



BY **RON HALL** EDITOR-AT-LARGE

# THEFT: LOCK IT UP

In ultra-competitive times  
where razor-thin margins are the rule,  
no business can afford additional losses.

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**S**ome of your equipment is going to get stolen. It's just a matter of time. Your company's hand tools, trimmers, edgers, mowers, skid-steers, backhoes and even service trucks and equipment trailers — they're all vulnerable.

"Some of our stuff is going to get ripped off, hand tools especially. We know that and budget for that," says Jim Horung Jr., president of Elbers Landscape Co., Buffalo, NY.

"If thieves want to get your stuff, they'll find a way," says victim Scot Corley, owner of Lawns of Distinction, Ocala, FL.

What both companies fear most and guard against are the more costly thefts, the job-delaying rip-offs.

But thieves can be ingenious, both owners agree. The economic conditions spawned by the 2008 recession haven't helped, either. In fact, more than half (56%) of readers respond-

ing to a recent *Landscape Management* survey say they've experienced an increase in theft the past three years.

Horung cites the recent theft of equipment, including a snow blower, from his company's warehouse. Someone disabled the building's alarm and punched through a high, boarded-up window. Besides what they took, they forced open and badly damaged a warehouse door in extracting the units, he says.

Corley's losses, detailed later in this article, were greater and almost put him out of business.

Everyone interviewed for this report had his or her own theft story. Some were relatively minor (at least in terms of dollar value); others were financially and emotionally devastating. All agreed theft is an ever-present possibility and even minor lapses in security open their operations up to the loss of equipment, materials and, depending upon resulting service disruption, customers.

Whether the loss results from pre-meditated actions or spur-of-the-moment opportunity, heed the advice of the people we interviewed for this article, and implement their practical strategies to lessen the chance or severity of theft losses at your business.

**On the rise**

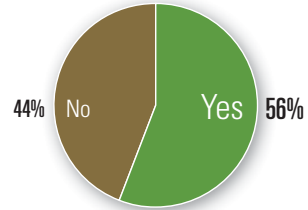
“There’s definitely been a big jump in theft claims this year,” says insurance professional Greg Botson, president of Avon, OH-based Botson Insurance Group, who just before this interview received a call from a client who had a truck and snow plow stolen. “We’ve had maybe 25 claims within the past year where a landscaper gets almost everything stolen.”

Even though respondents to our recent survey indicate the most commonly pilfered items are handheld power equipment (because it is easy to carry away and quickly sell for cash), this winter season — an unusually snowy one east of the Mississippi — has seen an unusual number of snow plows and skid-steers turn up missing as well. This is according to a spokesperson at the National Equipment Register (NER), a 10-year-old unit of Verisk Analytics that provides theft reporting and equipment identification services for equipment owners and insurers. Its services help facilitate information sharing with insurers, equipment owners and law enforcement to reduce theft and recover equipment.

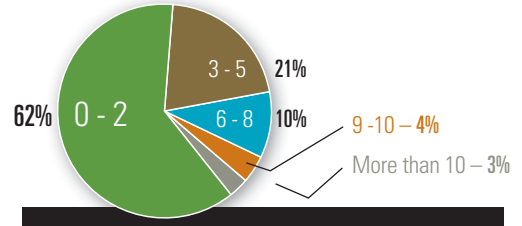
Indeed, that national database of stolen equipment estimates equipment losses (which includes professional mowing units) could be as much as \$1 billion annually. The NER maintains a database of more than 17 million equipment ownership records and 100,000 theft records. Those numbers continue to grow year to year as more owners take advantage of the service, which is recommended by their

**RECESSION DRIVES THEFT**

**HAS EQUIPMENT THEFT INCREASED IN YOUR BUSINESS OVER THE PAST THREE YEARS?**



**HOW MANY INCIDENTS OF EQUIPMENT THEFT HAVE YOU HAD IN THE PAST THREE YEARS?**



insurance carriers and law enforcement.

NER’s estimate doesn’t address the loss of smaller production tools and materials, most of which goes unreported. Also not included are stolen service vehicles, which is not as uncommon as you might think. Adding to this tsunami of financial losses is the soft, but nevertheless real, expenses attached to renting equipment to temporarily replace stolen units, management time lost to filing claims, and disrupted customer services.

But numbers alone don’t tell the whole story. The human toll is just as discouraging.

