

Become an Exception Reporting Hero

A guide to take your exception reports to the next level



Forward

Most retail and restaurant operators collect an overwhelming amount of data from their POS, traffic counting, time and attendance and other in-store systems. Video integrated exception reporting allows users to isolate just the information that is important to running their business. Most companies first deploy exception reporting to address low hanging loss prevention opportunities, but this is just the tip of the iceberg. Once you've mastered the basic loss prevention reports, what do you do?

This guide outlines specific reports to use, what to look for and how frequently to run the reports to take exception reporting to the next level and drive increased value in your business. Read on to master using exception reporting for operations, marketing, R&D and sophisticated loss prevention.

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Operations



Traffic Count & Sales Conversion

Traffic counting gives retailers the visibility into their operations required to have a full picture of factors driving sales and where action should be taken to address opportunities to improve sales. Traffic counting is also necessary to compute conversion rates, which retailers need to fully understand whether prospects entering the store are being converted to customers effectively. Without traffic count and conversion rate, retailers are missing the complete picture and can find themselves making uninformed decisions in the absence of real data. For more information on how to leverage traffic count and conversion, read the white paper: [Using People Counting and Conversion Rates to Increase Sales](#).

Report to Use:

	Description	Notes
Conversion Report	This report identifies your people count per day, as well as average basket size and conversion rate.	This report requires an integrated traffic counting solution. Restaurant operators may be able to approximate traffic counts with a Total Sales by Day report.

What to Look For:

- Locations with below average traffic:
 - Is the store opening on time?
 - Are the window displays set up properly?
 - Is the store clean?
 - Are long lines scaring away potential customers?
- Locations with below average conversion rates:
 - Is the staff to customer ratio adequate to help customers find what they are looking for?
 - Are long lines scaring away potential customers?
 - Are employees actively greeting and engaging customers versus texting friends in the back office?
- Locations with below average basket size (average dollar amount per sale):
 - Are employees making up sell and cross sell recommendations based on the customer's purchases?
 - Are employees informing each customer of the current promotions focused on increasing basket size? I.e. Get a free gift when you spend a \$50 on makeup. The combo meal comes with a side and a drink for just \$2 more.

How Frequently to Use the Report:

A good guideline is to review this report weekly, looking at each of the three sales factors (traffic count, conversion percent and basket size) separately. The goal is to identify specific days or stores that rank below average for any of the factors, then use video to dig deeper into the root causes for the underperformance. For example, spot audit video from throughout low performing days to look for patterns by day of week, sale promotion or when a specific employee is working.

Bonus Video Tips:

While these areas are not directly tied to a report, you can use video to address other store-level issues that can impact conversion rate and basket size.

- Are point of purchase and end cap displays fully stocked and set up correctly to entice customers?

Customer Experience & Cost of Goods Sold

Customer experience can significantly impact your sales and in some cases, like restaurants and grocery stores, it can also drive up your costs of goods sold.

Reports to Use:

	Description	Notes
Returns Report	Most Envysion customers already use this report to identify theft and fraud, but it also provides valuable information for managers. This reports identifies all returns during a day.	
Comps and Promos Report	Most Envysion customers already use this report to identify theft and fraud, but it also provides valuable information for managers. This reports identifies all sales where a coupon, promotion or comp code was used.	This report will be incredibly valuable for restaurants looking to control food costs. It may be less applicable for retailers who do not sell perishable merchandise.

What to Look For:

- Why was the product returned? Was the item defective? Was the quality poor?
- What was the customer experience during the return? How long did the return take? Was the process efficient and painless for the customer?
- Did the employee capitalize on the cross sale opportunity to suggest a replacement item?
- What does the product quality look like? Was the product really damaged or was a perfectly good product given away?
- Why was a comp issued? Was the service poor or slow? Was the employee rude? Was part of the order forgotten or incomplete?

How Frequently to Use the Reports:

Since customer service and COGS issues can drastically impact a site's performance, you should review these reports on a regular, weekly basis.

