to every other department in the company, whether it's merchandising, pricing, operations, or the front end. They're coming to us for things that are under their area of responsibility, things they are the expert on, but they're coming to us for help. Part of that transformation has occurred because we've started to use technology in a different way. When we buy technology we want everybody to benefit from it.

For example, data mining drove our transition into The Profit Hub concept. I have merchants come to me and ask, "How can I make more money by adjusting my shelf space allocation?" Now you might ask, "How does that tie into loss prevention?" Well, it's easy because our data-mining tool is telling us exactly which products should be pulled and which products should be added based on sell-through and profitability.

This is a way for asset protection to say, "We can help increase sales and profit in a literal sense." For example, we can identify our top-selling products that all of a sudden have a sharp sales decline over a 13-week period in a single store. We then get in touch with that store to find out why. We often find out

that the store was producing the wrong product or neglecting to replenish. From there, we can help them adjust.

Another example is that we monitor all items shipped to our stores and not sold after a specific period of time, compared to other stores in the same geographic area who are selling the product. This has enabled us to identify merchandise that was left in the back room or displayed in the wrong place. To be able to go to our senior executives and say, "We can help you with sales," is just an awesome thing. And we're doing it through LP technology.

EDITOR: Are you telling me, Mike, that there's more to this business than just chasing ORC problems?

LIMAURO: ORC exists and we address it. It's a given. However, there's just so much more to talk about when you think of all the other important things we can do to make a substantial impact and help our business thrive. We have buyers coming to us and saying, "Can you tell me when my product was most profitable?" "Can you help me identify which items should be removed from a particular set in a specific store?" We are able to do all of this by using traditional LP tools in a different way.

EDITOR: Do you have another example?

LIMAURO: Your typical data-mining solution uses data from the POS, right? And typically in a company maybe five or ten people have access to the data-mining solution, which is often used to detect theft on the front end. They build exception-based reports to catch bad guys. Sometimes they use it for front-end training. What we did is say, "Why not add inventory data to that? Why not add invoicing, billing, shipping, and receiving data to that?" Now all of a sudden those exceptions turned into these giant, crisp pictures. And the depth of that potential is basically limited by only your imagination. Because of this versatility and the efficiency of prescriptive analytics, we have about 600 associates using our software throughout the company. And they are all using it for something different.

EDITOR: Are these systems developed internally or were they purchased from a third party?

LIMAURO: We use Profitect. We chose them because they had a great product that fell in line with our vision of adding value to the entire organization. In addition, they are extremely easy to work with. It was an eight-week implementation from start to finish, which is unheard of from an IT standpoint. Before we even had visibility to the tool, they said, "We think you have a profit-erosion issue," and they showed us examples of negative sales transactions where specific products combined with a series of coupons and discounts resulted in us owing the customer money, which was then automatically deducted from other items in the transaction. That was before we even had the product in hand.

I also have a business intelligence associate who uses the tool to reverse engineer every profit erosion, shrink, or sales issue that comes to our attention, whether it's theft or not. For example, he found that a cashier on an overnight shift used a coupon at a self-scan register to create a negative transaction by scanning coupons without purchasing anything and just took the cash. So, he just tells the system, "I want to know anytime a coupon is used while no merchandise is purchased between the hours of midnight and 8:00 a.m." It's automatic from that point on, and you never have to search for that issue again. The problem can occur again, but only once before it is flagged. It can't continue to happen over and over because you've actually resolved the issue within the system and asked to be notified any time it occurs.

EDITOR: As your ability to analyze various data has gotten better, has that caused employee theft investigations and apprehensions to go up or down?

LIMAURO: Dramatically up. We're at the point now where we're doing a lot of things to prevent people from stealing rather than just continuing to catch them. But yes, when we started using prescribed analytics, it was kind of an explosion of productivity.

For new associate orientations, we're about to start exposing a lot of the AP tools we have to new hires. We're going to show them our hand in the hopes

that they understand there's a great probability that eventually they will get caught and, hopefully, prevent them from ever trying anything malicious.

There has been e-learning and e-orientations for a while. What we're working on right now, which will be part of my presentation at the FMI asset protection conference in March, is combining mobile orientation with something called "augmented reality."

Envision you are a new hire at Weis Markets. We hand you an iPad, you sign in, and your mobile host says, "Let's learn about organized retail crime. Go find the baby formula and hold your iPad up to the Enfamil." When you go to that aisle, you'll hold the iPad up with the camera on, and you'll see the baby formula on the screen along with whatever else is going on in the aisle in front of you. This triggers the augmentation where perhaps a virtual shoplifter walks into the picture on the screen. You'll still see the shelf

and the real customers and whatever else is going on. But on the screen, the shoplifter will begin to steal baby formula. Then the shoplifter will look directly at you and tell you who they are, what they do, why they do it, show you how they do it, and tell you what they can do to prevent them from stealing. Then he's going to steal more formula, turn back to the screen, and quiz you on what you learned.

