

# The Ins and Outs of Warehouse Security

By Sue Poremba, Contributing Writer

In a retail environment, much of the security focuses on protecting the merchandise. Yet, the risks begin long before the merchandise makes it to the store.

The Deloitte study points out four key elements that are essential for lessening supply chain risks. They are:

**Visibility:** The ability to monitor supply chain events and patterns as they happen,

enablers include people capabilities and analytics capabilities.

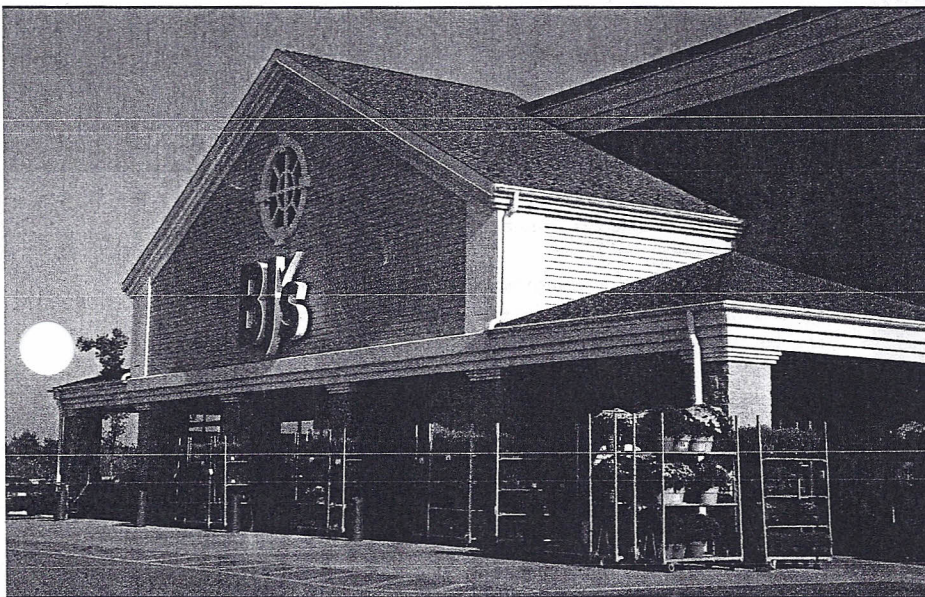
**Control:** Having policies, monitoring capabilities and control mechanisms that help ensure that procedures and processes are actually followed. Critical enablers include governance processes and analytics capabilities.

These points can also serve as a guideline for how warehouses and distribution centers address their on-site security needs. As Andrew Elvish, VP of marketing and industry with Genetec, points out, there is always a lot of activity happening on the distribution side. Because of the layout of the centers, the high amount of traffic both inside and outside, and the constant flow of people, merchandise and machinery, it is vital for the facilities' management to be equipped with the right security options to eliminate risk.

Security in a warehouse facility can be broken into two parts – inside and outside. As you set up your security system, you have to identify where the potential losses are coming from, both internal and external.

The trick to providing the best security in the distribution center environment is to address the unique needs of the facility. One way, says Elvish, is to reconsider how to observe the inside of the center on the video screen. Lots of video management systems show their streams in 16"x9" format. However, warehouses have long aisles that are only partially seen in the traditional screening method. Elvish believes that turning the video stream into a vertical rectangle rather than the horizontal. It's a small thing, he adds, but when you think about warehouse monitoring, it needs to be approached a little differently than traditional retail space.

The security team must also consider access points into the facility, along with the natural flow of people throughout the day. Bill Smoyer, Western Regional Sales



BJ's implemented an enterprise IP video surveillance solution because the system can accommodate thousands of cameras and enables the company to set its own parameters for storage and recording schedule. Currently, the system is deployed in 75 stores, with another 60 to be brought on board within the year. BJ's uses the solution to review video for investigations purposes and also on a non-incident basis to gather an understanding of where the stores could modify their processes before a loss or incident occurs.

Security has to begin with the supply chain and in warehouses and distribution centers.

The first area of risk falls within the supply chain itself. According to a report from Deloitte, *The Ripple Effect: How manufacturing and retail executives view the growing challenge of supply chain risk*, globalization and the push for greater efficiency and cost reductions has increased the security risks within the supply chain. The report states, "There are now more risks to the supply chain and risk events are becoming more costly. As a result, 71 percent of executives said that supply chain risk is important in strategic decision making at their companies."

which lets companies proactively – and even preemptively – address problems. Critical enablers include people capabilities and analytics capabilities.