Bonus Video Tips:

While these areas are not directly tied to a report, you can use video to address other store-level issues that can impact COGS and customer experience.

Restaurant

- Are employees making the correct portion size?
- Is there food waste?

- Is food properly stored to avoid spoilage?
- Are employees following policy on comps? I.e. only managers should comp items or comp amount should be less than \$X.

Retail

- Are product shipments properly handled and stored to avoid damage?
- Are returned items put back on the shelf in a timely manner?
- If you sell perishable merchandise, such as food or flowers, are employees using a FIFO (first in, first out) method of stocking shelves?

Checkout Efficiency

In the best case a slow checkout process diminishes an otherwise good customer experience and makes the customer think twice before returning to the store. In the worst case, a slow checkout process can frustrate customers to the point where they abandon selected merchandise rather than wait in line. Employees who create slow checkout processes, greatly reduce the store's efficiency and need to be retrained.

Reports to Use:

	Description	Notes
Transaction Length above Average Report	This report identifies employees who take longer to complete a transaction than average.	This report requires timestamp data that shows every time the register opens and closes. If you have a goal transaction time, you can use a threshold to identify transactions over the target time.
Comp and Promo, Voids, Clears and Deletes Reports	Most Envysion customers already use some combination of these reports to identify theft and fraud, but it also provides valuable information for operators. These reports identify error corrections that can slow down checkout times.	Stack rank this report by employee to quickly identify employees in greatest need of training.
Ring Time per Item above Average Report	This report highlights transactions where the average time to ring up items is above average. This report is sometimes called High Risk for Pass Off Report.	If you have a goal ring time, you can use a threshold to identify transactions over the target time.

What to Look For:

- Employees who have longer transaction times than average. This can indicate employees who do not fully understand the POS system, creating longer checkout lines and reducing productivity of the store.
- Excessive error corrections; this can indicate an employee who does not know the proper way to enter an order into the POS.
- Excessive open value comps. This may indicate someone who does not know the correct way to enter coupons or discounts.
- Are certain items consistently taking longer to ring? Is the bar code or price sticker hard to find or missing?

How Frequently to Use the Reports:

Looking at the data over periods of time (weekly or monthly) will help you weed out transactions where the customer increased the transaction time, i.e. the customer changes his mind or decided he wants to add something else. After big hiring periods, i.e. before the holidays, you should use these reports more frequently to ensure new employees receive sufficient training.

Bonus Video Tips:

While these areas are not directly tied to a report, you can use video to address other store-level issues that can slow down your checkout process.

- How frequently do employees perform price checks?
- How frequently do employees ask for help ringing up a transaction from another cashier or manager?

Labor and Payroll

Since payroll is one of the largest, if not the largest, costs for retailers and restaurant operators with state and federal regulation, it's important that it be accurate and managed.

Reports to Use:

	Description	Notes
Employees Overtime Report	This report highlights employees nearing or working overtime by finding employees who have worked 35 or more hours in the week.	This report requires you to track employee clock ins and clock outs through an integrated POS or time and attendance system.
Employee Break Report	This report identifies any employee who works a certain number of hours without a break.	This report requires Envysion receives clock in and clock out data for breaks.
Time Clock Adjustment Report	This report tracks every time a manual adjustment is made to an employee's clock in or out time.	Consider using a threshold to minimize the number of adjustments you need to review. One per day is likely an innocent case of forgetting to clock in/out. More than three per day may signal trouble.
All Clock Ins and Clock Outs Report	This report tracks every time an employee clocks in or out.	This report requires you to track employee clock ins and clock outs through an integrated POS or time and attendance system.

What to Look For:

- Are employees working long hours that do not match the amount of time they are scheduled to work?
- Is the employee clocking in/out for a coworker?
- Are employees and managers following laws that mandate breaks for hourly employees, i.e. California requires a 30 minute meal break for employees working five or more hours.
- Are any certain employees repeatedly working overtime hours? Can changes to the schedule minimize the amount of overtime required? Does the location need additional employees?
- Are managers (not employees) performing time clock adjustments?