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## WHAT THIEVES WANT

### WHAT ARE THE MOST COMMON PRODUCTS/MATERIALS STOLEN BY OUTSIDE THIEVES?

- |                  |                               |
|------------------|-------------------------------|
| Hand tools – 37% | Trucks – 11%                  |
| Fuel – 23%       | Plants/nursery materials – 9% |
| Mowers – 20%     | Construction equipment – 6%   |
|                  | Hardscape materials – 3%      |

Handheld power equipment



### 'They knew what they were doing'

Florida landscaper Corley, mentioned previously in this piece, is practically starting over. At 50 years old and after 20 years in the business, Corley says he's been "limping along" since this past summer. That's because during a 10- to 15-minute stretch in the pre-dawn hours of July 19, 2010, thieves (Marion County sheriff deputies believe there were three) wiped him out. In spite of what Corley believed to be excellent security measures, they made off with his custom, 24-ft. enclosed trailer, three relatively new Scag mowers and a full compliment of STIHL equipment. He estimates his loss at \$50,000, a huge blow for his tiny company.

"You've heard the term obsessive-compulsive?" asks Corley. "That's the way I was with my equipment. I took excellent care of it, and I kept it clean. The hardest thing to replace was my custom trailer. It was a steel trailer, not aluminum. It was rugged. They wanted that trailer."

Everything was stolen from a chained and locked maintenance yard surrounded by a 7.5-ft. fence topped with barbed wire. The yard was lighted, and was monitored by three security cameras, but dew that morning coated the camera lenses with condensation. The thieves, including the truck they hooked to the landscape trailer, were recorded only as blurry images.

Corley believes he was the victim of a small, but well-organized gang of thieves, a conclusion he reached after learning of several similar break-ins in the same general area.

"They obviously had good contacts and surveillance. They knew what they were doing," says Corley, who was

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# AFTER



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thankful for local friends in the landscape business who lent him a trailer and a couple of mowers immediately after the theft so he could service his customers, many of whom have been with him 10 to 15 years.

Corley was victimized in spite of what most of us would consider excellent security measures:

- › storing his equipment within a fenced-in area, parking it in a circle and chaining smaller units to larger equipment;
- › installing functioning security cameras and motion sen-



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Thieves have stolen equipment off trucks while workers were on jobs.

sors in storage areas and on jobsites, whenever possible; and  
› making law enforcement aware

of the presence of his equipment and requesting more frequent patrols, especially in known high-theft areas.

Stacy Kaufman, marketing and sales director for the NER, says these types of thefts are all too common. The thieves are usually familiar with the equipment's operation and value. Often, in fact, it's also someone who is familiar with the owner's habits and the company's security weaknesses. Sometimes this is a former or current employee, someone with a grudge against the owner. Sometimes it's another contractor. Regardless, the sooner the equipment is reported stolen, the better chance of its recovery, she says.

"Most of the equipment that is recovered is found within 100 miles of where it was stolen. It may be repainted and have a new pin number on it. And it may even be used on jobs to compete against you," Kaufman says. To date, the NER, through its information-sharing network, has led to the recovery of more than \$35 million worth of stolen equipment. But even so, in 2009 the recovery rate for stolen loaders was about 25%, for mowers just 10% and for smaller pieces, a smaller percentage yet. These items can be converted to cash, pronto.

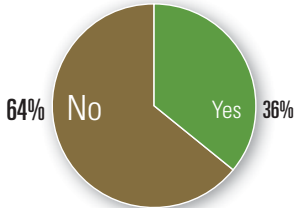
Kaufman advises owners to maintain and regularly update an accurate list of all their important equipment with accurate serial numbers if they ever hope to recover it once it's stolen, regardless of whether contractors use NER's services. (There is a modest fee for registering equipment.) She emphasizes the word accurate. "I

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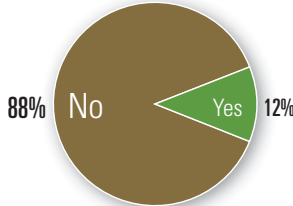
PHOTO COURTESY: STIHL

# EMPLOYEES & THEFT

**HAVE YOU EXPERIENCED EQUIPMENT THEFT BY EMPLOYEES?**



**HAS THEFT BY EMPLOYEES INCREASED IN YOUR BUSINESS OVER THE PAST THREE YEARS?**



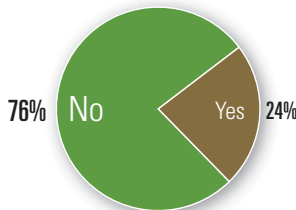
**WHAT ARE THE MOST COMMON PRODUCTS/MATERIALS STOLEN BY EMPLOYEES?**



Hand tools  
**51%**

- 41% – Handheld power equipment
- 39% – Fuel
- 14% – Customers (as side jobs)
- 11% – Trucks
- 10% – Plants/nursery materials
- 4% – Mowers
- 4% – Hardscape materials
- 0% – Construction equipment

