

Aspiring to Excellence: The Case of Security Suppliers and Corporate Security

A Security Research Initiative Report

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INVESTOR IN PEOPLE

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The SRI is increasingly attracting positive worldwide attention from those interested in research. We hope in time more will support us and become members. As this study has shown there is so much more to be done.

Martin Gill
Amy Randall

SRI Members



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Executive Summary

Introduction

- Despite there being an abundance of research on business excellence, there is very little research that focuses specifically upon the security sector.
- This study takes into account the views of both sides: those who supply security and those who buy security (clients). It includes a review of some relevant literature, in depth interviews and a global survey.
- The study aims to establish the relative importance of factors deemed most crucial in driving outstanding security performance; and to better understand the barriers to industry-wide excellence and provide some recommendations on how these can be overcome.

Research on Excellence

- There are many definitions of excellence and a variety of frameworks for achieving it.
- Simply following the key principles does not make an organisation excellent. All companies are just one shock away from failure; the unpredictable nature of business means that even a small shock can lead to the extinction of a company.
- It is imperative when judging excellence to consider whose view is important. Sometimes a company might consider itself to be performing excellently, however outsiders and clients might disagree.
- There appear to be four key characteristics of excellence that are considered the most important, and have received the most research attention. These are; the focus on customers, leadership, people and process.
- Excellence is only temporary, businesses need to continually adapt to changing environments. To be excellent a business needs not only to meet current criteria, but also to meet excellence criteria over time. Many leading companies fail because they are not able to continually sustain good practices.
- There is evidence to suggest that having a good model in place can be very beneficial and improve performance and results.
- Success is an indicator of excellence, but it is not success that actively makes a company excellent.

Excellence and Security

- The varied nature of security and the many differing interpretations of excellence mean that the concept of 'security excellence' is challenging to define and to achieve.
- It is not clear what the main drivers are for excellent performance in a corporate security team, and amongst security suppliers. Nor is it clear on the extent to which overall excellence is dependent on both sides providing outstanding performance. This performed a focus for the study.

Security Suppliers: What Constitutes Excellence?

- There was general agreement between suppliers and clients about what the most important characteristics for supplier excellence is, 11 of the top 12 ranked criteria were the same.
- The most highly valued characteristic, by both suppliers and clients, was a focus on customer needs. This has a number of elements; it was seen as very important that a supplier has objectives that are aligned with the client.
- High importance was attached to the quality of staff, who need to be highly motivated, trained and take pride in their work.
- It is important to have innovative and adaptive senior management who understand and sustain a focus on customer needs. However, it is more important to have excellent management on the front line.
- The idea that making staff feel insecure about their jobs as a way of driving high performance was not widely supported. Indeed, there was a clear preference for the carrot rather than the stick.
- Amongst suppliers, close protection professionals have the best reputation for being always, or nearly always excellent. Manned guarding was considered the least close to excellence (although clients ranked them higher).
- Suppliers appear to attach higher importance more often to some criteria, for example, adopting new philosophies, a focus on training and learning, having excellent and visionary leadership. This may suggest suppliers are trying to do too much and would benefit from a greater focus.
- A case in point is partnership working; it was ranked 8th by clients and 15th by suppliers, while the 'ability to be innovative' was ranked the 5th most important by suppliers and 11th by clients.
- Suppliers were particularly likely to agree strongly that price trumps quality, indeed the difference here was striking given the similarity of answers on other criteria. This suggests perhaps that clients are not fully aware of the price pressures suppliers face.
- Clients are crucial to whether or not a supplier is excellent (the reverse is much less true). The fact that 47% of clients and 59% of suppliers agreed strongly that suppliers can only be excellent if clients fully support them suggests that clients may underestimate the crucial role they play.
- There was some agreement that often security is not valued highly by companies, that they accord security suppliers less status than other suppliers, and they are not geared up to supporting them. In many cases suppliers are not expected to be excellent or to add value, as clients are not committed to buying the very best security.
- A minority of SMEs but a majority of bigger companies reported that they benchmarked their performance. For many it was not a priority.
- Cyber security is a big opportunity for suppliers.