You can do the same sort of thing to train somebody to safely use the deli slicer, clean a spill, or any number of other things. I don't know of anybody that's doing this yet, but I can tell you we're really excited about it, and we're going to premier it at FMI.

EDITOR: Did you develop that with your training people?

LIMAURO: No, we work with a company called Catalyst. They do all of our AP branding, our awareness program, e-learning modules, and our digital certification programs.

EDITOR: Tell us about your association with the Food Marketing Institute and the presentation you'll be giving this year.

LIMAURO: I am on the Asset Protection Council at FMI lead by Rhett Asher, who I truly enjoy working with. We share a lot of the same philosophies. We both want industry professionals to think differently in order to drive progress in our field, so I'm always on board with anything I can do to help.

For this year's presentation, I will be talking about the branding of asset protection. It's a bit of a different twist on how to communicate and sell your program. One of the first things we did here at Weis to completely change how people viewed our department was to brand our program. We brought in Catalyst, who acted as an advertising agency and creative consultant in a sense. After spending time in our stores with our associates and managers, they created our logo and our brand, called "AP Link." When any associate in the company sees that red-and-blue AP Link logo, they

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know that it's a food safety, risk, or asset protection-related message. Catalyst then helped us build an awareness program and e-learning modules around the brand. We reach about 14,000 store-level associates every month through our AP Link digital awareness site alone.

So at the FMI conference, we're going to talk about branding your department and program. From there we'll talk about how to change the organizations' culture through modern awareness programs and how that led us to dramatically improved results. Then we'll talk about e-learning and e-certification. I would like to finish with our mobile orientation using augmented reality. [For more information on the FMI conference, see page 24.]

EDITOR: You are also involved with the Loss Prevention Foundation. What is your relationship with that organization?

LIMAURO: I currently chair the Requirements and Exceptions Committee. My relationship started with the foundation because Gene Smith and I share a common goal, which is the advancement of asset protection as a career, a curriculum, and as an industry. We are trying to help develop business professionals and create a standard method of measuring their understanding of asset protection. It's also about elevating the level of talent we bring in and promote throughout the industry. For many years Gene has been a mentor to people working in our field, so I was honored when he asked me to participate.

I've always thought that a business is only as good as its people. I can tell you that if I've done anything right since I've come here, it was to focus a lot of time and energy on bringing in great people and investing in them when they got here. I believe it's important to offer learning opportunities that they will use here at Weis, but will also benefit them throughout the rest of their career. I offer LPQ or LPC scholarships to any associate on my staff that would like to earn their certification. We always have a continuous list of people who are going through the program at any given time.

In order to help recruit future talent, we also have an internship program with Penn State and a few other colleges.

We've trained every manager in every store on how to prevent shoplifting, and even trained them on how to deal with shoplifters should they need to.

Since we've done that, our shoplifting detentions have actually gone up dramatically, while our lawsuits, bad stops, and injuries have disappeared. In two-and-a-half years since we've implemented strict guidelines in the field, we haven't had any serious incidents.



Because the curriculum is so detailed, they give the students six college credits upon completion of the three-month program. In addition, we pay them a decent wage to be here, which is truly a reflection on Weis since many internships are non-paid programs.

EDITOR: You obviously believe in mentoring and professional development. Over the course of your career, are there individuals who have been especially influential to you or have helped move you in this direction?

LIMAURO: Absolutely. From an LP industry standpoint, Dan Faketty has been very instrumental in where I am today. Dan gave me a lot of opportunities, and I learned a lot from him. Brian King and Mark Wyand were also great mentors. I worked for Brian at Super K where he



taught me the importance of taking pride in each and every task I was assigned. He also taught me about courageous leadership. Mark hired me at Super Kmart twenty years ago. Today he's one of my regional directors. I will tell you that I step back as often as I can and listen to what he has to say because I continue to learn from him. It's a real privilege to have him on my team.

On the personal side, I've learned a lot from my father. He ran the Winchester factory in New Haven, Connecticut, making rifles and shotguns, so he had a strong business background. He taught me an awful lot about work ethic and managing people. I remember when I got my first management position at Super K, I probably called him daily for advice. And I still use that advice to this day. He's been a huge influence on helping me get to where I am. ■