

RISK MANAGEMENT PACK OP SHOPS

Op Shops are a fantastic tool for achieving organisational mission. AIRS members usually look to achieve 3 major strategic objectives through Op Shops:

1. To distribute affordable goods and clothing to local communities.
2. To provide a key touch point for community connection.
3. To provide much needed revenue.

Over the past 20 years, Op Shops have shifted their value in the mind of the community. ABC Radio National talent Joey Watson recently stated, “*Op Shops have shed their stigma and won the hearts of hip, eco conscious consumers*”. His prediction is that we are coming to an era where second-hand becomes the default due to a growing awareness of the environmental impacts of buying new and discarding goods.

BACKGROUND

There are approximately up to 200 Opportunity Shops (Op Shops) in the Anglican AIRS network. In the last few year years there has been a progressive increase in both property and liability claims emanating from Op Shops across the membership. This paper highlights the key risk concerns and presents a succinct guide to managing risks in the Op Shop setting.

COMMUNITY EXPECTATIONS AROUND SAFETY

Today there is a much broader section of the community becoming Op Shop customers. There is a growing expectation that Op shops not only meet minimum retail safety and management requirements, however present themselves much more professionally and relevant in today’s world.

Despite moves towards more professionalisation, Op Shops still have a broad profile. At one end of the spectrum are small stores that are volunteer-managed, selling donated goods only, and charging very low prices. At the other end, are more “upmarket” shops, which employ paid management, sell both new and donated goods and occupy more prominent, main street frontages.

Ultimately however, the law requires the same application of health & safety standards as any major retailer, so the management of risk is no longer optional, but a requirement irrespective of the type of establishment.

KEY OP SHOP RISKS

1. Store Lay Out & People Movement

Space, lay out and the movement of people is a continuous challenge for Op Shops. The volume and variety of goods resembles a small version of a traditional department stores ranging from clothes, books, sporting equipment and toys.

Managing available space and goods in this type of retail space poses risks around safety for customers and employees. This is further highlighted in Op Shops trying to manage customer numbers in a COVID-19 environment.

In addition is the risks associated with smaller sorting spaces for volunteers usually separate to the customer retail space.

In a recent Claims Update meeting with our broker Marsh, Neil Bull of AIRS noted: *"Our claims experience indicates that increased numbers in cramped spaces leads to inevitable injury for patrons and employees resulting in expensive liability claims."* *

2. Employee & Volunteer Management

Most employees engaged in Op Shops are volunteers. They give their time freely to assist their local Op Shop in raising funds for their Church, Care, Ministry programs.

Their expectations on how they are managed is no different to a paid employee.

At a minimum, all retail focused Work & Health And Safety requirements need to be implemented to ensure a healthy, happy and sustainable workforce.

3. Security

Theft and physical attacks are also a major issue challenging Op Shops. According to the Salvation Army,

"...thieves are stealing up to \$750,000 worth of clothing and goods from their organisations and up to 150,000 donated items disappear each year from their Melbourne stores as well as the few charity bins around the state..." ²

While in any retail organisation theft has always been a problem, this problem is reported as getting worse with more goods dumped outside Op Shops.

4. Stock Collection and Management

Attention on risk must be paid to the pre-retail process. In particular, the following issues need to have risk strategies considered and applied:

- Charities are paying more than \$1 million a year³ to clear household rubbish dumped outside their stores in Victoria.
- Thieves stealing from charity shops overnight, taking the best items left outside by well-meaning donors and scattering the rest, making much of it useless.
- Risks associated with charity bins including fire, rough sleeping, syringes and drug paraphernalia.
- Collection and management of electrical goods.

5. Committee & Governance Responsibility

Unlike other charitable institutions with Op Shops, many Anglican Op Shops have a decentralised oversight of their business. Whereas the Brotherhood of St Laurence or the Salvation Army have a centralised decision making process, many member Op Shops are run by a Committee or sometimes a Board that reports eventually to a Diocese or Care member.

