

How to Hire Honest Bartenders and Other Service Employees

It's a terrible thought but a recent study of nearly 1,000 small retail and bar/restaurant businesses, across a variety of sectors in the Northeast revealed nearly a full 90% had some verifiable evidence of loss directly attributable to employee graft. And if you think this doesn't pertain to you because you "only hire family" or "my employees have been with me for years" or "I have a great relationship with my employees", THINK AGAIN! Over 900 of the above referenced business thought the exact same thing!!!



A bartender was caught recently at a casino in Atlantic City with a hypodermic needle injected into an overhead liquor line from an electronic inventory control system, sucking out the liquor into a six ounce vial which he was going to take out to his bartender buddy at the pool bar. He was found with three vials in his pocket already filled. This is an advanced method of "bringing in your own liquor" Not all bartenders are thieves, but I've caught so many bartenders stealing, I'm beginning to wonder. I am told there is no solution; that, in essence, you're always going to have bartender theft. But I disagree. I believe you can keep the theft to an absolute minimum if you simply hire right. Get the right people on board to begin with and you will have fewer problems with theft. But it's a full time job keeping your people honest.

The majority of employee theft is created by owners and managers who are in denial or know little to nothing about managing their business or employees. There's probably no inventory or cash control system in place. No controls means employees now have the "opportunity" to steal unabated. If bartenders are never held accountable for their performance behind the bar and what they do with each and every drink, and how it is accounted for, then they're free to do whatever they want whenever they want. Inventory control should be a daily regimen. It's the biggest and most important part of any manager's job. Therefore, if there is no daily accounting, employees have nothing to fear. They can give away drinks, take the money for a drink and put it in their pocket, etc., because there's no way for anyone to know for sure what's going on. While loss prevention can never be 100% effective, these methods have proven to work well in practice for a lot of businesses:

Carefully Consider Hiring Experienced Bartenders

The more experienced, the more they know, and they probably know more about running a bar than you do. As a manager, are you an experienced bartender or bar manager? If not, you should be. What are you doing running a liquor club if you don't know anything about bartending or bar management? The adult entertainment industry is full of owners and managers who don't have a clue about running a bar! So the experienced bartenders (especially the thieving ones) "play" you. Rather than hiring an experienced bartender, let your best "house oriented" bartender do the training of a new bartender— from scratch. An "in house" cocktail waitress wanting to take a step up would make a

good bartender applicant. She already knows a little about drink making and liquor. There's plenty of Internet help available in training a new bartender. Or, hire vocational school graduates. They've got the basics down and they don't know how to steal—yet.

Find Out What They Know and Don't Know

For all bartender applicants, give them an entry level bartender test. Ask questions that are related to the bar business, such as:

- How do you cut someone off?
- If you caught another bartender stealing, what would you do?
- Do you object to taking a drug test?
- If a customer said his drink wasn't strong enough, what would you do?
- What color is a Tanqueray bottle?
- What is the best way to make a Margarita?

The more you appear to be a business "under control" and the more difficult you make it to "get in," the better chance you'll have in deterring the outright thief. They'll apply elsewhere where these kinds of questions or hiring techniques are not used.

Always Perform a Background Check

Avoid the potential for a negligent hiring lawsuit and do background checks on your cash-handling employees. Make sure you know who, and what, you are hiring. What do you really know about a person you've never seen before in your life? Are they a fugitive from justice? Are they a convicted felon? The Rivo Consulting Groups offers comprehensive background checking services as well as the appropriate disclaimers and authorizations necessary for prospective employees.



Verify References and Credentials

While opinions vary on the subject of what exactly a former employer can divulge regarding an employee, generally information about a former employee from a former employer should be *job performance*-related (nothing personal or slanderous). If the question is, "Did he steal?", you don't have to say "yes" or "no." You simply state, "His cash handling procedures were questionable." The person asking will catch your drift. As an industry, when employers become more diligent with record keeping and administration, pressing charges against embezzling employees will more easily be detected in criminal background checks.

Employers need to better cooperate with the industry for inquiries about a previous employee's job performance. We need to help each other out. Why would you let someone who stole from you go to another bar and steal from them (make sure you have undeniable proof they stole from you)? When you're asked the question, "Are they eligible for re-hire?", don't hesitate to say "no" if that's the case. Give the prospective employer asking the questions a

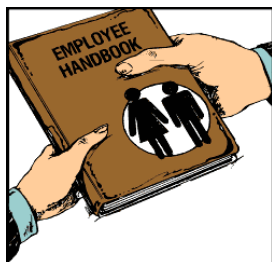
chance to make a good hiring decision based on how that employee performed for you.

Once a thief, always a thief. The best indication of future behavior is past behavior. Leopards do not change their spots. Why not arm yourself with the best possible information when making a hiring decision?

