

Thirteen Ways to Prevent Theft Behind the Bar

by Robert Plotkin

For new restaurateurs, the bar is one of the most vulnerable areas to theft. This is particularly true if you have a booming bar business and a strong bartender. You might not feel the pain of constant theft and skimming, such as a free drink to the bartender's friends here and there, or stealing from the cash register.

Complicating the matter is that sometimes the most dangerous bartenders are the best and brightest. Behind the bar is a place where individual talent and charm can be measured in hard cash, and a common and woeful tale is the stellar bartender with a huge following of customers, who is caught stealing from the owners. In that case, even an honest but average bartender might not be able to match the end-of-the-night profits turned in by the thief. Nevertheless, your bar should be a cash cow in your operation, and you should reap every penny of profit that you earn. You are always better off hiring for attitude (and honesty) and training for skill.

Have you heard of the term "shrinkage"? To the uninitiated, it may sound harmless, but just the thought of it is enough to make seasoned beverage managers wince and bar owners shudder. Shrinkage — or the liquor that is lost due to waste, spillage and theft — can chew up 20 percent to 30 percent of the bottom line. Bevinco (a liquor inventory control service, with 100 franchises throughout the United States and Canada) auditors have determined that the average shrinkage is actually 23 percent on liquor and draft beer, about 10 percent on wine and 2 percent on bottled beer. That's a lot of money. It could mean your profits for the year, particularly in a startup enterprise. Eliminating shrinkage can mean the difference between financial success and failure.

Theft alone is an insidious source of losses. Opportunities are rife for theft behind a bar. Bartenders are often working without direct supervision. They steal from the bar and its customers because it's easily accomplished, hard to detect, and extremely difficult to prevent on an ongoing basis. The temptations posed by constantly handling large sums of cash and dealing with a liquid inventory can often prove overwhelming. At some point, most bartenders contemplate stealing cash, giving out free drinks, or any one of a multitude of transgressions. Effectively limiting internal theft behind the majority of bars is no easy task, and eliminating it is unrealistic.

But it's essential to formulate and put in place an operational strategy to contain the problem. To that end, here are practical recommendations on how to reduce your vulnerability to theft.

1. Prohibit Bartenders From Checking-Out Their Cash at the End of a Shift

In many operations, bartenders are required to reconcile their cash drawers. This entails using the cash in the drawer to compile the bar's opening bank for the following shift, and to itemize the remaining cash proceeds onto a deposit slip. If the bartenders are stealing, the checkout process provides them with an ideal opportunity to safely remove stolen funds secretly deposited into the register's cash

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drawer during the course of their shift. Taking this responsibility away from the employees, bartenders will be forced to either pull the money out of the cash drawer during the shift or opt not to use the register as a place for their stolen funds.

2. Create Tip Jar Procedures

The bartenders' tip jar should be placed well away from the operation's cash register or POS (point-of-sale system). If the tip jar is placed right next to the register, it is far too easy for bartenders to divert stolen funds away from the register and into the tip jar. In addition, bartenders should be prohibited from making change out of their tip jar or taking currency from the tip jar and exchanging it for larger denominations out of the cash drawer. If the bartenders are stealing from the business and using the cash drawer for the stolen funds, they can easily retrieve the money from the register under the pretense of making change. For example, a bartender could take 20 \$1 bills out of the tip jar, deposit the currency into the register, but instead of taking out a \$20 bill in exchange, he or she could remove four \$20 bills, withdrawing \$60 of stolen funds.

3. Don't Allow Bartenders to Participate in the Physical Inventory Process

The process of auditing the bar's physical inventory is solely a management function. Bartenders who are stealing can use their participation in the physical inventory process to alter the recorded data so that it offsets theft. This can be accomplished by overstating the amount of liquor inventory on hand at the end of the month. Overstating the amount of liquor on hand will essentially have the same effect as if the theft never occurred.

4. Create a Perpetual Inventory System

The perpetual inventory system tracks the changes in the liquor room's inventory. You can monitor against internal theft by comparing the last entry on a product's perpetual inventory sheet with the number of bottles in the liquor room. The more inventories you store in the liquor room, the more reasons you have to adopt a perpetual system.

5. Require Managerial Approval of 'Comp' Sheet Entries

Bartenders should receive management approval before preparing the customer's complimentary drink. This policy is intended to stop them from claiming, after the fact, that a drink was given away with management's consent, when in reality the drink was sold and the proceeds of the sale were pocketed.

