

Brookstone Unlocks a Solution for Key Control

Re-keying system coupled with outsourced database to track incidents and report trends, keeps locksmith bills in check

BY ED MCKINLEY

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Suppose the assistant manager of a store storms out for good one night with a perimeter door key in his pocket. A cautious store manager, acting on loss prevention policy set by headquarters, would probably call in a local locksmith to change the locks. Since it's after traditional business hours, the locksmith would most likely charge a whopping fee for the task.

There is a lower-cost, riskier alternative to consider. The store manager could choose to cross his fingers and wait for an overnight carrier to deliver new lock cores and keys to the store sometime the next morning, but that's likely to induce at least one sleepless night — maybe two.

Security hardware decisions don't have to come down to a choice between two unattractive options, according to Wayne McBrian, director of loss prevention at Brookstone. McBrian says he has discovered "the key" to improving store security, while cutting costs and making life easier.

The Nashua, N.H.-based retail company uses a system of store keys that cannot be duplicated, combined with lock cylinders that store managers can change easily and inexpensively without the help of a locksmith. What's more, the system includes an outsourced computer database which records the serial number of each individual key, tracks its whereabouts, remembers who has it, manages incident reports and ferrets out trends in the chain's lock-and-key problems.

Brookstone is using locks and keys developed by InstaKey Security Systems of Denver and deployed by Security Source, a Peabody, Mass.-based company that provides loss prevention consulting, analysis and equipment. As a result, McBrian and his loss prevention team are breathing a collective sigh of relief.

"We were in the key business in a big way," admits Kenneth Boremi, regional loss prevention manager and manager of loss prevention systems for Brookstone, a multi-channel purveyor of hard-to-find, predominantly private label products in categories including lawn and garden, health and fitness, home and office, travel and auto.

"We no longer handle brass," Boremi says, describing the cache of hardware that headquarters staff used to keep on hand to replace any of the 5,000 cores in the chain's stores on short notice.

Company executives began testing InstaKey about three and a half years ago and deployed the system a short time later. By the close of the third quarter, Brookstone will have converted the entire chain to InstaKey.

The company, which operates 258 stores in 39 states, the District of Columbia and Puerto Rico, posted sales of \$380 million during the 2003 fiscal year. Plans call for the opening of 15 to 20 additional stores by the end of the current fiscal calendar.

THE HARDWARE InstaKey is a veteran resource for retail loss prevention. The company started in 1975 as Shield Security. The re-keying system was introduced in 1992 and eight years later the company overhauled its supporting software to allow users to access key data via the Internet. Home Depot, McDonald's, Wendy's, Burger King, Dollar General, GameStop and a number of universities and government agencies are among the companies that currently rely on InstaKey to manage key programs.

Cita Berthelsen, director of sales and marketing for InstaKey, describes how the system works. "First, the retailer equips the locks with InstaKey cores," she says, explaining that the cores fit 90

percent of the nation's commercial locks and cost as little as \$42.80 each, depending upon the size of the retailer.

When a key-holding employee quits or is terminated and refuses to turn in a key, the store manager removes an InstaKey "step key" and a new set of employee keys from the safe. The step key removes a wafer from inside the core, resetting the pins inside so the old keys no longer open the lock. The manager distributes the new keys to employees and the job's finished.

To prepare for the next re-keying, the store manager notifies InstaKey or an InstaKey dealer, such as Security Source, of the need for another packet containing a new step key and another set of employee keys. Managers can re-key nine to 12 times before replacing the cores, Berthelsen says.

The do-it-yourself re-keying eliminates the need to call in locksmiths, who typically charge \$80 to \$175 to change the locks in a typical store, according to Berthelsen. Stores with anywhere from two to 15 perimeter doors might qualify as "typical," however, some stores have more locks, such as those used on cash drawers, safes or valuable inventory. That could result in considerably higher fees.

Even chains that expect store personnel to swap cores when necessary can benefit from InstaKey, says Brookstone's McBrian, because using this system eliminates the need for replacement lock cores and keys to be stocked and sent out on demand.

