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THE JOURNEY FROM SECURITY TO CORPORATE MANAGEMENT

By Jack Trlica

EDITOR'S NOTE: David Myers recently left Montgomery Ward after 14 years as vice president of asset protection. Before the demise of Ward's, Myers managed a 350-person, \$20-million department responsible for loss prevention, safety, physical security, shortage control, returned checks, and operational audit.

Prior to Montgomery Ward, Myers headed loss prevention departments for Stop & Shop, Household Merchandising (which was the parent company of TG&Y, Von's Grocery, Ben Franklin Stores, Coast-to-Coast Hardware, and four furniture retail operations), and Venture Stores.

Myers is very active in promoting the growth of the loss prevention industry. He has served on the National Retail Federation Loss Prevention Advisory Council since 1988 and is

currently vice chairman. He is also a member of the retail advisory committees for eFunds, Equifax Retail Services, United States Merchants Association (Midwest), and has recently joined the National Cargo Security Council. Myers also served for several years on the advisory board of the International Mass Retailing Association.

In addition to actively looking for his next LP directorship, Myers has been diligent in helping place many of his key Montgomery Ward staff members in significant positions with other retailers throughout the U.S. It's this outstanding commitment to his people and the LP industry as a whole that led us to put him in the spotlight in the inaugural issue of LossPrevention magazine.

A Conversation with David Myers

EDITOR: Let's start at the beginning and talk about how you got started in loss prevention?

MYERS: Just before I graduated from Michigan State with a degree in law enforcement, my college counselor informed me that I couldn't be a police officer because I wore glasses. Nice of them to wait until my senior year to tell me that. So, I ended up teaching challenged and mentally retarded kids for a couple of years. Because I didn't like starvation, I decided to go back to Michigan State to get a master's degree. I ended up graduating in social science with a specialization in industrial security and was eventually recruited by McDonnell Douglas Aircraft in St. Louis. I went to work in their security department in an accelerated management-training program going through all the different functions of security.

After two years in the program, I was just about ready to take over as head of the guard force when I decided to look for a part-time job, because they didn't pay that well. One of the companies I interviewed with was Venture Stores, which was then part of May Company. Toward the end of a 45-minute interview, the placement officer asked me why I wanted to leave McDonnell Douglas? I told him I wasn't leaving McDonnell Douglas, but was only looking for a part-time job. Before I could get up and leave, he told me they were looking for a director of security. Since I was the

second lowest man on the staff at McDonnell Douglas, I said, "Let's keep talking." The next thing I know, I'm the director of security for Venture, which only had 3 stores open and 2 under construction when I joined. When I left Venture eleven years later, we had 65 stores and I managed a 350-man department with an annual budget of \$7 million.

EDITOR: When you first started, you were director of security, not director of loss prevention. Was loss prevention even a term used at that time?

MYERS: No, security was the term. There wasn't too much prevention. At that time, the numbers of people you caught stealing were all-important. That was the way the business was run...not just at Venture, but everywhere.

EDITOR: Between now and then, you've seen a lot of changes in loss prevention. Describe that change from security to loss prevention.

MYERS: On an overall basis, loss prevention has become more integrated in the company. In the early days, we were literally the cops. We caught crooks. That was our total value and it was somewhat limited. We didn't get much involved in the paperwork or in the control, other than enforcing a few rules the company decided they wanted to have. We certainly didn't lobby and push for changes

and programs or policies that would improve things. Today, however, I think anybody who is forward thinking at all about loss prevention is looking for any number of ways to add value to a company and to be part of the team.

EDITOR: Who do you consider to be "the team?"

MYERS: In retailing, let's face it, LP has to be part of the merchandising team to our best possible ability. We need to help them display and sell the merchandise, minimize the inconvenience for the associate, minimize the inconvenience for the customer, and still protect the goods. It goes beyond loss prevention to asset protection in the broadest sense...to include even loss of customers. You don't want to make shoppers unhappy such that you lose customers. Obviously, you don't want to lose merchandise and money. You want to keep your associates, too, so part of it is screening people. It's really an A-to-Z look at the entire operation now versus what it was years ago.

But when I talk about being part of the team, I'm talking about the management team. Integrating loss prevention into the management of the company, like operations does and HR does. That really is the integrated team. And if you're not invited to be on the team, then get yourself invited. You really have to work at it.

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EDITOR: Good Point. So, what is the status of that team today? Is loss prevention integrated into the team?

MYERS: I would guess that in 60 percent of the companies, maybe a little higher, LP is fairly well integrated in the process. There still are a number of companies where LP has not become integrated, not because they haven't tried, but simply because they haven't made it yet.