**DO YOU HAVE PROCEDURES IN PLACE TO REDUCE EMPLOYEE THEFT?**



**WHAT MEASURES HAVE YOU TAKEN TO AVOID OR DECREASE EQUIPMENT THEFT BY EMPLOYEES?**

- 48% – Stricter penalties for employee theft as part of company policy
- 48% – Keep better records of equipment (PINs; serial numbers; make, model and year)
- 35% – Crew & equipment labeling to match employees with specific pieces of equipment
- 38% – Better security on trucks and/or investing in enclosed trailers/trucks
- 38% – Better security and lighting at storage facility
- 25% – More tracking devices and labeling on equipment
- 10% – Remove components to prevent equipment operation
- 8% – Request more visits/patrols from local law enforcement agencies



# 10

## STRATEGIES FOR REDUCING EMPLOYEE THEFT

Theft by employees can include bookkeeping fraud, wasted on-the-job time (see “Theft in the dolphin tank,” page 14), clandestinely acquiring customer lists or using company equipment to do “personal” work. But, to the point of this article, it more often involves pilfering equipment, tools, fuel and landscape materials such as topsoil, mulch and chemicals.

Minimize employee theft by making sure there is an accounting for everything that is used, plus demonstrating to your employees how theft has an impact on their benefits.

Consider these 10 practical strategies to reduce victimization by your own employees:

- 1** Conduct thorough checks on the references of prospective new hires, as well as checks on their educational credentials and criminal history.
- 2** Establish a clear zero-tolerance policy on theft and security, and make sure all employees understand it.
- 3** Examine and update financial controls, such as keeping checkbooks locked up and limiting the number of people authorized to write checks; having good documentation on where money is spent; auditing internal financial documents regularly; and checking invoices to make sure they match what was delivered.
- 4** Implement a closely monitored inventory system for all tools and materials.
- 5** Assign and make employees responsible for the care of their own tools.
- 6** Have employees store all tools in a locked, but visible screened-in enclosure.
- 7** Keep all chemicals secured in locked, metal storage containers. Only selected supervisors have keys to these areas. These containers, as well as the tool enclosures, should be equipped with locks that require keys that cannot be duplicated at any hardware store.
- 8** Block access to the premises. Lock the doors. Turn on the security system. Employee theft often happens after hours.
- 9** Use GPS to track service vehicles and to monitor vehicle and fuel use.
- 10** Act decisively and immediately fire any employee proved to be stealing, as described by your company’s policy of zero tolerance.

*continued from page 20*

estimate that 25% of the equipment that is stolen is reported with inaccurate serial numbers," she says.

## Planned or a lark?

As pointed out earlier in this piece, there are two basic types of theft — pre-meditated and opportunity theft, meaning someone sees something they can easily steal thanks to carelessness or poor security and off they go with the item. Sometimes it's difficult to determine which is at play.

Drew Roberts, CPCU, ARM, an Orlando, FL-area agent specializing in writing schedules for Florida landscape companies, says about half of the major theft claims his agency has received are from owners whose trailers and equipment were snagged from storage sites. The other half was the result of trailers stolen from jobsites. Roberts, whose BearWise Landscapers is a division of Black Bear Agency, says it's difficult to assess how many smaller pieces of equipment are stolen from landscape companies because equipment loss coverage (theft, fire, hurricane, etc.) generally carries a \$500 deductible and these losses are usually "eaten by the owners," he says.

But, according to Roberts, major factors contributing to theft include:

- › the value of the equipment (newer units are more likely to be targeted than older ones);
- › poor equipment and site security;
- › the relative ease of selling stolen goods in the used equipment market; and
- › low risk of detection and prosecution.

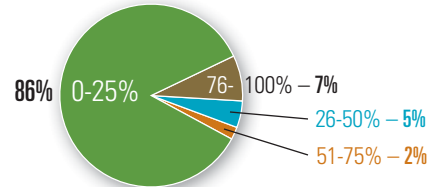
"Professional" jobs are not uncommon. LoJack, which offers vehicle and equipment tracking solutions, says it's helped law enforcement uncover more than 80 construction equipment theft rings and chop shops since 2000.