Jayson Score, Security Source vice president and general manager of locks and hardware, recommends the system to clients, in part, because InstaKey maintains such tight control of key blanks — instituting special measures in the factory and providing blanks only to InstaKey dealers.

A trip to the local locksmith or home improvement center won't net a duplicate for a dishonest employee because the blanks aren't there. The need for laser cutting and close tolerances also limits unauthorized duplication, he says. In addition, each key is engraved with a unique serial number that further discourages illicit duplication and also aids tracking and control.

THE SOFTWARE Keys and locks can be tracked in a computer database. The database, which Security Source dubbed InfoSource, contains information on

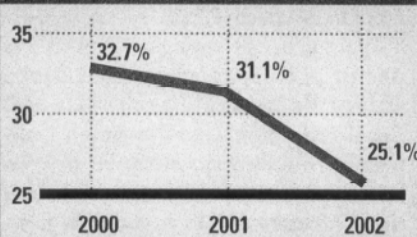
every key. If someone finds a key in the parking lot, for example, the store manager can submit the serial number by phone or e-mail and find out which employee was assigned that key, says Berthelsen. The database also keeps tabs on how many times each store has used a step key to re-key the locks, making it easy to know when to replace the cores, she says.

Security Source maintains a 24-hour, seven-days-a-week call center to field questions and record incidents submitted by store personnel. The company tracks incidents "from inception through completion," putting together the data and

Management Turnover Affects Key-Control Program

The results of a recent NRF survey indicate just how important it is for retail companies to have a cost-effective key control program. Although turnover at the store manager level has declined over the last two years, it remains significant.

Store Manager Turnover



Source: NRF 2002 Annual Specialty Store Compensation and Benefit Survey by Management Services Associates

reporting trends to loss prevention executives at the retailer's headquarters, Score says. The data can be sorted and reported by store, district or region.

Working with Security Source can also save a retailer from dealing with the phone numbers, invoices and payment of literally hundreds of locksmiths. Security Source can draw upon its network of 1,500 locksmiths across the country and "talk their language" in arranging store visits, says Score.

Freed from some of the day-to-day hassles of keeping stores safe, loss prevention people can concentrate on correcting exceptions, singling out problem stores and helping them make corrections, Score says.

At many chains, Score notes, the facili-

ties maintenance staff has responsibility for security hardware but may not have a rapport with the loss prevention people. Security Source can help bridge that gap, he says. Eight-year-old Security Source works with 80 percent of the nation's biggest 250 retailers, as measured by sales volume, and has helped fit some 10,000 stores with InstaKey hardware, he says.

BROOKSTONE LANDSCAPE Three regions, each with about 100 stores and two district loss prevention managers, make up the security landscape at Brookstone. In typical stores, three employees carry keys — the manager, the first assistant manager and the second assistant manager. Exceptions occur, including the big Rockefeller Center store in Manhattan, which has seven key holders.

"The biggest challenge is turnover," says McBrian, who declines to provide exact figures, but notes that it's just not unusual to lose a store manager.

Store personnel at Brookstone can change lock cores themselves, helping to hold down the cost of switching to InstaKey. The cores from InstaKey fit virtually all of the older locks in the Brookstone stores, Brookstone's Boremi says.

When a store's converted, a loss prevention manager sets up a conference call with store employees to "walk them through the process" of installing the cores and using the step keys, says Boremi. Putting in the InstaKey cores is exactly like replacing other types of cores and many store managers have done that before. "All have been able to do it," he says of store people managing the InstaKey system. "Most get through it painlessly."

All new stores are fitted with InstaKey hardware from the beginning, he adds. When switching to InstaKey at an established store, the new cores don't qualify as a capital expense, McBrian explains. The cost comes out of the expense or maintenance budget but the equipment pays for itself quickly by reducing the need to replace cores when employees leave.

At Brookstone, McBrian and Boremi cite an unexpected bonus derived from the use of the InstaKey system. "We love the curiosity that the store employees show during the conference calls," says Boremi. "The whole process makes them more aware of security."