



**Asset Protection's Role in
Transforming Organizations –
Fostering an Ethical Culture**

National Retail Federation
Loss Prevention Conference and Expo
New Orleans, LA
June 20, 2012

NRF – MAKING A REAL DIFFERENCE

- Initiatives are successfully increasing awareness of the critical role of RETAIL in this economy
 - “Retail Means Jobs” campaign
 - “This is Retail” video contest
- Heightened focus on legislative/governmental priorities
 - E-fairness through sales tax collection
 - Easing tourist visa restrictions

SAKS INCORPORATED TODAY – WHO WE ARE

Multi-Channel:

- 45 Saks Fifth Avenue stores
- 63 OFF 5TH stores
- saks.com

Our Mission:

At Saks Fifth Avenue we promise a distinctive service experience and product offering that will enable each customer to look and feel their best.



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VIDEO – THE HERITAGE OF SAKS FIFTH AVENUE



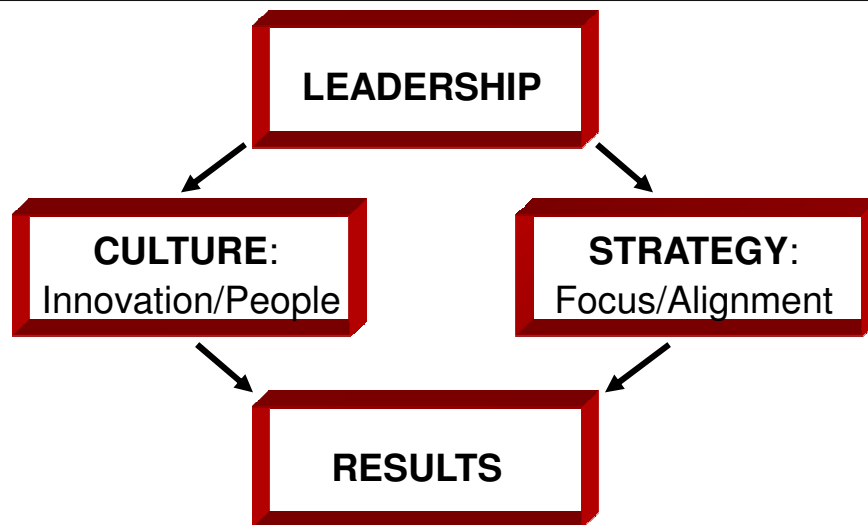
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SAKS – LOOKING BACK

- Acquisition by Proffitt's in 1998
- Complicated business structure, with two segments – SFAE and SDSG
- Divested traditional department store business in 2005/2006, simplifying the business
- 2005 internal and SEC investigation into markdown allowance improprieties was transformational for Saks

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SAKS LEADERSHIP MODEL



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SAKS INCORPORATED'S CULTURE

- Collaborative and teamwork focused
- High-performance expectations
- Entrepreneurial and innovative
- Diversity is valued and nurtured
- Expectation of ethical behavior
- Focus on leadership development

SAKS
INCORPORATED

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LEADERSHIP FOCUS

- Articulating a clear and compelling vision that is embraced by the entire organization
- Building an innovative and customer centric culture
- Attracting and developing leaders at all levels
- Leaders developing leaders – Saks has an impressive record of attracting and developing industry leaders

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THE EVOLUTION OF ASSET PROTECTION

- Asset protection now goes way beyond just apprehending shoplifters!
- AP sets the stage for an ethical corporate culture
- AP is involved in addressing ALL business integrity-related risks and exposures throughout the Company
- AP initiatives play an integral role in the Company achieving its financial plan

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COMPANY TRANSFORMATION THROUGH ASSET PROTECTION

- AP has a seat at the executive table
- Compliance, ethics, and AP are top-of-mind when making business decisions
- Keys to transforming an organization through asset protection and fostering an ethical culture:
 - Attracting and retaining the right people
 - Collaborating and building partnerships
 - Implementing effective programs
 - Communication and training
 - Utilizing emerging technologies

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ATTRACTING AND RETAINING THE RIGHT PEOPLE

Along with technical skills and expertise, each team member must be:

- Ethical
- An effective communicator
- Collaborative and adept at partnership building
- Knowledgeable about the company and the industry
- Inquisitive and innovative
- Able to add value to the organization

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COLLABORATING AND BUILDING PARTNERSHIPS

- AP is integrated into ALL areas of the Company – merchandising, stores, IT, etc.
- AP plays a key role in new initiatives, like Project Evolution
- AP has an open-door policy and is used in an advisory role throughout the organization
- Non-silo approach – AP determines how they can best serve the overall business
- Every Associate has a role in AP and in upholding an ethical culture

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IMPLEMENTING EFFECTIVE PROGRAMS

- Multi-layered approach
- Develop and help implement comprehensive shortage control plans
 - For each channel (full-line, OFF 5TH, Direct)
 - By store
 - By merchandising area
- AP is integral to the development of a wide range of policies and procedures throughout the Company

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IMPLEMENTING EFFECTIVE PROGRAMS

- AP is responsible for annual physical inventory in its totality
 - Planning
 - Count
 - Reconciliation
- Effective and widely-used Corporate-wide programs
 - Speak Up Policy
 - Alert Line

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COMMUNICATION

- Tailor communications to audience
- Annual, comprehensive communications plan developed and implemented
 - Consistent and frequent messaging
 - Weave messaging throughout various communication vehicles during the year
 - “Straight Talk” with Steve
 - Quarterly Business Updates and Town Halls
 - “Do This, Not That” email series

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TRAINING

- Ethics and Compliance Month every July – EVERY Associate participates
- Comprehensive training programs for AP team members
- In-store “Step Beyond” Program - helping communicate and drive results while developing and retaining key Associates

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UTILIZING EMERGING TECHNOLOGIES

- Remote viewing from central location
- POS monitoring in conjunction with video
- State-of-the-art security command center
- Testing other emerging technologies
 - RFID
 - Facial recognition
 - Video analytics

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KEY TAKEAWAYS FOR AP PROFESSIONALS

- Understand the nuances of your business and industry
- Become an expert in your field to get a voice at the table
- Don't be afraid to voice your opinion – it matters
- Refine your communication skills
- Teamwork, relationship building and collaboration are key
- Be a problem solver
- Think outside the box – innovate and drive change

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“MUST-HAVES” TO DRIVE SUCCESS

For the Company and for AP...

- An ethical culture, with the tone set at the top
- Stable, talented, and innovative leadership team
- Alignment around clearly articulated strategies
- Focus on leadership development
- Collaboration
- Nimbleness – willingness and ability to adjust
- Over-communication throughout the organization

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