This creates challenges will often well-meaning Committees Members having governance responsibility over a retail operation with little or often no governance understanding. Neil Bull from AIRS recently stated, *“We have recently seen insurance claims directly through theft of funds resulting directly from mismanaged Op Shops... and where there is poor process and no governance accountability.”*

MEMBER RISK MANAGEMENT IN PRACTICE

Within our membership, there is a varied approach to managing Op Shops. Some Dioceses have very thorough and comprehensive guidelines that address all process and challenges in managing the overall Op Shop operation. Some other members have a very short defined processes/procedures whilst others will simply have nothing.

From a risk view, AIRS is asking all Op Shops to undertake 2 key risk activities:

1. Undertake the AIRS Op Shop Risk ‘self’ audit (See Appendix 1 attached*).
2. Create a Risk Register to address the main risks. (See Appendix 2 attached)

Undertaking these 2 key risk management activities will invariably identify and make known issues that need to be addressed.

ACKNOWLEDGEMENT & ASSISTANCE

This risk news alert was researched and written by Jim Varelas (Risk Consultant for AIRS). For further information on how AIRS can assist you in managing your Op Shop risks, please don't hesitate to contact the AIRS Team.

**Neil Bull, CEO AIRS, July 2021*

³The Australian Centre for Retail Studies 2005 Report ‘Brotherhood of St Lawrence’

** The Op Shop ‘Self’ Audit was originally developed by the Baptist Union and is adapted with permission.*

Disclaimer

Anglican Insurance and Risk Services (AIRS) of 505/55 Swanston St Melbourne, Vic, 3000. Any independent advice in this document is general advice only and does not consider member's individual objectives, financial situation or needs. Before using any advice in this Briefing document to decide whether to purchase an insurance product, you should consider the appropriateness of it having regard to your own financial objectives, needs and personal circumstances. You should obtain a copy of, and consider, the relevant disclosure document and/or Product Disclosure Statement before deciding.

The information and data presented in this risk alert is sourced from publicly available material.

APPENDIX 1 – OP SHOP RISK ‘SELF’ AUDIT

Premises (Storage and Shop Area)

a. Are there slip, trip or fall hazards either within the shop or in the grounds leading to the shop, e.g. carpet condition, floor level, steps, ramps, lifts, handrails, electrical leads? Are these checked on a regular basis?	
b. Have electrical equipment and appliances been subject to testing and tagging?	
c. What protocols are in place regarding storage of heavy goods on high shelving?	
d. Is lighting adequate within the shop, particularly exits and stairs?	
e. Does the shop have appropriate toilet and washing facilities? Are these checked during the day?	
f. Are first aid kits available? Are trained first aid practitioners on duty?	
g. Are hazardous materials (chemicals, gas bottles etc.) securely stored? Are material data sheets (MDS) on-hand for all materials?	
h. Have the fire prevention facilities been inspected and maintained as required by regulation (signage, exits, sprinklers, smoke detectors, extinguishers, alarms, etc.)?	
i. Are fire exits clear of any obstruction?	
j. What emergency evacuation processes are in place? Do they cater for multiple emergency types: fire, tempest, physical attack? Are volunteers trained in the procedures? Have these been tested?	
k. Is the shop interior organised to minimise the risk of undetected shoplifting?	

Donated Goods

a. Does the shop have a clear policy of what goods will be accepted for subsequent sale? For example: <ul style="list-style-type: none"> • Products subject to regulation and/or safety standards such as toys for children under three, beds, safety helmets, cots and electrical goods. • Products subject to recall (www.recalls.gov.au) • Products banned or subject to mandatory safety (www.productsafety.gov.au) 	
b. Are all goods physically checked prior to being offered for sale? If electrical items are sold, have they been safety checked and are they tagged (either checked or not)?	
c. Is there adequate storage for donated goods?	
d. Is there an area for sorting and preparing goods for sale?	
e. Are workers sorting donated goods provided with gloves when handling goods?	
f. Have arrangements been made for disposal of goods not wanted?	