EDITOR: What would you suggest to those organizations, those LP directors, who are not integrated and want to be integrated?

MYERS: There are a couple rules. First of all, you have to be persistent and show them in every way that you can add value. Sometimes you can use the ugly numbers, the statistics, to prove your point or market your case. The company needs to understand that loss prevention can add value. If I couldn't make a point in loss prevention on the security side of the business, I would make it on the safety side. If I couldn't do it any other way, I would do more audits to show them the lack of compliance. You really are a marketing person when you're running a loss prevention department. You're marketing your function and your folks and trying to make sure the company understands that you need to be part of the team and you use anything you can to push that.

EDITOR: Who would you consider is the key team member you need to convert? Is it finance or operations or merchandising?

MYERS: That's a difficult question. It varies with every company. I've been in situations where if the CEO wasn't convinced, wasn't totally on your side, then nothing happened. But I've been in other cases where if you can sell the merchants, or a particular key merchant, you can still get the job done because he would bring the president along whether he agreed totally or not. I've also been in situations where the CFO has had enough strength to do it...or an operations guy. It really varies by company, a little bit like loss prevention structure. I truly believe there are any number of different structures...centralized, decentralized, integrated, and not...where you can make it work. It just is easier if you have certain structures.

EDITOR: What loss prevention structure do you believe works best to achieve integration?

MYERS: I think the right structure was pretty much what I had at Ward's. The structure basically was vertically centralized down to the store level and then the store loss prevention managers were tied into both the district loss prevention manager and the store manager. They both wrote performance appraisals, for example. At that level, we wanted the store manager to have ownership, but we didn't want him to own the person totally. So, functionally, loss prevention controlled what the LP managers did, but the store managers had to buy into the whole thing and it made LP more of

a store team member. The only trick is, if you get to a point where the store is causing a problem, the store manager is not supporting you, then the LP manager in the store has an obligation to come up the line to LP management. There's where you get a wrinkle from time to time.

But I have also worked in staff situations where we made that work as well. It was very decentralized. It just takes more work and a lot more dancing. You don't have quite as much clout up front, so it takes a lot more politicking.

EDITOR: What has stimulated the change from security to a more integrated LP function?

MYERS: I think it came down to people. A new generation came out of school with degrees and with ambitions. And we weren't satisfied just being the company cops. We were out there trying to do as much as we could to really make a difference. We wanted to be part of the management team.

There are plenty of individuals like me who came around in the late sixties and early seventies who really began to change things. If you look at my resume at Venture...and I'm just an example...I started out with security and bad checks. Then I picked up safety. Then they gave me the fitting rooms. Then, since I ran a good independent operation...the only centralized support operation in the company...they decided to give me cleaning services as well. Finally, I got shortage control, audit, and supply purchasing. It was just because I was hungry.

I was just like a lot of guys who proved they could sit down in the boardroom and talk with the chairman and management staff and make sense. Not just talk about busting someone who

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gave a million-dollar statement. Used to be, if you solved a million-dollar case, it was great. Today, a million-dollar case is seen as a failure because you let it get too far. That, to me, is one of the major signs of the change.

EDITOR: It sounds like you're describing individuals with strong business sense.



MYERS: That's right. The bright, aggressive LP folks are good managers. They are basically operating people with a loss prevention twist. If you look, there are some LP graduates who have made it big. Tom Coughlin, for example, comes out of loss prevention and he's CEO of Wal-Mart.

EDITOR: What would you say to somebody in your organization who is looking to move up in the organization? Are there things that you look for when you're looking to promote someone? Performance-related characteristics, degrees, certifications, or certain types of experiences?

MYERS: If you don't have an education, I would recommend it. I'm personally not hung up on degrees. I've had many individuals who worked for me and had no formal education beyond high school, who have done great things and been very successful. But a college degree is very important when you're out trying to find another position at another company, because it *is* very

important to many people. Also, a degree helps most people learn to communicate and write better. And I'm definitely looking for a person who can communicate, can be fairly open and confident.

I would also recommend that you get a degree in business, because we need to be businessmen first and then specialize in loss prevention. The only problem with suggesting that is a lot of



people are going to go into business and forget LP because of money. Loss prevention management will never make the money that a merchant will. You've got to like LP, because there are plenty of things you can do to make better money. But I really think that LP as a whole could take itself a lot further if more people had business backgrounds.

EDITOR: What other characteristics help LP professionals succeed?

MYERS: In the retail business it helps if you're willing to move. Many times I've had two good candidates for a position. One person is terrific and the other person is very good, but not quite terrific. And the very good person wins because he or she will move. So, flexibility is a key. You have to grab the opportunities when they come. A lot of people don't do that.

