

How to prevent employee theft: 6 tips business owners should know.



Did you know? One of the biggest threats to your small business isn't an external factor, but an internal one. Employee theft accounts for some of the highest losses among small business owners every year. It's a shocking fact, but it's also one that can be reduced. Follow these six tips to prevent employee theft and protect your small business.

1. **Perform a background check.** Start with a reference check. Then, take the next step. The National Federation of Independent Business recommends you perform background checks on potential hires, and so do we, especially if they'll be handling your finances.
2. **Get to know your team.** Employees who have relationships with you will have a much harder time stealing from you. Plus, if you can connect with them on personal and professional levels, you'll notice if they're having financial struggles or high levels of stress. These factors can increase a person's impulse to steal, but both can be prevented. Get to know your team and work to build mutual trust and open communication.
3. **Add some supervision/surveillance.** Surveillance can be helpful in catching theft, but it should be subtle. Employees will never feel comfortable with a business owner who continually looks over their shoulders. It's common for businesses to have surveillance systems these days, so add enough measures to protect your business. If you're currently having a problem with employee theft, consider high-definition cameras to vividly catch the crime.
4. **Give employees a way to report wrongdoing.** If an employee sees someone else stealing, they need to know they can come forward confidentially. Position this policy as an opportunity to talk freely about anything affecting the business, big or small. Make it easy by designating a key point-person, like a higher-up in Human Resources.

5. **Be transparent and fair about pay.** Higher wages can help prevent theft. Employees who are underpaid may be more likely to steal money or equipment from your business. Keep this fact in mind as you set salaries. And remember: adequate pay is also a great tool in recruiting and retaining the right people.
6. **Change passwords and codes after terminations.** When a team member leaves or is let go, you should promptly change door codes, logins, passwords, and other proprietary information to protect your customers and finances. Create a policy to immediately change these items.

If you suspect an employee may be stealing from you, it's important to act quickly, but carefully. Preventing employee theft is a delicate balance between building trust and keeping your guard up. With these tips and the right insurance coverage, you can significantly reduce your risks. Talk to a local, independent agent for more support.

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