The recovery rate for stolen larger production equipment is depressingly low — just 18% in 2009, according to statistics maintained by the National Crime Information

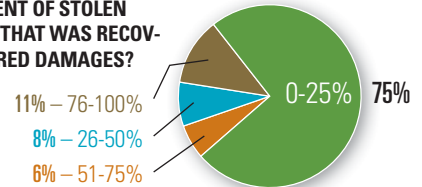
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## FULL RECOVERY?

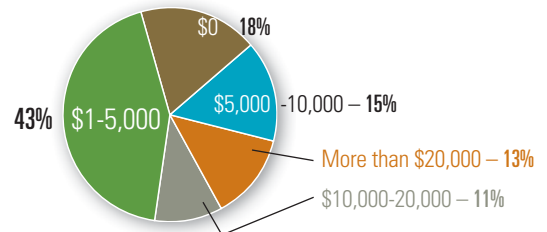
ON AVERAGE, WHAT PERCENT OF YOUR STOLEN EQUIPMENT HAS BEEN RECOVERED?



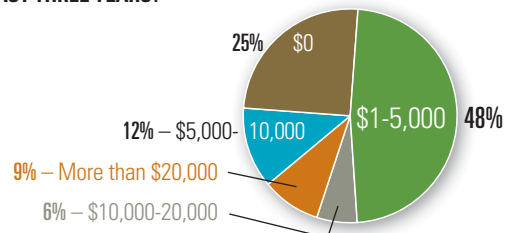
WHAT PERCENT OF STOLEN EQUIPMENT THAT WAS RECOVERED INCURRED DAMAGES?



WHAT WAS THE DOLLAR AMOUNT OF THE EQUIPMENT THAT WAS STOLEN FROM YOU DURING THE PAST THREE YEARS?



WHAT ADDITIONAL AMOUNT HAVE YOU SPENT REPLACING STOLEN EQUIPMENT DUE TO DAMAGE OR LOSS OVER THE LAST THREE YEARS?



Better security and lighting at storage facility

**59%**

## DETECTING THIEVES

WHAT MEASURES HAVE YOU TAKEN TO AVOID OR DECREASE EQUIPMENT THEFT BY OUTSIDERS?

Better security on trucks and/or investing in enclosed trailers/trucks — 49%

Keep better records of equipment (PINs; serial numbers; make, model and year) — 38%

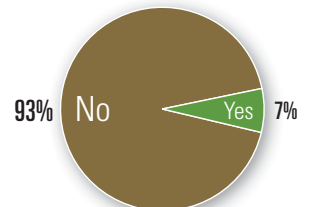
More tracking devices and labeling on equipment — 25%

Request more visits/patrols from local law enforcement agencies — 17%

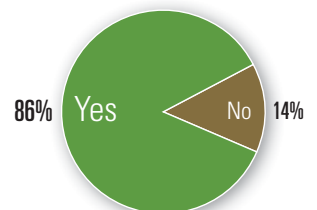
Remove components to prevent equipment operation — 14%



DO YOU USE TRACKING DEVICES ON YOUR EQUIPMENT?



IS YOUR EQUIPMENT INSURED?



*continued from page 24*

Center (NCIC). Of the 13,452 thefts of heavy equipment — the category that includes commercial mowers — only 2,428 were later recovered. Most of those units were ultimately recovered within 100 miles of where they were taken.

The five states with the most incidents of heavy-equipment theft, per the NCIC, are Texas, Florida, North Carolina, Georgia and South Carolina. Together, they account for 43% of total equipment theft.

Contributing to the low recovery rate were:

- › delays in discovering/reporting of theft;
- › inaccurate or non-existent owner records;
- › lack of pre-purchase screening of used equipment;
- › limited law enforcement resources dedicated to equipment investigations;
- › complexities in equipment numbering systems; and
- › limited, possibly inaccurate, equipment information in the law enforcement system.

“Opportunity” theft of the snatch-and-grab variety is more prevalent, but implementing and maintaining basic anti-theft measures more easily discourages (although rarely completely prevents) this type of pilferage.

WEB EXTRA

For more tips on securing your biggest pieces of equipment, visit [www.landscapemanagement.net/securingbigtoys](http://www.landscapemanagement.net/securingbigtoys)

## RECORD-KEEPING TIPS

- ✔ Keep a record of the manufacturer, model number, year, product identification number (PIN) and purchase date for each piece of equipment.
- ✔ Record the serial numbers of equipment and major component parts.
- ✔ Label equipment with unique owner-applied numbers.
- ✔ Mark PIN and owner-applied numbers in multiple locations on your equipment.
- ✔ Paint your tools and equipment a distinctive color.
- ✔ Keep an accurate and updated inventory of your equipment.

