

**The Home Depot Project**

**Charlotte-Mecklenburg Police Department**

**April 30, 2003**

## **The Home Depot Project Executive Summary**

### **Scanning**

Police officers in the Charlotte-Mecklenburg Police Department's Baker One District became aware of problems at a Home Depot store on Wendover Road. There were increases in calls for service and reported crimes. Customers told police officers that they felt unsafe shopping at the store.

### **Analysis**

An analysis of the calls for service indicated that most of the reported crimes were larcenies from vehicle, some of which had initially been improperly classified as robberies. Most of the victims were contractors whose tools were stolen when they left their trucks unsecured while they shopped. In forming a problem solving partnership with the store management, police were startled to learn that the store's customer friendly return policy resulted in significant inventory loss and shoplifting of merchandise to be returned for a refund. There was even an organized theft ring shoplifting from the store and bringing in homeless men to claim refunds for the merchandise.

### **Response**

The Baker One officers developed a comprehensive approach to this problem. It included enhanced police presence at the store and persuading management to hire off-duty officers during peak shopping hours. Officers conducted a thorough CPTED analysis that resulted in recommendations on lighting, landscaping,

product placement, and product security. Educational programs were designed for both sales associates and customers. The officers were able to get management to reconsider the return policy and adopt a new set of rules that allowed for cash refunds in narrowly defined circumstances, reducing the incentive to steal merchandise to obtain a refund.

### **Assessment**

The project has been a success with a reduction in crime and a heightened perception of safety for both customers and employees. Shoppers have returned to the store and sales have increased. Management has implemented most of the major CPTED recommendations, creating a safer environment. The revised refund policies have reduced inventory shrinkage from 3.8% to .9%, the lowest loss in the memory of management. Other stores in the Home Depot chain look to the store as a model and have implemented some of the measures that brought about positive change at this location. Communication remains strong between police and management and problems are now addressed earlier and more proactively.

## Scanning

In 2001, officers in the Charlotte-Mecklenburg Police Department's Baker One District became aware of problems at a Home Depot Store located on Wendover Road. The store is in the middle of an extremely mixed neighborhood. One portion of Wendover Road is a tree-lined street with large older homes. Another portion of Wendover Road, where Home Depot is located, is surrounded by apartment complexes with a predominantly lower income rental base. The apartment complexes were a source of calls for service for police to investigate burglaries, larcenies from vehicle, and disturbances. The store is located across Wendover Road from the Grier Heights neighborhood that had been known for its violent crime and high rate of street level drug activity. Police and other City government agencies have devoted considerable resources in working with residents to transform the Grier Heights neighborhood; however, people who do not live in the area have the lingering perception that Grier Heights is not safe.

The Home Depot Store is a high volume business in this environment. Police became aware of an increase in calls for service at the store with most calls going out as robberies and larcenies from vehicle. Police officers in the response area that included Home Depot would often hear radio broadcasts telling them to be on the lookout for a suspect vehicle involved in an incident at Home Depot. Based on the calls coming into 911, the Home Depot began showing up on crime analysis reports as a robbery hotspot for the Baker One District. Officers were

also hearing that people felt unsafe shopping at Home Depot and were beginning to avoid the store.

### **Analysis**

Three of the officers assigned to the response area team that serves the area including Home Depot decided to do further research on the problems at Home Depot and design a problem-solving project to address the problems. What the officers found was quite different than what they initially expected.

Officers David Robinson, Scott Hurley, and Keith Way began by doing an analysis of the reported crimes at Home Depot. In 2001, the crime statistics showed increases in robberies from person, larceny, and larceny from vehicles. Officers pulled reports from the store and found that at least one of the calls initially classified as a robbery was actually a larceny. Inadequate information was given to the 911 operator, especially by one store employee who made most of the 911 calls and who was unfamiliar with the difference between a larceny and a robbery. The officers found that there had actually only been two robberies from person at the store during 2001 so the store was not a true robbery hotspot.

Larceny from vehicle had indeed increased 50% during 2001. An analysis of the reports showed that contractors were the most likely larceny from vehicle victims. The contractors had large amounts of tools and storage equipment stored in their

trucks and vans. They would pull into the Home Depot lot and go into the store to make a quick purchase, often not securing their vehicles and leaving items in plain view. It was very easy for a thief to get items out of the vehicle, jump into a car, circle the parking lot, and be on his way. The analysis indicated that most of the larcenies occurred during late morning or early afternoon on weekdays.

The crime statistics showed a 1000% increase in reported shopliftings at the store. The officers contacted Jim Pryor, a former Charlotte-Mecklenburg Police officer who was now the District Loss Prevention Manager for Home Depot. He and the managers and sales associates at the Wendover Road Home Depot became a part of the analysis team. An analysis of the larcenies showed that the thefts encompassed a wide variety of merchandise ranging from power tools to faucets. Most of the items were simply concealed and removed from the store. Others were taken into the store's unsecured garden center and given to a waiting party who then left with the merchandise.