6. Strictly Enforce a 'No Sale' Policy

One of the more uncomplicated methods of theft involves a bartender selling a drink and depositing the proceeds into the register using the "no sale" feature. Unless someone is watching the LCD (liquid crystal display), the act usually goes unnoticed. Since the sale wasn't rung into the register, the bartender need only remove the stolen proceeds from the cash drawer when safe to do so. The best preventive measure against this type of theft is to restrict the use of the "no sale" key. One technique to deterring theft through use of the "no sale" key is to provide the

bartenders with an alternative source for making change. A small, inexpensive container or even a cabinet drawer will suffice. By providing a separate source for making change behind the bar, the bartenders will no longer have a legitimate reason for accessing the cash drawer with the "no sale" key every time someone needs change. This will make it slightly more challenging to steal unrecorded sales and depositing the funds in the cash drawer without entering any sales data.

7. Require Bartenders to Verify Cash Drawer Count

Bartenders should be required to verify the amount of money used to comprise the bar register's opening bank. This practice will prevent the bartenders from claiming that their opening bank was either over or under the prescribed dollar amount to explain a cash shortage or overage in the register. Periodically place an extra \$10 bill in the bartender's bank and see if the person informs you of the cash overage. It is a good way to verify if the bartender is counting his bank prior to the shift, and measure the person's degree of integrity.

8. Enforce POS (Point-of-Sale) System or Cash Register Procedures

The cash drawer should always remain closed between transactions. Allowing the drawer to remain ajar will completely negate the primary control function of the register. While bartenders should have access to the key that turns the register on, they should not have access to the keys that activate the "z" (end of shift summary) reading function. The LCD should face the public in a way that anyone seated at the bar can observe what is being entered into the system. The area around the POS or register should remain clear of clutter, such as books, manuals, or stacks of paper. Clutter can be used to hide money, used drink tickets or a ledger system for keeping track of how much stolen money has been deposited in the drawer.

9. Safeguard All POS Passwords

Ensure that all management passwords are kept safe and secure from the bartenders. This will prevent bartenders from being able to open reports and learn their shift sales.

10. Take an Immediate 'Z' Reading After 'Last Call'

At the conclusion of "last call," the manager on duty should immediately take the "z" reading of the register or run a sales report of the POS and pull the cash drawer out of the machine. (As suggested above, a "z" reading is the end-of-the-shift or day report from a POS or cash register; i.e., "z" is the last letter of the alphabet. Some folks will also refer to a midshift "z" reading, when running a summary report in the middle of a shift. See below.) If the bartenders are stealing and using the cash register drawer for stolen funds, this procedure will force them to withdraw the money during the shift while there are still people milling about instead of the relative privacy of closing.

11. Do Not Allow Bartenders to Overpour or Underpour

Bartenders should be expressly forbidden from purposely overpouring or underpouring the liquor portion in a customer's drink. Likewise, bartenders should be

directed not to "top-pour" liquor or "ghost" the alcoholic portion in a blended drink. Both of these techniques are used by bartenders to steal by underpouring the alcohol in a series of drinks. Overpouring or underpouring becomes a nonissue if "precision-pour" control spouts are used, or a liquor control system is incorporated into the beverage program.

12. Take Midshift 'Z' Readings

If a bartender is suspected of stealing and using the POS or register's cash drawer as a place for stolen funds, the manager on duty can either confirm or deny those suspicions by taking a midshift "z" reading. At some point in the shift, the manager should clear the register by taking a "z" reading or run a sales report on the POS and replace the cash drawer with a new bank. If the bartender has deposited unaccounted funds into the register for safe keeping, the cash drawer count will be "over" when compared with the cash register's sales totals. One important element of the strategy is to periodically conduct two midshift readings during the course of a night. This will prevent you from being predictable. The bartenders will never be certain which nights you'll take two readings, making it riskier to use the cash drawer for stolen proceeds.

13. Document Theft and Terminate the Thief

You need to send a message loud and clear to your staff that theft will not be tolerated. While you might not want to pursue criminal action against a bartender for embezzlement or a similar crime, documented theft is solid grounds for termination. A mere wrist slap does nothing to discourage others from putting their hands in the till.

Sound like overstating the obvious? Well, consider the plight of one general manager of a midsized chain, who had to ax his best bartender with great reluctance. As you know, or will learn, the personality behind the bar can have a significant effect on bar revenues. It's tough to let go of a superstar; however, as much money as he or she brings into the place, the upshot is that person is stealing from you. Don't give him or her a second chance.

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