How Frequently to Use the Reports:

Because payroll is such a large part of the site's operating expense, you should review these reports on a regular, weekly basis. For stores with high payroll costs, more frequent use may be necessary.

Special Report Consideration:

The Employee Overtime Report must be built to match your organization's pay periods and it will only return accurate data when run on specific days. Work with your client service manager to determine when to use this report.

Bonus Video Tips:

While these areas are not directly tied to a report, you can use video to address other store-level issues that impact labor costs.

- Are employees taking breaks while on the clock, i.e. frequent smoke breaks or phone calls?
- Are employees standing around idly during slow times in the store? As the adage goes *if you have time to lean, you have time to clean.*

Marketing and R&D



New SKUs

95% of new consumer products fail each year, costing the business expense in development, testing and excess inventory. When launching a new SKU, it's important to have visibility into how the product is performing with customers, so you can make quick adjustments in the early stages to ensure the product is a success.

Reports to Use:

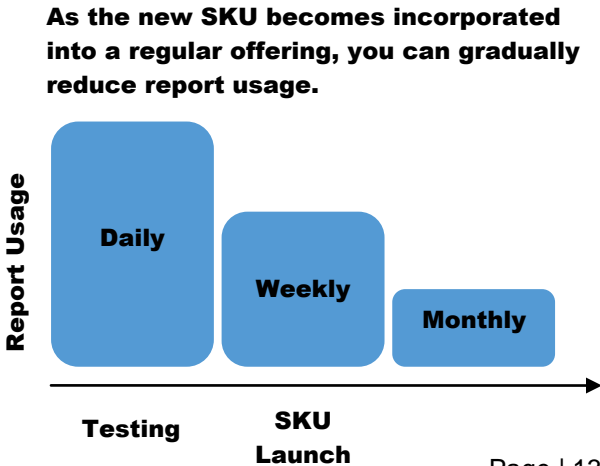
	Description	Notes
New SKU Report	This report will identify all sales of the new SKU within the selected timeframe.	You will need to build a separate report for each SKU you wish to examine. If you are interested in a test SKU, you may be able to use a generic test SKU.
New SKU by Day Part Report	This report dives deeper to see how the SKU performs during different periods of the day. For example, you can align the reports to employee shifts, such as morning, afternoon and evening or breakfast, lunch and dinner.	

What to Look For:

- Is the new SKU slowing down operations or line time?
- Which demographic groups are purchasing the new SKU? Do those groups match your target demographics or is the new SKU cannibalizing existing sales?
- What is the most popular time of day for the new SKU?
- Are employees preparing the new SKU correctly?
 - In retail, this means employees understand any specific packaging/checkout requirements – i.e. Do they need to remove an EAS tag? Is an ID required for purchase?
 - In restaurants, this means employees know the correct portion size, recipe, presentation, etc.

How Frequently to Use the Reports:

Depending on the sales volume of the new SKU, you may want to review these reports more or less frequently. During new SKU testing, you should initially look at the reports daily. Once the item is officially launched chain-wide, a good starting point is to review the reports at least once a week to ensure it is performing as predicted by the test market. If there are no surprises, after a few weeks, you may be able to step down to monthly



reports for maintenance. After the item becomes a regular part of your inventory, you can gradually stop using the report.

Bonus Video Tips:

While these areas are not directly tied to a report, you can use video to address other store-level issues that can impact the success of a product launch.

Restaurant

- Can employees adequately prepare for the new item during standard opening hours or do they need more time? If additional prep time is needed (i.e. for a braised item) how does this affect your staffing plan?
- Does the kitchen layout and stations facilitate efficient assembly of the item?

Retail

- Are employees stocking the item in the correct aisle?
- Are all store merchandising displays set up on time and correctly?
- Do stores have enough room on shelves and in the stock room for the new SKU?

Promotions & Coupons

Promotions and coupons are a great way to increase store traffic and attract new customers. However, it has historically been difficult to report on the effectiveness of these campaigns because marketing is typically somewhat removed from daily operations. Over time as you test promotions, collect resulting sales data and review video of the promotions, your marketing coupons will become more effective at driving traffic and sales from targeted demographics.