What was most startling to the officers was the internal loss or inventory shrinkage that was the result of the store's extremely lax interpretation of Home Depot's return policy. The store took pride in being customer friendly and the goal that was stressed to all employees was to keep the customer happy at all times, regardless of the circumstances. This included an informal policy of giving cash refunds for items returned to the service desk, even if the customer did not have a receipt. As a result, steal-and-return crimes skyrocketed. Customers

would shoplift merchandise and return it for a refund, often doing little more than taking the merchandise, exiting the store, removing the price tags, and returning to obtain the refund. There were instances when employees were not even certain that an item actually came from that store but, since the store sold that particular item, the employees would give the refund, absent any proof of purchase.

Store management reported instances where they would see vanloads of people in the parking lot who came into the store to return merchandise. These particular individuals had identification but no receipts. Some store employees began to notice a pattern in the identification resented with a number of the individuals showing ID that had the same address on North Tryon Street. A subsequent investigation by the officers involved in this project revealed that, among its other problems, the store was being victimized by a highly organized theft ring. The individuals running the ring would steal the merchandise for which they intended to seek a refund. They would then take a van to a local men's shelter on North Tryon Street and recruit homeless men with identification to come back to the store with them and return the merchandise for a refund. The ringleaders would then give the homeless men a percentage of the refund as payment and transport them back to the shelter. Because of the store's liberal return policy, it was virtually impossible to employees to prove that a crime had occurred. While most of the **steal-and-return** incidents did not show up in police

crime statistics, they did show up in the store's annual loss reports that were increasing yearly.

It was clear to the officers that this store was in need of a comprehensive action plan if it were to remain a viable part of the Home Depot chain with an atmosphere that made legitimate shoppers feel secure.

### **Response**

Officers Robinson, Hurley, and Way began working on an action plan to address the issues they had identified at the store. They immediately realized that a strong partnership between police and store management was paramount to the success of any initiatives they might include in their plan. The officers were concerned that most of the interaction with store management was a totally reactive cycle of the store calling 911 and police responding after an incident occurred. The officers sought a more proactive approach with an emphasis on making the store a less vulnerable target.

The Baker One District, like all Charlotte-Mecklenburg police district, is organized into problem solving teams that work with residents and businesses in their area of responsibility to identify problems and develop sustainable solutions. The teams are headed by a sergeant and include the officer designated as the community coordinator for the area along with the officers on all shifts who are

assigned to calls for service response. This concept increases the number of police personnel who have knowledge of the problems in a particular area and a sense of ownership in solving them. It also gives residents and businesses a larger contact network within the Police Department and more officers whom they can work with when problems occur.

All members of the response team began building a relationship with the store management at Home Depot. This helped the officers achieve their first goal which was to increase police visibility at Home Depot, reducing some crimes by presence alone and making shoppers feel more secure. The officers convinced store management that they should augment the district officers' presence with off-duty officers employed by the store during the afternoon and evening hours. This was not a standard practice for the Home Depot chain. Some of the higher loss stores in other states had done so and the local management made the decision to hire the officers for the Wendover store. This was an immediate visible step to deter crime and decrease the fear in both the store's legitimate customers and the employees. The off-duty officers circulate throughout the store and the parking lot to provide a safe environment for shoppers and sales associates.

The Charlotte-Mecklenburg Police Department is a strong advocate of the CPTED (Crime Prevention Through Environmental Design) concept and many of its officers have received advanced CPTED training. The officers completed an

extensive survey of the Home Depot store and its grounds. The evaluation resulted in recommendations regarding landscaping, lighting, product placement, and product security. Store promotions had included setting merchandise out in front of the store unsecured and with no one monitoring it. Officers recommended that practice be changed. Gates in the garden center had been left unsecured, allowing easy exit routes for shoplifters. As a result of the CPTED survey, those gates are now secured and alarmed. The store had pieces of equipment that could be rented; this equipment is now linked together with titanium cables and kept inside a fenced area. The thefts of this equipment dropped as soon as this recommendation was implemented. The location of tractor-trailer trucks parked in the back of the store was changed to create traffic patterns that made it harder for criminals to make a quick exit from the rear of the store. Some of the product placement was changed to make commonly stolen items less accessible. The store installed new exterior lighting to enhance the sense of safety. The store is now purchasing a state-of-the-art camera system that will provide surveillance of both the parking lot and the interior of the store. The camera system will create an additional level of security and help sales associates to detect criminal activity.

Officers also developed an education program for the sales associates at the store. A crime prevention seminar was held to educate the employees in general crime prevention practices as well as how to detect shoplifting and other criminal behavior. They also received training in how to give information to 911 operators

if they needed to call police. The education program also targeted store patrons who left their vehicles and construction equipment unsecured in the parking lot. Signs were placed in the parking lot reminding patrons to secure their vehicles and educational pamphlets were distributed to customers.