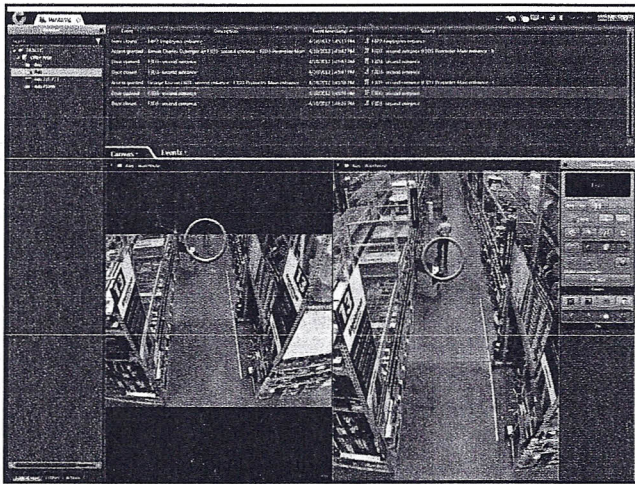
**Flexibility:** Being able to adapt to problems quickly, without significantly increasing operational costs, and make rapid adjustments that limit the impact of disruptions. Critical enablers include people capabilities and governance processes.

**Collaboration:** Having trust-based relationships that allow companies to work closely with supply chain partners to identify risk and avoid disruptions. Critical



Manager with Access Hardware Supply, suggests that the number of people entering the warehouse daily should dictate how many points of entry there should be. How many entrances do you need for employees, for instance? Do you regularly have visitors coming to the office? If so, there should be an entrance specifically for them. The type of security at these access points should depend on the customers who utilize the facility and the products stored inside. A center that stores precious metals, for instance, may want to install metal detectors to deter theft. A customs warehouse would likely need more security at access points than one that held paper goods.

In addition to the everyday employees and visitors, supply-chain facilities see a lot of truck traffic, and Smoyer believes that facility management should have some control over who is coming onto the property. He recommends that, in addition to the fencing that should protect any products stored outside, there should be a gate and a guardhouse to approve anyone going to the loading docks. A



Cameras capture the long and wide aisles inside BJ's Wholesale Club.

license plate reader is another option for keeping track of truck traffic at the warehouse. According to Elvish, the reader can be used to monitor the trucks that come on to the property. You can use license plate recognition to monitor truck traffic – what time did they arrive, when did they leave, how long were they at the truck dock, for instance.

Protecting the truck docks sets up a challenge because the doors are often left open all day. Whereas the front of the facility is well controlled, it is easy to enter the building through the docks. In this type of environment, Smoyer says the best security is to rely on employees to question anyone who doesn't seem like they belong in the facility. Keep doors shut and secured when the dock is not in use is another way to deter intruders. Cameras should also be focused on the dock area.

The warehouse yard also needs to be included in the security plan. This would include fencing around the yard and, depending on the situation, separately gated from the warehouse. Cameras should take a broad view of the yard but also have the ability to zoom. Even though the yard may be well lit at night, the cameras should have capabilities to monitor the property in low light.

Security systems in a supply-chain facility can do much more than security. The systems can act as enterprise-shaping technology and help the supply-chain industry become more efficient. Most endpoints for warehouse goods work in a "just in time" environment – those goods sit in the warehouse until the moment they are

needed, and then, of course, they are needed right away. The ability to build highly efficient systems is a big concern in warehousing. The security system allows managers to observe how goods are stocked and shelved, as well as how they are moved through the facility until they are loaded onto the trucks.

When BJ's Wholesale Club decided to upgrade its security system, the company also wanted to run more efficiently and keep employees and customers safer. The company provides a retail experience in a warehouse environment. Although the company is selling directly to customers, the company has security needs more in line with the typical warehouse facility. Response time to potential incidents is paramount. Each location employed an older video system comprised of a PC-based DVR and analog cameras to monitor its stores. The system featured an average of 32 cameras per store. But the legacy system was quickly reaching end of life, and more time was spent resolving issues with the DVRs, rather than using them to their best security advantage. Also, as in most warehouses, large equipment, such as forklifts, is frequently used to transport goods for restocking, and products are commonly stored on large pallets. The combination of a large space, frequent goods restocking and large machinery can lead to accidents. The company was looking for a solution that could help spot identify theft, fraud, intrusion and trespassing throughout the various stores, gas stations and distribution facilities. The system also needed to be scalable in case camera deployments were expanded and be able to store video for the time that we needed, and not based on the system's standard capabilities.

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BJ's security system was built on the premise that it would add new cameras and facilities onto its network. One of the key considerations in putting together a security plan is scalability. As facilities add more acreage to the original property or expand to multiple facilities, the security system should be built to adjust to any changes. Another consideration is the ease of accessing and using the information that is coming from the security system, particularly if there are several warehouses hooked into one system. As Elvish points out, if the system is too complicated, it won't be used.

Few companies have the luxury of having unlimited funds for security, so building a security plan for your budget requires understanding your needs. A smaller facility may want to consider products that are all-in-one, pre-packaged solutions with software pre-loaded, for example. Systems that are cloud-based are good options for areas that use fewer cameras, such as monitoring the facility's yard. This cuts down on IT overhead and saves money. Most important, focus on today's security needs, but plan to grow the security system as the distribution center grows.

Losses in the supply chain are costly, and as the Deloitte survey found, likely to grow if more isn't done to recognize the risks and create a solid security plan. **SECURITY**

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