Tap the knowledge of your front-line staff

When I decided to shift my career into a business-oriented field, I had no idea that fraud comes in so many shapes and sizes. However, I quickly came to the conclusion that if it doesn’t look right, sound right, or smell right, then I should question it. Here I was, completely new to handling front-line employee activities, and within a week I was questioning protocols.

I was beginning a new career path as a night receptionist at a car dealership. My co-workers, much more experienced than I, knew the customers and could normally tell me what was acceptable. But as I moved on, and later upward, I realized that there was never any formal training on what was unacceptable—at least when it came to cash transactions. We often learned “by the fly” and much of the information seemed as though it was important enough to require a formal acknowledgement.

So, after telling you about my experience, I ask these questions. Do you put your “no no” list in writing for front-line employees? Do you have formal training on questioning during meetings on topics such as how to identify a fraudulent credit card or restrictions on accepting checks? If not, why? Your front line is your first line of defense against fraudsters!

Let’s think a little deeper. Your front-line employees might be an untapped source of knowledge. Think about the people your organization hired. Did they all come from the same school? The same former employer? The same life experience? Probably not. With a variety of backgrounds and experiences, these employees might be able to provide you with thoughts on how to identify customers’ possible fraudulent activity.

Employees who daily work with your customers witness firsthand those behaviors that could be indicators of fraud. You need to get that information incorporated into your fight against fraud. But how do you find the time to do that? You need the registers covered, live bodies on the floor, phones answered. And you might have multiple shifts of front-line employees. You can’t just pull everyone away at once to talk about fraud. Still, making fraud prevention a regular part of communication is imperative to keep employees aware of these risks.

Management might be removed from your front-line people’s daily activities. So they have to find non-intimidating ways to approach front-liners and gather valuable ever-changing knowledge that evolves with the customer base.

Here are a few ideas on tapping this valuable resource:

1. Standing meeting agenda: If management already has regular meetings with front-line employees, how about establishing fraud prevention as a standard part of the agenda? Making this a regular topic of conversation can encourage employees to discuss concerns and share strategies they’ve used in previous positions. It can also make them more alert to the risk of fraud and how they can be part of the solution. As Benjamin Franklin is reported to have said, “An ounce of prevention is worth a pound of cure.” And encouraging front-line employees to help deter fraud prevention is an ounce of prevention worth the management time.

2. One-on-one meetings: You must frequently encourage front-line employees to give their input to keep them engaged in the fraud prevention process. However, asking for input in groups is intimidating to some and perhaps even unproductive depending on the position of the employee. So one-on-one meetings might be essential in some circumstances.

3. Company newsletter: Include fraud prevention tips in your newsletter and email blasts. Encourage front-line employees to discuss these tips at meetings as a catalyst for other employees to share their ideas or concerns. It’s a great way to open lines of communication and discover new strategies.

4. Invite promoted employees into the conversation: Employees who have been on the front line but have moved into other departments can help facilitate conversations on fraud concerns. They know what happens daily and probably have the right questions to ask to develop solutions. However, because fraud is always evolving, keep the current front-line employees in the conversation. A well-rounded fraud prevention team filled with diverse experiences and education is a dynamic weapon in fighting fraud.

One of the most powerful tools that fraud examiners and management can use is their presence. Yes, computer and camera monitoring can be valuable instruments in monitoring the daily activities of front-line employees. A physical presence, however, provides strength to front-line employees’ perceptions of an organization’s concern about fraud. You’ll make your interest known, and asking questions shows you respect the staff’s input and that you’re available to them. Your presence also is a deterring factor to potential fraudsters who walk through the door.

Set traditional observations aside when you show up at the front lines. Don’t just focus on employee performance; target the performed tasks, flow of business and customer behaviors to discover how they could create fraud risks. Then ask your questions on the work scene as it occurs to you and as the staff expresses their concerns.

When you listen to your front-line staffers’ ideas on fighting fraud, you create energy and loyalty, which is so important when they discover fraud or possible perpetrators. If they know you support them and that you’re on their side, they will go to the wall for you and the organization. And then your front-line employees know you’re serious about fraud prevention and deterrence. And you’ll know that the tone at the top of your organization is strong and shining.

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Ensure a shining Tone at the Top

A key part of a fraud prevention program is the express commitment of the board and senior management. This commitment forms the basis of the organization’s anti-fraud culture. A strong corporate culture can most often be observed by its outcome, rather than by any individual component. Fostering a culture of ethics and compliance runs deeper than simply implementing a checklist of initiatives. Similarly, a culture of corrosion can exist even in companies with seemingly sound policies in place. However, organizations that cultivate ethical corporate cultures frequently have one thing in common: a strong tone at the top.

To achieve an organizational culture with a strong value system founded on integrity, management must show employees through their words and actions that dishonesty or unethical behavior won’t be tolerated. Management must also create an environment in which employees feel safe to challenge management’s decisions or speak up if they think something is wrong. A general culture in which employees feel heard when they have concerns can reduce the risk of fraud significantly because employees often feel more loyal to their superiors. Such a culture also might be able to prevent unethical behavior because issues of anger or stress are dealt with before they escalate to the point of a fraud.

Additionally, management must exude ethics to model the behavior that’s expected of the staff. When management believes and acts as though it’s “above the law” with respect to company policies, staff members are much less likely to follow rules. Staff members frequently resist management for expecting them to behave in a certain way when members of management don’t need to behave in the same way themselves. However, when management acts ethically and follows organizational policies, the staff tends to respect and appreciate the behavior— and copy it.