“I would say 90% of thefts from landscapers are opportunity thefts, and 90% of them are by amateurs,” says James F. Martin, CIC, CRM, CRIS, vice president of liability claim for CNA Insurance Co.

## Fighting back

Tool loss is a big financial cost and a major irritation to Greg Krause, Gary Krause Landscaping, Jacksonville, OR. He doesn't kid himself that the problem will disappear, so he

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# Cut Costs!

discourages it by requiring his employees bring and provide their own basic tools (tape measures, hammers, etc.), and tagging his name and address on his company's tools. "You almost have to grind it off," he says of his identification markers. "If any of my tools turn up in a pawn shop, my name and address are there to see."

He maintains anything an owner can do that makes something harder to steal will reduce losses. "Thieves are lazy. That's why they're thieves," says Kraus.

But not all opportunity theft is as trivial as a missing pruner.

Lee Helmberger, owner of Lee's Lawn Service, Omaha, NE, is still incredulous over the sudden disappearance of his parked Ford F-250 and 16-ft. trailer several years ago from a street in downtown Omaha. It was hot-wired and whisked away while his landscape crew was on a lunch break. The truck, sans trailer and equipment, resurfaced 45 days later when police notified Helmberger to move it because it was illegally parked. He found the truck with its fenders crumpled and its signage scratched off "like someone had gone over it with a cheese grater," he recalls.

Helmberger, like Corley, was fortunate he had friends in the industry to lend him equipment so he could continue to provide services to clients until he was able to replace his vehicle and trailer. It takes a month or more to process an insurance claim for lost vehicles or gear, even when an owner provides clear documentation.

"If you're down for 30 to 45 days, you're going to lose a lot of your customers," says Helmberger who, while grateful for the friends who provided him loaner equipment, also learned how important it was to maintain good credit with vendors. "We had to get equipment rather quickly and our vendors were willing to give it to me and be reimbursed later when we got our insurance settlement."

Because he keeps good equipment records, including meticulously logging the serial numbers of individual units, Helmberger says his insurance com-



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## EQUIPMENT THEFT

pany “was pretty good” about settling this claim.

To that point, CNA’s Martin advises landscape company owners not only to record serial numbers and keep equipment sales receipts, but also to maintain an up-to-date photographic records of all of their equipment and tools.

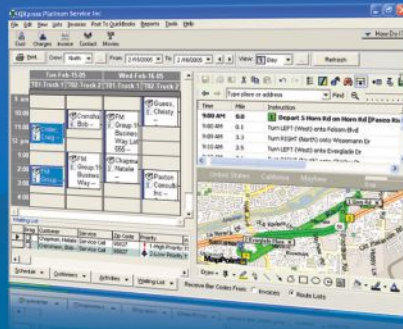
“Take pictures of your fully loaded trailer, because if you have to make a claim, you’re not going to remember every tool on that

Members of this The Grounds Guys crew transport their equipment from site to site in an enclosed trailer.



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trailer,” says Martin. “It also helps to prove what you’ve lost. Even open your toolbox and take a picture of everything in it. Let’s say you have a tool box of Snap-on tools; they’re pretty expensive to replace.”

While Martin, like other insurance professionals we interviewed, emphasizes the importance of adequately insuring your property, he also contends that it doesn’t relieve you of the responsibility of maintaining tight equipment security. Prevention is far less emotionally and financially painful than replacement.

Trailers and equipment used on job-sites are typically covered by an inland marine policy, also sometimes known as a “floater” policy. It’s a prudent investment, especially against the loss (theft, fire, hurricane, etc.) of any equipment that could damage your company’s ability to maintain customers.

Botson, of Botson Insurance Group, says owners have the choice of insuring their mowers and other major pieces of equipment at depreciated value or at replacement value. “We recommend replacement value,” he adds. “Let’s say you have a mower that you bought three years ago and you can sell it for \$5,000. If it gets stolen, and you have it scheduled for replacement rather than depreciated value, you can buy a new one once the claim is settled.”

Martin also points out that there are many soft costs related to replacing what you’ve lost.

“For every dollar you get back in insurance for stolen items, you’re going to be spending two or three more dollars,” he explains.

And, in these ultra-competitive times where razor-thin margins are the rule, what small business can afford these types of losses? **LM**