





Supply Chain Security: Preventing Cargo Theft

Global supply chains require added precautions when transporting cargo.

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Ryder Supply Chain Solutions

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Today's economy is driven by a global supply chain. Goods are moved around the world 24/7 – packed and transported by air, rail, sea or truck. As the supply chain grows more complex, so does the ability to secure them. One of the biggest challenges affecting businesses today is cargo theft, and the resulting potential disruption of the supply chain.

How large is this problem?

It is difficult to quantify because cargo theft is not always categorized in the same manner and often goes unreported. According to the FBI, the estimates range between $15 to $30 billion a year.[1] However, this figure does not capture the indirect costs associated with theft such as lost sales, production down time, and missed deliveries. In addition to the financial losses, certain industries such as alcohol, tobacco, and pharmaceuticals face the risk of their products being sold to minors or being counterfeited.

What's in it for cargo thieves?

The obvious answer is the value of the cargo. However, there is another element affecting the dynamics of cargo theft: a relative lack of downside risk. Cargo moves anonymously across the nation's roads and highways, through jurisdictions with varying resources and abilities or willingness to prosecute if apprehended. Cargo thieves know that law enforcement and prosecutors are less likely to give cargo theft a high priority when the cargo's owners,

[1] Sean Kilcarr, " Dealing with Cargo Theft," Fleet Owner magazine, 11/28/08

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transporters, and thieves are from another jurisdiction. If there is an apprehension and prosecution, the sentences are often less than other types of crimes such as drug trafficking. Because of the relative ease of hijacking and the lenient punishments of prosecutions, cargo theft continues to grow larger year after year. High value products, like consumer electronics, are in high demand.

How does it happen?

The criminal element responsible for cargo theft is more sophisticated than ever. A well-executed cargo theft is pre-planned and highly coordinated. The stolen goods are often moved quickly to a warehouse, off-loaded, repackaged, re-manifested, and placed on another vehicle; often before the theft is discovered or reported to law enforcement. This "illegitimate supply chain" is managed by organized crime operations that know what they are targeting and have the ability to move, transload, and distribute stolen goods within hours. Today's virtual economy often works against legitimate businesses by facilitating the distribution of stolen goods through on-line marketers and auction sites.

Can GPS and Telematics prevent cargo theft?

Advances in technology, such as GPS tracking, have improved a fleet manager's ability to monitor vehicles. Onboard telematics technology significantly improves the vehicle recovery process and may deter a less sophisticated criminal. While there have been many success stories with onboard tracking systems, GPS and other common tracking technologies are frequently defeated as criminals adapt to a hardening of the transportation network. Technology alone is not the magic bullet against cargo theft. An effective security program must be well planned and combine technology with robust security procedures and fundamental security practices.

An effective security program must be well planned and combine technology with robust security procedures and fundamental security practices.

These practices include:

1. **Be Alert**. Be aware of possible surveillance being conducted on your facility's operation. Signs to watch for include:
    - Vehicles parked outside your facility or within view of the facility gates and entrances.
    - Individuals with cameras (still or video) or taking notes outside your facility.
    - Unauthorized personnel inside the facility, on the grounds, or walking the perimeter.
    - Vehicles (usually mini-vans or SUVs), especially those with two or more occupants, that appear to be following your drivers. It is not uncommon for cargo theft teams to follow their target for hundreds of miles waiting for an opportunity to hijack the vehicle and cargo.

2. **Respond**. Immediately report all suspicious activity and/or theft to management and law enforcement officials.
    - Criminals can move stolen goods quickly, so immediate reporting of theft to law enforcement is critical.
    - Respond to every alarm. Frequent "false alarms," including attempted entries or break-ins into the facility, may be a sign that suspicious individuals are testing the facility security system and response times for law enforcement.

3. **Manage Information**. Do not share information on cargo or operations with anyone except those involved in the operation.
    - Limit load information within the facility to parties who have a need to know the information.

Cargo operations information should be limited to those who are involved in the operation.

- Maintain inventory control. Unusual changes in inventory levels may help to alert when something is awry.

4. **Know Your Supply Chain.**
    - Know the carrier and driver that are scheduled to pick-up your cargo and verify their identity before a load is released.
    - Monitor delivery schedules and routes, treat suspiciously any over due shipments or out of route journeys.
    - Review the security of your supply chain partners and know where your cargo will stop along its route. Will it go directly to the delivery point or will the cargo be consolidated with other cargo or sit temporarily in another yard?

5. **Execute Basic Safety Practices**.
    - Keep trucks locked and park them in an organized manner on a well-lit facility lot.
    - Ensure alarm systems are functioning properly, and monitored by a central station that has updated contact information. Ensure your central station is capable of detecting telephone line interruptions, typically with a DVAC line or cellular backup.
    - Communicate to driver teams that one person must remain with the vehicle at all times.
    - Review security at your site regularly and quickly address maintenance and repair items.

6. **Screen and Train Employees**. Often cargo theft is perpetrated with inside help. Rigorous pre-employment screening will help weed out those most likely to steal merchandise from a warehouse, loading dock, or truck.

Cargo theft is often perpetrated by inside help. Employees should be screened and educated with security training.

After screening, make your drivers effective with good security training including:

- Communicating security awareness information and location-specific security rules to employees and carriers.
- Providing security training covering basic topics such as their role in the security system, how to report security incidents, and how to recognize internal conspiracies and suspicious activities.
- Participating in the Highway Watch program to train drivers to look for suspicious and possibly terror - related activities.

7. **Be involved.** There are several organizations that can help you combat cargo theft. These include:
   - International Cargo Security Council (http://www.cargosecurity.com/ncsc/) and your Local Cargo Security Council
   - American Society for Industrial Security (www.asisonline.org)
   - Customs-Trade Partnership Against Terrorism (C-TPAT) (http://www.customs.gov/xp/cgov/import/commercial_enforcement/ctpat/)
   - Technology Asset Protection Association (TAPA) (www.tapaonline.org)
   - Cargo theft task forces (http://www.cargosecurity.com/ncsc/images/Cargo_Security_Councils.pdf)

In addition to preventing theft, making investments in security to address the areas covered in this article, from hard costs associated with technology and systems, to investments in training and resources, will ultimately improve supply chain efficiency, customer satisfaction, and bottom line results.

Making investments in security will ultimately improve bottom line results in addition to reducing theft.

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