Clients' Security Excellence

- There were similarities in the priority attached to different criteria for client excellence by both suppliers and clients. They share the same top 7 and bottom 2 characteristics.
- From the perspective of clients, understanding threats (91%), having an effective security strategy (87%) and having objectives aligned with the company (84%), were the three highest ranked characteristics for client excellence.
- Suppliers also view a good understanding of security threats as most important (81%); and particularly those who worked for a company that had suffered a major security incident; followed by the company being committed to operational excellence (75%).
- The role of corporate security function was sometimes unclear, it seems that it is more often pro-active than reactive but not typically geared to delivering a profit. Yet its role appears to be changing in many cases; from that of a protector of assets to a business enabler.
- While both clients and suppliers think security fares well in comparison to other business functions in terms of excellence it is often less good at showing how it adds value.
- A third of clients and more than 4 in 10 suppliers agreed strongly that most security leaders have less control over their budgets compared to their equivalents in other functions in their organisation.
- While both suppliers and clients agree that security leaders need business skills only clients saw security expertise as being of equal importance, suppliers considered this much less important.
- A much higher proportion of clients than suppliers believed corporate security departments had a deep understanding of the business and objectives aligned to those of the corporation, and some skill sets such as being good at partnership working.
- Clients, like suppliers, favoured the carrot rather than the stick approach.
- There was some evidence that clients do not fully recognise the price pressures on suppliers, for example, just a third attached strong importance to paying the going rate for the job as a condition of excellence.
- According to both samples, and judged against all the criteria listed, most clients do not achieve excellence. That said clients believed they achieved excellence much more than suppliers did.
- While over half of respondents noted the company they worked for benchmarked its performance this was more common in bigger companies.
- A key stumbling block in achieving excellence is that both suppliers and clients think that Boards of companies can and do undervalue security and often view security as an afterthought. If the security function is not given the status and the support that it needs from within the organisation then it is a challenge to excel.

Action Points

- One of the key ways of improving security performance and in laying the foundation of excellence is to change perceptions of security at the

highest levels within organisations. This will involve a targeted campaign from across the industry, designed to speak to business leaders in forms and language suited to them about the changing role of security and its potential to have an impact as a business enabler and more than just a protector of assets. All too often security professionals /researchers/ academics have confined themselves to talking to each other as if that was enough. It is not, there is another important audience to address: business globally.

- Security needs to show how it can meaningfully contribute to business goals in the same way other functions do. This requires articulation of how value is added. On this topic more research is needed. This includes understanding how precisely security makes a difference not just in terms of threats but also in enabling the organisation to function effectively. Currently security undersells itself.
- There needs to be a greater focus on up-skilling the new generation of security managers in business skills and organisational behaviour, and to recognise that this is at least as important as security knowledge.
- There needs to be much greater emphasis on engaging the full range of corporate functions on the role played by security and its contribution to enabling the company to be profitable and achieve its objectives (rather than just protecting its assets). We currently don't know enough about how security impacts and can help other departments, or the benefits that good security provides for other organisational processes. Security is in transition from being a protector of assets to becoming a business enabler, but this has yet to be fully articulated and the benefits are not widely appreciated. This needs to change. This will necessitate preparing those involved for the task.
- There needs to be a systematic attempt to understand the full range of skill-sets needed by corporate security functions in different sectors and countries, and to provide a better understanding of how staff can access relevant and credible programmes and forms of learning that have been specifically designed and are fit for purpose.
- Case studies of excellent security practice need to be developed around the main criteria this study has identified as being important (as a starting point at least). These need to be properly researched and presented in a way that meets the needs of both security practitioners for a guide to practice, and broader business personnel as guide to what is possible and what can be expected (and perhaps include ways in which outstanding performance benefits from and is even dependent upon the engagement of other business units).
- The security sector needs to find new ways of showcasing security excellence, of highlighting security practices that lead to outstanding performances and publicising them. This might also include a clarification of the benefits of different accreditation schemes. There are clearly some good ones that are seen as very important, but there are a lot and they can confuse.
- There needs to be a specific focus on understanding the skill sets needed to maximise the potential of different security suppliers. This is more than listing the different dos and don'ts, it is also about understanding how security suppliers can be given more traction and

priority within corporations. Articulating what you get from an excellent supplier that you don't get from a merely good or average one might provide the incentive for take-up.

- Suppliers need to fully understand customer needs. Articulating excellent practices on each side and the best ways of meeting them is potentially key to improving excellence in security practice. There is also a need to better understand the distinction between satisfied clients and loyal ones. As noted, a satisfied client is not necessarily one committed to renewing a contract. A commitment to excellence may be important here?