Reports to Use:

	Description	Notes
Comp and Promo Report	Most Envysion customers already use this report to identify theft and fraud, but it also provides valuable information for marketers. This reports identifies all sales where a coupon or promotion code was used.	Use the filters to narrow down the report to just the promotion codes of interest.
Conversion Report	This report identifies your people count per day.	This report requires an integrated traffic counting solution. Restaurant operators may be able to approximate traffic counts with a Total Sales by Day report
First Time Customer Report	This report identifies all first time customers in a given time period.	This report requires you capture this data in your POS system.

What to Look For:

- Is the target demographic using the coupon? If the coupon redemption rate is high, but the target demographic is not using the coupon, you may have inadvertently attracted existing customers who would have paid full price.
- Does your people count increase during the promotion period?
- If the promotion was designed to attract new customers, did the first time customer report show an increase?
- Do employees know how to properly redeem the coupon? I.e. If the coupon is for a BOGO offer, are employees ringing up both items and using the coupon to discount the total versus only scanning one item or using an open comp to discount the total?

Customer Anecdote:
 By using the Comp and Promo Report, a restaurant’s marketing team realized that a new social media promotion was being redeemed at a much higher than expected rate by an untargeted demographic. The marketing team was able to inform store management of this so they could order extra food to accommodate the influx in traffic.

How Frequently to Use the Reports:

Always run the reports on the second day of the promotion for the previous day so you can identify any unexpected redemption patterns and critical operational issues that will impact the promotion's success. Depending on the length of the promotion, you should look at the reports daily or weekly until the promotion has finished.

Bonus Video Tips:

While these areas are not directly tied to a report, you can use video to address other store-level issues that can impact the effectiveness of promotions and coupons.

- Are the operations team and store employees informed of the promotion?
- Has a proper promotion code been entered in the POS system? Are employees using this code?
- Is there enough product in store to meet anticipated demand? If you see an untargeted demographic using the coupon, make sure to inform operations of any shift in demand forecasts.

Advanced Loss Prevention

These advanced reports are designed to build on basic loss prevention reports and look for more sophisticated forms of internal theft. For more information on baseline loss prevention, read the [Retail Loss Prevention Playbook](#) or [Restaurant Loss Prevention Playbook](#).



Checkout Fraud

Reports for advanced checkout fraud build on basic loss prevention reports, such as voids and deletes, to identify complex checkout fraud that may otherwise go unnoticed.

Reports to Use:

	Description	Notes
Transaction Length above Average Report	This report identifies employees who take longer to complete a transaction than average.	This report requires timestamp data that shows every time the register opens and closes.
Open Dollar and Open % Discounts Report	This report highlights transactions where the employee uses an open discount to reduce the transaction total.	
Register Open for Extended Time Report	This report tracks every time the register is left open for an unusually long time.	Typically, customers use a threshold set to a predetermined time, i.e. register is open more than 30 seconds.
Meals w/o Drinks Report	This report identifies meals sold without a drink.	This report is for restaurants environments where the employee taking the order is also solely responsible for fulfilling the drink.

What to Look For:

- Does the employee shut the register drawer after each transaction? Employees may keep the drawer open to make change for transactions without entering them into the POS.
- Is the employee entering items into the POS to find out the subtotal before deleting the items? Some employees will repeatedly use the same ticket to ring up multiple transactions “off the books.”
- Is the discount warranted, i.e. does the customer have a coupon? Is a customer present for the discount? Or does the employee wait for the customer to walk away before applying the discount?
- Does the customer receive a beverage even though one was not entered into the POS?
- Did the customer pay for a drink, but the employee pockets the amount of the drink rather than entering it into the POS?

How Frequently to Use the Reports:

Use these reports with the same frequency as you use basic loss prevention reports. If you are using a number of loss prevention reports, consider ways to manage the workload, such as alternating reports every other week or dividing reports among the team.

Bonus Video Tips:

While these areas are not directly tied to a report, you can use video to address other issues that can impact the success of a loss prevention program.

