



Employee Theft: Not What You Think

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All business owners hear dire warnings of the rise in employee fraud and theft, and they are concerned about how to detect, prevent and limit these occurrences. Typically under these circumstances the fraud they are dealing with is financial in nature. For example, fraud may take place when a bookkeeper is writing additional paychecks, creating fictitious invoices or using petty cash inappropriately, resulting in significant loss to the company. Employees may also help themselves to a variety of office supplies, including pens, paper clips, paper and staplers. While these are low cost items, the loss can mount over time.

The Silent Thief

But how about the less obvious theft that takes place daily at these same organizations—the theft of **time**? Since “time is money”—this is ultimately a very real, and very measurable, loss.

Employees have access to a number of wonderful technology tools, including the Internet, Blackberries, and cell phones. While these are meant to be used during work hours on behalf of the business organization, it will come as no surprise that they are often used for personal reasons as well. In fact, it is estimated that 30-40% of all Internet use taking place at work is not related to business at all.

According to a recent Gallup poll, the average employee spends more than 75 minutes every day using business equipment for personal use, most of which is spent surfing the Internet. Employees shop, view sports sites, trade stocks, participate in auctions, send and receive personal e-mail, and may even be viewing offensive sites, including pornographic sites. Amazon.com, eBay, RealNetworks and Travelocity are the most commonly visited. The numbers tell us that 70% of all web traffic takes place during work hours. To substantiate this claim, online shopping sites say that 92% of all shopping takes place during working hours—a statistic that clearly supports the general concern over employee usage of the Internet. Non-work related Internet use also includes other statistics beyond shopping. More than 85% of employees use their company's e-mail for receiving and sending personal messages and 30% of Americans admit to watching sports online during working hours as well.

What does Internet abuse cost businesses?

Hard costs

If an average employee hourly rate is \$20 per hour, the 75 minutes of Internet use every day for personal reasons can cost an employer about \$6250 per year for every employee. This means that a company of 500 employees can potentially lose \$3.25 million annually in lost productivity while their employees are focused on activities that do not add value to the company.

Soft costs

It is not necessary to do the mathematics to understand that employees who are not consistently focused on their work and who are

paying a significant amount of attention to other areas are less likely to do a good job and more likely to make mistakes.

Everyone agrees that for a company to be successful they need to have satisfied, loyal customers. But in order to accomplish this, the employees must be committed to delivering excellent customer service. If employees are preoccupied they cannot perform as effectively and efficiently for the customers, thus decreasing the company's ability to grow.

What can you do about cell phones at work?

There are many ways that employees can subtly “steal” time from their employers. Along with the Internet and personal e-mails there are also cell phones. The convenience of cell phones is here to stay, but employers can discuss the amount of time spent on personal conversations over cell phones. Employees may be taking personal calls in lieu of handling customer matters. Worse yet, clients may be put on hold or have to wait while an employee deals with personal issues over his or her cell. This use of cell phones sends a message to the clients: “You are not our top priority. You do not deserve our undivided attention.”

Conclusion

While improving workplace productivity is one way to increase profitability it is difficult to prevent employees from using the corporate network to conduct some personal, recreational business.

But, with experts saying that non-work related Internet usage costs corporate America more than \$1 billion, it is clear that decreasing productivity is too costly to ignore. It is a fact that the Internet distracts employees from their tasks. Rather than assume that employees will ‘do the right thing,’ employers have an obligation to take charge and work with employees to share insights and develop guidelines that will eliminate excessive non-business activities without alienating the staff.

The company may devise a cell phone policy, an Internet policy and a computer policy that outlines the need for monitoring and filtering. With these in place, employees may become more aware of the negative impact on the company when they spend time on their own personal matters. By sitting down with employees and asking for their help, ideas and cooperation, employers may be able to find new ways to keep people focused, enhance efficiency and maximize internal resources.

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