Let Employees Know What You Expect From Them

Every business, be it a bar, restaurant, service or retail organization **MUST** have an Employee Manual! Many of the better establishments have a brief policy statement that is signed by the prospective employee at the time of interview and a more detailed manual of expectations which is present upon hire. Not only does providing this information in writing alleviate questions and the possibility of litigation, these documents prove invaluable when asserting “willful misconduct” by terminated employees at unemployment compensation hearings. This manual should include:

- A description of the position
- Pre and post shift checklist of responsibilities
- Statements related to breaks, mandatory sick leave, tobacco use, drinking while working, etc.
- Detailed drink (or other) recipes, glassware use, etc. to ensure consistency
- Policies related to time off, calling out, etc.
- Inventory procedures, POS, accountability, etc.
- Policies related to dating customers and co-workers
- Training procedures, paid or not
- Tip pooling, splitting, tip-out procedures, etc.
- Other rules of the house



This may seem a daunting task but The Rivo Consulting Group has authored such documents for a wide array of businesses and can help prepare a manual specific to your business. A manual gives you accountability and control over your employees. If they don't follow your procedures, they're

replaced, that's all. But more importantly, this technique lets employees know up front there are “expectations” according to house policy and procedure that's already in place. This makes them less able to steal, in the first place. They see that your business is being run professionally and efficiently — that there is “accountability.” Thieving employees don't like that. They'll go elsewhere.

One of the biggest problems facing high volume night clubs, adult entertainment clubs and even bistro type restaurants is the amount of money charged for a drink. There are bartenders out there salivating for a chance to get into these clubs because of the high prices for drinks. They only need to skim a few a night and they're making big bucks. It's so incredibly easy to do this! High sales cover up a lot of missing inventory, so no one notices. The better your business is doing, the higher your sales, the more likely you have a house full of thieves behind the bar (and this doesn't count the “hook-ups” with the waitresses, floor walkers, security, etc.). Please do not misunderstand: there are some great, honest bartenders out there. It becomes your burden as a business owner to find them while weeding-out the less than honorable ones.

Preventing Theft, Loss and Shrinkage

Instituting great hiring practices as well as implementing even a few of the pointers described here will be more effective when coupled with the following ten basic rules for preventing loss and theft once employees are hired:

1. POS – It's important to have a good tracking system for all sales. By installing a POS system you can cut down on the amount of “freebies” that staff might give out without your knowledge.

2. Expectations – Clearly define descriptions, policy and procedures, and employee manuals that clearly define the do's and don'ts in handling sales and cash will reduce theft.

3. Reports & Audits – A program that includes thorough follow-up of exception reports and audits indicating poor performance and non-compliance allow managers to track employees.

4. Hiring & Training – We discussed hiring floor staff but don't discount management. Well trained managers know what theft looks like. When hiring, you need to do your best to bring in ethical and truthful people and keep them ethical through continuous training of best practices.

5. Inventory – Monitoring and tracking inventory information every day is a must. Keeping consistent and accurate records will immediately identify any inconsistencies.

6. Storage – The best way to keep employees from stealing is to keep excess and overstock locked, properly stored and labeled correctly. Control access and institute methods of re-stocking.

7. PCI Standards – PCI stands for payment card industry data security standards. If you're using a POS system as a credit card processor, make sure to update your firewalls and software agents regularly. The same goes for ATM machines.

8. Security Cameras – Installing cameras inside and outside your business can help deter potential theft as well as record an incident that occurs. Technology allows for easy off-site monitoring from any desktop, tablet or even smartphone.

9. Cash Control – Limiting access to the cash drawer, register or safe is one of the simplest ways to cut down on theft. Ultimately, the less hands that touch the cash, the less change of someone taking what's not theirs.

10. Involve and Empower Employees – The more you offer your employees a chance to take on responsibility, chances are they will feel more empowered to do so. Trusted employees can keep your business safe by keeping an eye out for strange or inconsistent behavior.

A Call to Action



At first glance, this article may seem a bit pessimistic and unsettling. However, through years of offering consulting services to businesses of all types throughout CT, MA and NY, The Rivo Consulting Group has seen the negative effects of business owners who turn a blind eye to internal theft. With increasing governmental regulations, increasing state intrusion, decreasing margins and a more educated public, independent businesses are plagued with more problems and threats than ever before! You don't have to go it alone, The Rivo Consulting Group is here to help provide objective counsel 365 days a year!

- Posting a great looking “Help Wanted” ad
- Screening potential applicants
- Interviewing techniques
- Background checks, reference/credential verification
- Policy and Procedure Development
- Position Statements
- Employee Handbooks
- HR Records Management
- Handling Discipline and Performance Improvement
- Lessening Unemployment Claims
- Lessening EEOC Claims
- Maximizing Morale while Decreasing Turnaround
- Mystery Shopping & Undercover Investigation