- Is the cash in the register in the correct order, i.e. \$1 bills in the farthest right slot, \$5 in the next slot, and so on? Sometimes employees will build a “bank” in the register to keep the money they are skimming separate. At the end of their shift they will pocket the bank.
- Are employees using their cell phones at the register? This is another way for employees to tally their skimming amount.

Non Cash Theft

Even when retailers implement strict cash refund policies, enterprising employees can find alternate ways to steal. Frequently, these employees will issue fraudulent funds to another form of payment, which can be used at a later date to purchase merchandise, given to a friend or, in the case of gift cards, sold online for profit. Therefore, it is important to look for suspicious patterns with other forms of tender.

Reports to Use:

	Description	Notes
Paid Gift Card Reloads Report	This report identifies expired gift cards that have been reloaded with additional funds.	
Refunds to Merchandise Credit Report	This report returns all refunds made to store credit.	Use a threshold to filter out transactions that are part of normal operations.
Refunds to Gift Cards Report	This report identifies all refunds made to a gift card	Use a threshold to filter out transactions that are part of normal operations.
Reprinted Receipts Report	This report highlights all reprinted receipts.	This report is particularly useful if you only allow returns for cash transactions with a receipt.

What to Look For:

- Is a customer present when a gift card reload occurs? Does the customer receive the reloaded gift card?
- Is a customer present when the employee issues merchandise credit? Was merchandise actually returned?
- Does the employee reprint a receipt from a cash transaction and then issue a cash refund to himself?
- Is the printer out of paper or did the customer ask for another copy of the receipt (valid reasons for reprinting a receipt) when the employee performs a receipt reprint?

How Frequently to Use the Reports:

Use these reports with the same frequency as you use basic loss prevention reports. If you are using a number of loss prevention reports, consider ways to manage the workload, such as alternating reports every other week or dividing reports among the team.

Employee Purchases

Not all internal theft consists of pocketing cash; sometimes employees steal merchandise from the store. Clever employees know how to use fraudulent funds to disguise their theft as normal transactions in the POS. Without reports to look at employee purchases, the retailer might be none the wiser, because the stolen goods will appear as a legitimate purchase, not as shrinkage.

Reports to Use:

	Description	Notes
Employee Purchases Paid with Gift Card Report	This report identifies purchases with an employee discount that were tendered with a gift card.	For additional insight, examine employee purchases from a previous refund to a gift card especially where the refund was made without a receipt.
Employee Purchases Paid with Merchandise Credit Report	This report identifies purchases with an employee discount that were tendered with store credit.	

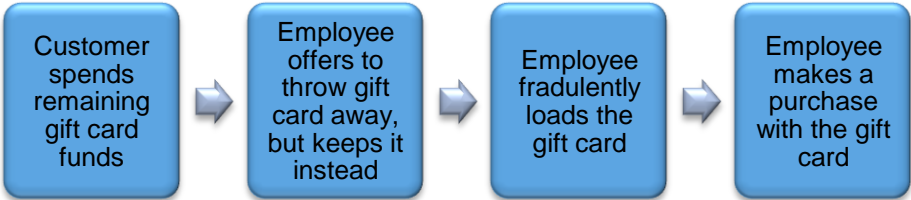
What to Look For:

- Is the employee making an unusually large number of purchases?
- Is the employee purchasing suspicious merchandise, i.e. a lot of the same item or a popularly boosted and fenced item?
- Can you tie the employee’s tender back to customer return, i.e. is the gift card used in the transaction the same as the one that was issued a customer return a last week?

How Frequently to Use the Reports:

Since proving this kind of internal fraud typically requires in depth investigation, retailers should review these reports with greater frequency than other loss prevention reports. A good starting point is to review these reports weekly to ensure you catch this fraud early.

Typical Process for Employee Purchase Fraud



Bonus Video Tips:

While these areas are not directly tied to a report, you can use video to address other store-level issues that can impact the success of a loss prevention program.

