

Employee Theft--All Too Common

Written by Steve Marr
Sunday, 03 March 2002 01:00

"I just found out that one of our partners has been stealing from our company," Doug said as he called me for advice. After a quick but thorough review, it became evident that approximately \$150,000 had been stolen over the past two years, equal to the total profits of the \$3,000,000 business!

Unfortunately, embezzlement has occurred for thousands of years. Even Jesus had a thief among His chosen disciples. When Jesus was anointed by Mary, Judas said, "Why was this perfume not sold...and given to poor people? Now he said this, not because he was concerned about the poor, but because he was a thief, and as he had the money box, he used to pilfer what was put into it" (John 12:5-6, NASB).

Most work-related theft is a result of an employee's perceived need, weak character, and a perfect opportunity. A business owner or manager may not be able to control the needs or character of every employee, but management must control the opportunity.

Common reasons for not establishing adequate safeguards include:

- Simply not wanting to be involved-owners or managers prefer to focus on producing a product, selling, or servicing customers and view accounting as a bothersome task
- Lack of time-they believe they just don't have enough time
- Naïve trust-they trust everyone wholly and completely

Studies have demonstrated that over 50% of businesses, large and small alike, will experience employee theft and none of these excuses will eliminate the problem! Scripture reminds us,

Employee Theft--All Too Common

Written by Steve Marr
Sunday, 03 March 2002 01:00

"Know well the condition of your flocks, and pay attention to your herds- for riches are not forever" (Proverbs 27:23-24, NASB) and John instructed, "Watch yourselves, that you might not lose what we have accomplished..." (2 John 8, NASB).

3 steps to safeguard your business:

Accept responsibility for becoming knowledgeable about every aspect of your business' finances. If you don't understand your accounting system, ask questions until you do understand. A common trick of an embezzler is to convince management that the system is complicated, but all accounting should be simple enough for any manager to understand.

Create a system of checks and balances. One key ingredient would include requiring two signatures on each check over a specific amount. Another would be the practice of reviewing each check before signing it. Don't be afraid to ask questions or to request backup information for any item. A side benefit may be a closer understanding of operating expenses. Also, require a regular independent review of the accounting system, either by an outside professional or by yourself if you have the expertise.

Require those with financial responsibility to take vacations. Wrongdoing will often be uncovered when the perpetrator is absent and unable to cover his or her tracks, so a review of that person's responsibilities during that vacation time might be a wise customary procedure.

Steve Marr, Your Christian Business Coach **Caught in the act:**

When a person has taken money from a business and the theft is confirmed, the question then becomes "What steps should we take now?" Filing formal charges with the police is an option, but each business owner will need to determine if this is the proper step Jesus told a parable about a steward and said, "What is this I hear about you? Give an account of your stewardship, for you can no longer be steward" (Luke 16:2, NASB). As Christians we are called to offer forgiveness, but complete confession and restitution must first be made by the guilty party.

Employee Theft--All Too Common

Written by Steve Marr

Sunday, 03 March 2002 01:00

Further, those guilty of embezzlement will often commit the same crime again. A friend of mine owned a photography store and found an employee guilty of stealing about \$20,000. He gave the individual a second chance while allowing the money to be repaid at \$100.00 per week without interest. Within a year, however, an additional \$25,000 was taken! If a second chance is offered, do not allow that person access to your money.

Your diligence and follow-through are the greatest safeguards for protecting your business and employees from theft in the future. Take action today!