

Spring 2009

# News you can use...for our Batteries Plus Franchisees

## Products Liability

What is it?

How it affects you.

Product liability is becoming a bigger issue and we are seeing more claims. In a nutshell, this is the risk that a product you sell damages someone else's property or causes bodily injury.

You are the *first line of defense* because you sold the product, but generally the ultimate risk is carried by the manufacturer or the first importer of a product manufactured overseas when you resell it as is.

Your risk is greatest when you assemble, design, re-label, modify, or manufacture (as in your tech center) a product that is sold directly to a customer. Those changes create more liability for you and should be avoided when possible.

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## Break-ins and Employee Dishonesty

This is the third and final segment of our most common claims discussion.

**T**he typical break-in claim experienced by franchise owners is a "smash and grab." Typically involving a door or window, the thief grabs as much as possible before running away. The best way to reduce this risk is with perimeter lighting and an alarm system with prominent signage that indicates an alarm is in use. Many of these claims also come from inventory that is stored in a vehicle parked outside the store. It is a good policy to never store inventory in a vehicle.

**E**mployee Dishonesty costs businesses millions of dollars every year. Frequently, losses occur when employees generate a false return for cash or a transaction is terminated before it is complete and the money is pocketed. In both cases, the major indicator is the inventory values will be off. It might be difficult to keep track of because of normal inventory shrinkage, but here are some things to watch for:

- Inventory of larger items shows too many or too few – bigger ticket items create a better yield for the criminal, but are much harder for shoplifters to steal.
- A large number of cash returns.
- A large number of transactions that are terminated before they are completed.

Here are a few additional loss control techniques that you can implement:

- Dual controls for cash returns.
- Institute a policy where receipts are required to be given to customers. Require voided transaction receipts be saved and documented as to the cause.
- Keep a log of cash receipts or terminated transactions to watch for any trends.
- Do frequent physical inventories of larger items and spot check inventory levels.
- Limit access to the cash register as well as the keys to the cash register.
- Let employees know what kind of tracking is done in an attempt to deter them from dishonesty.

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### In the next newsletter:

#### Employment Practices Liability

- What it is
- What it covers
- How it influences you
- How you can try and avoid having it happen

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