- Are employees taking merchandise out through the back door or employee entrance? Could employees be disguising merchandise in trash bags?
- Are employees keeping personal items, such as purses or bags, at the register? Avoid the temptation to slip merchandise into personal items by providing a storage area elsewhere.

Sweethearting

Reports for advanced sweethearting, build on basic loss prevention reports, such as unwarranted discounts, to identify complex sweetheart fraud that may otherwise go unnoticed.

Reports to Use:

	Description	Notes
Suspended Transactions Report	This report identifies transactions that we rung up and then paused.	
High Risk of Pass Off Report	This report looks at the number of items in a transaction and the average time it takes to ring up each item and then highlights instances where the time per item is above average.	Transactions where the average time to ring up an item is above normal are flagged as high risk for employees not scanning all of the items.

What to Look For:

- Why was the transaction paused? Does a customer return later to finish the purchase?
- What happens to the merchandise in the suspended transaction? Is it re-shelved or does the customer leave the store with it?
- Is the employee bagging items without scanning them?

How Frequently to Use the Reports:

Use these reports with the same frequency as you use basic loss prevention reports. If you are using a number of loss prevention reports, consider ways to manage the workload, such as alternating reports every other week or dividing reports among the team.

Bonus Video Tips:

While these areas are not directly tied to a report, you can use video to address other store-level issues that can reduce sweethearting.

- How are employees handling customers who set off EAS alarms when leaving the store? If an employee is passing off merchandise without scanning it, she might forget to remove the EAS tag. Employees should validate that the customer who set off the alarm has a receipt for all of the items in his bag.

Post Sale Theft

A great deal of internal theft can occur after a transaction has been completed. Reports for advanced post sale theft build on basic loss prevention reports, such as voids and returns.

Reports to Use:

	Description	Notes
Refunds Under 30 Seconds Report	This report identifies returns that were completed in under 30 seconds.	Returns made in such a small time window indicate that the employee did not interact with a real customer or process merchandise.
Post Void 15+ Minutes Report	This report identifies any voids that occur 15 minutes or more after the sale.	The optimal post void time should be determined based on the business' unique operating environment; 15 minutes is only a guideline.
Isolated Refunds Report	This report identifies refunds made on a different register than the cashier's other transactions.	

What to Look For:

- How is the employee able to process returns so quickly? Are both a customer and merchandise present for the return?
- Why is a void occurring so late after a sale? Are a customer and the merchandise present?
- Is the employee waiting to process fraudulent returns until he can use an out of the way register with no one around? Is a customer present for the return and actually returning merchandise?

How Frequently to Use the Reports:

Use these reports with the same frequency as you use basic loss prevention reports. If you are using a number of loss prevention reports, consider ways to manage the workload, such as alternating reports every other week or dividing reports among the team.

Cash Handling

Reports for advanced cash handling build on having a basic cash handling policy in place. For more information on creating a cash handling policy, refer to the loss prevention playbook.

Reports to Use:

	Description	Notes
Unscheduled Cash Drops Report	This report identifies cash drops made at unexpected times.	This report requires Envysion understands scheduled times for cash drops.
All Cash Drops Report	This report highlights all cash drops made in the day.	

What to Look For:

- Are employees following cash handling policy, i.e. a manager and employee counts the drawer?
- Were cash drops made at the appropriate time, i.e. before and after the rush period?
- Did the store make sufficient cash drops to minimize the amount of cash in the register at any given time?

How Frequently to Use the Reports:

Following a cash handling policy is the best way to mitigate loss from a robbery and to discourage would be robbers from targeting your store. Therefore, you should review these reports on a weekly basis. For sites where cash handling is known to be an issue or sites that are at a greater risk of robbery, daily review may be necessary. In addition, you should be aware of adherence to the cash handling policy any time you are watching video from your stores, even when reviewing other reports.

Bonus Video Tips:

While these areas are not directly tied to a report, you can use video to address other store-level issues that can impact the success of your cash handling policy.

- Are employees keeping too many large bills in their register?
- Do all drawer counts happen in a dedicated counting area, i.e. the back office not out in the open?