The police officers were instrumental in getting the managers of the Wendover Home Depot Store to reevaluate their application of the store's return policy. While the desire to remain a customer friendly store remained a goal, police urged management to balance that with a return policy that reduced the store's vulnerability to bogus returns and the thefts that accompanied them.

Management has now adopted a three-tiered return policy. Customers with identification and no receipt receive a store credit for the amount of the returned merchandise. The same applies to those customers who have identification and a receipt that is over 30 days old. Customers who present identification and a receipt that is less than 30 days old receive reimbursement for the merchandise in the manner in which it was paid for, either cash or a charge card credit.

The change in the reimbursement policy was accompanied by the installation of a new computer system that tracks customer returns along with any history of bad checks written to the store. The new system supports the store's new policy, now enforced, of reserving the right to deny merchandise returns under suspicious circumstances.

## Assessment

The Charlotte-Mecklenburg Police Department and the Home Depot Store consider this to have been an extremely successful problem-solving partnership. Some of the successes were anticipated; in other cases, there have been unexpected benefits.

First of all, both customers and employees feel much safer at the store. Customers and sales associates approach police officers on an almost daily basis to thank them for their increased presence and the markedly improved store environment. Customers state that they feel safe and now enjoy coming to the store. As a result, management reports that the store's sales have increased dramatically, although they could not provide exact figures. Contractors that normally gave their business to other stores have now started shopping at the Wendover store. Management reports that employee turnover has decreased at the store and they attribute this, in large part, to the increased sense of safety at this location.

Crime decreased at the Wendover Home Depot. In 2001, there was a 60% increase in reported crime at this location over the previous year. In 2002, there was a 32.1 % decrease in reported crime over 2001. Notable decreases were a 100% reduction in robberies, 27.3% reduction in shoplifting, and 33.3% reduction in larceny from vehicles. In the first three months of 2003, there have only been

15 reported incidents at the store. Ten of those incidents were shopliftings and larcenies from vehicle, both of which will be positively impacted by the installation of the camera system.

From Home Depot's point of view, the reduction in their inventory shrinkage has been a major success. When this problem-solving partnership began in 2001, the store was reporting an inventory shrinkage rate of 3.8%. As of February 2002, that rate had reduced by 50% over the previous 12 months. The most recent shrinkage report for the store showed an inventory loss rate of .9%. The District Loss Prevention Manager reports that this Home Depot branch has not had a shrink rate below 1 % in years. The new low rate can be attributed to the problem-solving partnership and management's willingness to rethink its application of the store's return policy. The new policies have made it much more difficult to make returns without a receipt and have taken away the incentive to steal in order to make a return. Frequent violators have stopped visiting this location.

Other Home Depot stores throughout the chain have taken note of the increased sales and the decreased loss of inventory and have inquired as to how the Wendover store has accomplished such significant improvement. Many of the stores are now using the same application of the return policy as the Wendover store and are looking at all of the improvements made by store management.

The project will likely have an impact that goes far beyond on individual Home Depot location.

While problems at the Wendover store have diminished, the partnership between police and store management has remained strong. Officers assigned to the response area team maintain close contact with the store's management and regularly monitor the crime statistics for the store and the surrounding area. Any emerging problems are immediately brought to the attention of the police officers and are handled at their earliest stages.

Home Depot management demonstrated their continued commitment to the partnership by donating building materials when the Baker One District established a satellite office in the Vantage 78 apartments in the nearby Grier Heights neighborhood. A sign at the office acknowledges the contributions of Home Depot and other contributors in making the office a reality.

The Charlotte-Mecklenburg Police Department considers the Home Depot problem-solving project a fine example of what can be accomplished when police officers and a business work together to achieve a common goal. Much of the success of this partnership is attributed to the store's management team being receptive to the changes suggested by police, even those that required an outlay of funds and fundamental changes in the store's philosophy and policies. The end result is a safer, more attractive, and more fiscally healthy store. This

constitutes a success for the Charlotte-Mecklenburg Police Department, the Home Depot chain, the customers and employees at the Wendover Road store and the surrounding neighborhood. This project provides a model that officers in Charlotte will use in dealing with other locations with similar problems.

### **Agency and Officer Information**

1. This problem-solving initiative was adopted by the group of officers who comprised the Response Area Team for the area of the Baker One District where the Home Depot store is located.
2. All Charlotte-Mecklenburg Police officers are trained in problem solving and the SARA model.
3. Officers do not receive any incentives for engaging in problem solving activities as they are considered a fundamental part of their job.
4. No specific resources were used. Officers drew on their problem solving training and experience.
5. The problem solving model worked well in this case and no specific problems were identified.
6. Officers from the Baker One District were committed to this project as a part of their assigned duties. No resources went beyond the existing department budget.
7. The project contact is:

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