Another aspect of this is if your career is not progressing where you are and you're not happy, you need to move. If you want to grow, you've got to go where the opportunities are. The odds

of staying in one place in one company and getting to the top are slim. From a manager's point-of-view, the danger of saying that to your good people is that you want to keep your A-team on board. So, you're really balancing encouragement to grow with encouragement to stay, and there's a bit of an art to that.

But most importantly, you look for desire. They have to have the desire to win and get ahead. You've got to be



somebody who wants to do a good job, who really cares about performance... someone who can communicate well without aggravating people. You've got to be a little slick. You've got to be able to sell yourself, sell what you're doing, and win friends and influence people as you go along.

EDITOR: Apparently, you were pretty good at that balancing act, because you had low turnover at Ward's, did you not?

MYERS: That's right. Generally, there are a couple of ways to keep people. One is, of course, your company is very profitable so you can have good bonuses, maybe stock options, and people don't go anywhere. That's the easy way to keep people. The other way to keep people is how we did it at Ward's in the last few years, when we weren't doing that well as a company. That is, we built a team. We built an organization where everybody felt like they were part of something special, part of a family. Loss prevention guys and gals tend to like to feel part of something,

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that they're not isolated. I think we built up a loyalty to Ward's and to our organization and I believe that's one of the reasons we held onto people.

EDITOR: That sense of family, of being part of something, seems to even extend to the LP industry as a whole.

MYERS: Our business is still one of the few where you can pick up the phone and call somebody in the business and say "This is So and So from XYZ company in loss prevention..." And most of the time, you get immediate cooperation. "How can I help you?" It is the kind of thing that makes our business powerful, even when we're at odds with our own management. We can get help from other people. We can find out things that we need to find out. We can get information on how they control situations or prevent losses. And it gives us an outlet as well. I think it's important that we keep up that kind of thing.

Unfortunately, I see some erosion in that kind of camaraderie. Maybe it's because the business is so fragmented now as compared to what it was. But I believe that we are all in this together. It's not us against them. We all have something in common, something we can share, and we should support each other.

EDITOR: The relationships you are talking about extend to the vendor side as well, don't they? What do you think makes for a good vendor-client relationship? What is it that you look for from a vendor?

MYERS: I look for vendors who are literally my business partners. Vendors who will come and spend some time and

try to work through the issues. Let's assume we've got three companies who sell a similar product. I'm going to go with the company that provides the service. I'm going to select the company that's responsive to my needs.

Let me give you an example. One of my favorite vendors, and I won't mention names, is a company that whenever I came up with a new problem, a display issue for example, they ran out and devised a way to fix it...to display the goods. I might say "We need something like this" and they'd go invent it. That's a one-of-a-kind vendor.

Sometimes, all the difference in the world can be the rep that you have. If your rep is responsive, will answer the phone at eight o'clock at night, and will handle a problem the first thing in the morning or even that night if necessary. That's a vendor you're going to stay with because they're hard to find.

EDITOR: That must have been difficult in the waning days at Ward's.

MYERS: It certainly was. A lot of companies were tested when we went Chapter 11 the first time. Only a couple of companies walked away, because we had pretty good vendor relationships. The rest of them complained a bit, but stuck with us. And, of course, we tried to do what we could for them. Bottom line is, the one's that came in and worked with us are the one's that you stick with and those vendors end up being the winners in the long run.

EDITOR: Now that Montgomery Ward has closed, what is your next move?

MYERS: Right now I'm in the middle of a search. I would love dearly to start

something from ground zero, but barring that, I would be more than happy to pick up with an existing operation and try to make it better over the next few years.

EDITOR: If you had the opportunity to build an organization from scratch, what would be the primary objectives you would emphasize to your organization?

MYERS: Well, the first thing I would want to do is sell the operation to the company as an integral part of the core business. I would want everyone in LP to believe that and demonstrate that, too. We're part of the team, we're not the enemy, and we're here to help. That's the message.

Another thing I would do is get two or three key players working for me as quickly as I could. You have to find really quality folks who will do whatever it takes to make things better and be more effective. If I'm responsible for shortage control, I want a good numbers person who is driven to do whatever it takes. If I have a field operation, I want first-class people running the regions.

Then, I would find ways of publicizing both the issues and accomplishments as we go along. It's really a building-block situation. You don't just walk in and change things overnight, but you've got to start showing results pretty quickly. Even if it's just a big ugly case somewhere, you need to show them what you can do. Start with small objectives, but move quickly to the big objectives. Prove to them that you are part of the team...that LP adds value to the company and makes the company more profitable.

EDITOR: That's a great note to end on. Thank you very much for talking to us. Best of luck to you.

MYERS: You're welcome. And best of luck to the magazine. ■