

# 6 Distribution Center Product Theft

Target Process

Target Asset

Impact

**DISTRIBUTION**

**FINISHED GOODS**

**MODERATE**

## EXAMPLES

- Stock is left on an outdoor dock or staging area during unloading process and pieces/cartons are removed and placed in personal vehicles.
- Pieces/cartons of damaged product are accessible while awaiting return or destruction, and are removed and placed in personal belongings.
- A process for direct-to-consumer shipments departing from the DC allow stock to be sent by distribution center staff via parcel shipment to unintended recipients.
- Orders leaving the distribution center are not adequately verified, allowing additional pieces/cartons to be added to trucks without documentation.
- Trucking companies carrying customer orders do not adequately track deliveries, allowing unintended pieces/cartons to be offloaded to undocumented destinations.

## PREVENTATIVE CONTROLS

- Licensee uses distinguishing master carton markings to allow immediate identification of embargoed stock upon arrival at a distribution center. [Link to Master Carton Markings best practices.](#)
- Distribution centers hold embargoed stock (including damaged stock) in segregated, monitored, limited-access areas of the facility once unloaded.
- Distribution centers move arriving embargoed stock to be under continuous supervision until it is moved into secure storage.
- Distribution centers restrict employee personal belongings within areas where embargoed stock is present.
- Distribution centers wrap palletized embargoed stock to prevent accidental or intentional moving of cartons prior to embargo date.

## BEST PRACTICES

- Licensee requires piece counts during unloading of containers to verify quantities expected vs received
- Licensee requires piece counts during order loading to verify correct quantities are loaded
- Licensee requires trucking companies to verify and retain record of all customer deliveries to the piece level.
- Staff with access rights to embargoed stock areas should be clearly distinguishable from staff without access rights.
- Staff processing direct-to-consumer shipments should not be given access rights to embargoed stock.

## DETECTIVE CONTROLS

- Licensee requires periodic counts of embargoed stock held in facilities to ensure integrity.
- Licensee requires distribution centers to use CCTV monitoring at points of employee and stock entry/exit from facility .
- Licensee requires inspection of personal belongings and vehicles that are brought into areas where embargoed stock is present.
- Licensee requires any direct-to-consumer parcel shipments to undergo supervisor verification for accuracy at the packing and at the labeling stages.