Staff & Volunteers

a. Are position descriptions available for all staff and volunteer roles?	
b. Is there a bullying policy in place?	
c. Have we catered for staff with physical disabilities?	
d. Is there a policy regarding the minimum number of workers in the shop at any time?	
e. What processes are in place for dealing with disruptive, aggressive or abusive customers?	
f. Are staff and volunteers properly trained in retail operations and customer service?	
g. What induction processes are provided to staff and volunteers?	

Security

a. Has the potential for theft of stock, equipment or belongings been considered? The potential for property damage?	
b. Is the whereabouts of all building keys known?	
c. What cash handling (including banking) protocols exist? What protocols exist in relation to security of customer debit / credit card data?	
d. Do you have policies for dealing with possible physical attacks?	
e. What emergency contact arrangements do you have in place?	
f. What incident reporting processes do you have in place? Does this include analysis after the fact, to support learning?	

Customers

a. Have we catered for customers with physical disabilities?	
b. Do customers have access to staff areas of the shop?	

People Movement

a. What are the risks associated with people entering or leaving the shop?	
b. Do you have appropriate traffic management protocols in place for customers, volunteers and staff moving around the shop?	
c. Does the shop have adequate signage?	

Cleanliness

a. Are there adequate supplies of cleaning products on hand e.g. detergents dishwasher supplies gloves for handling donated goods?	
b. Is training provided regarding the nature and efficacy of cleaning chemicals? e.g. How chemicals should be used risks associated (caustic) etc.	

Waste Disposal

a. Have additional waste disposal facilities been arranged in addition to normal council facilities? Do you have separate facilities for recyclables?	
b. Do you have a procedure for handling goods dumped outside the shop?	

Machinery Safety & Maintenance

a. Has a schedule for equipment cleaning and maintenance been prepared? Are records kept of inspections and maintenance carried out?	
b. Are machinery instruction manuals / guides available for all staff and volunteers? Are all staff and volunteers trained in the correct use of all equipment?	
c. Has an air conditioning maintenance schedule (e.g. filters, visual inspections) been prepared? Are records kept of inspections and maintenance carried out?	

Regulation / Registration

a. Has the business been registered with the local council? Have all registration conditions been met?	
b. Has the shop been inspected by local council and have all deficiencies been rectified?	
c. Has the business been registered as a charity with the ACNC?	
d. Has charity tax exemptions been granted by the ATO?	
e. Has the shop been registered with the local state fundraising authority?	

Business Operations & Planning

a. Does the shop operate under the direction of a Committee of Management (or other named governance body), governed by a constitution?	
b. Has a business plan been prepared outlining the shop purpose and success criteria?	
c. Have adequate accounting processes been established for processing transactions and reporting on financial success factors (including profitability)?	
d. Have taxation implications of the shop's operations been considered, including income tax, GST and FBT?	
e. Does the operation of a shop impact rates exemption for a church?	
f. Are written procedures available for each major business process?	

APPENDIX 2 – CREATING AN OP SHOP RISK REGISTER

A risk register is a document approved by the board/committee which seeks to clearly identifies key risks that are necessary to achieve organisational objectives, and then treat those risks to ensure maximum missional benefit.

Following is the template that creates an industry standard (AS 31000) Risk Register.

Step 1		Establish the Context - Organisational Ojectives								
Mission Statement										
Organisational Objectives / Strategies		Objective 1: Objective 2: Objective 3:								
Step 2			Step 3			Step 4	Step 5		Step 6	
Risk Identification			Analyse the risk			Evaluate the Risk	Risk Treatment		Review	
Objective No.	Category	Description of Risk	Likelihood	Impact	Rating	Priority Rank	Treatment Type	Treatment Plan (dot points)	Current Status	Review Date

AIRS has more detailed resources to help you complete the Op Shop Risk Register. Please contact the AIRS office for further information.