Section 1. Introduction

- 1.1 There are many studies of business excellence, but there has been much less focus on security excellence. This study aims to help fill that gap in knowledge through a specific focus on two general areas of security activity: internal corporate security functions¹ (the clients) and security suppliers of different types. The study has three main aims. The first is to better understand the relative importance attached to different criteria associated with excellent performance. The second is to compare the views of security suppliers and corporate security functions on perceptions of what constitutes excellence. The third is to generate insights on the barriers to security excellence and suggest some potential remedies.
- 1.2 The study commences with a review of previous work to identify the key issues that are perceived, and in some cases have been evidenced, to drive excellence. This informed a global survey of corporate security staff and security suppliers (and others with an interest/expertise in security); and was supplemented by in-depth interviews with a range of security personnel with expertise in this area. It represents views about what those working in the security sector perceive to be important about driving excellence. The findings have the potential to focus attention and potentially guide those charged with developing security policy on the factors deemed to be most important in driving excellence.
- 1.3 As will be shown, both the words 'security' and 'excellence' are open to interpretation, and this complicates discussion. Moreover, there is a vast range of literature on the topic. There are insights into excellence in almost all aspects of business, for example; from leadership issues, to processes, to optimising value in operations, marketing, human resources, finance, and they all have an application to some aspect of security. Some type of review, of at least some of the key issues and studies that have guided this work, is essential. Although they necessarily provide only an oversight of some relevant issues, they are important in understanding how security excellence can be achieved.
- 1.4 Section 2 seeks to highlight some of the key issues that emerge from the wide array of literature on what drives excellence, covering many disciplines in many fields of activity and incorporating a diverse range of opinions. Specifically, the focus is on better understanding the ways in which excellence can be interpreted, while seeking to identify any

¹ In this report we have referred to corporate security departments (and here we include those in the public, private and voluntary sectors), and sometimes described them as 'in-house' security, and 'clients'.

distinguishing characteristics of those organisations that are successful compared to those that are not, and any salient characteristics successful companies have in common. What we have not tried to do is review all the available criteria for its excellence; that would be too vast. However, we have reviewed a range of models and frameworks that have been developed to produce excellent performance and have guided this work. These are summarised in Appendix 2.

- 1.5 In Section 3 we review security excellence, specifically research that has some applicability to security. Our aim is to better understand what is known about the key characteristics of an excellent security function/department within an organisation (private, public or voluntary), and the key characteristics of an excellent security contractor.
- 1.6 Section 4 reports the research findings on suppliers. We discuss suppliers' views on what constitutes excellence in their work, and also what clients say. We supplement the survey findings with data from interviews.
- 1.7 In Section 5 we undertake the same task for clients, reporting on their views as to the most important factors for generating excellence in corporate security departments, and suppliers' views. We also supplement these findings by reporting feedback from in-depth interviews.
- 1.8 In the final section we compare suppliers' and clients' views on excellence and discuss the implications of our findings. Our hope is that the results will be helpful to both suppliers and organisations in improving their own security. Here, though, we identify some barriers and suggest some sector-wide Action Points that could lead to better security provision.

Section 2. Research on Excellence

If you ask a group of executives what makes an excellent organisation they will bring forward such characteristics as focused on results, achieving the bottom line, staying the course and maximising shareholder value. If you asked their workforce you might see others added: a good employer with better than average conditions of service, an organisation interested in the welfare and development of its people, which sets a clear direction and communicates that to engage and involve them. Customers might look for: an organisation which exceeds expectations, which aims not merely to satisfy but to delight; which delivers an excellent product or service and is continually looking for ways of improving that. Suppliers might have a view: a company that is good to do business with, which pays its bills on time. And of course, society has an interest: an organisation which plays by the rules, which does not exploit its workforce or its environment, which puts something back into the community, which has a sense of moral purpose.

(Farrar, 2004; 24)

- 2.1. A dictionary definition of excellence refers to 'the state or quality of excelling or being exceptionally good; extreme merit; superiority'.² Operationalising this definition is problematic and has led to a variety of interpretations. Moreover, there is no agreed definition of what excellence means in security (Campbell, 2012 (not paginated); Hayes and Kotwica, 2012).
- 2.2. There is a plethora of frameworks that have been developed to facilitate 'excellence' in almost all aspects of business activity. The array of insight that is available includes studies by academics from a wide range of disciplines using many different types of methodologies; accounts by successful business leaders, typically recounting experiences; consultants who either claim they have achieved excellence themselves or know how to produce it in others; and a variety of 'how-to' books operating at different levels, some focusing on organisations and the contexts in which they operate and others on individuals, including a focus on both employees and leaders. There are a range of characteristics for considering excellence and this includes (but is not limited to) the following:

² See: www.collinsdictionary.com/dictionary/english/excellence

- size of company (multinational or small)
- geographical area in which it operates
- company structure (by state, voluntary, private, family)
- sector of operation (retail, pharmaceuticals)
- company function (personnel, finance, marketing)
- type of business activity (brand protection, supply chain management, being a corporate citizen)
- type of business (service, technical)
- strategic approach (general, or specific such as for 'growth', or 'out executing the competition')
- standards (Total Quality Management, Six Sigma)
- type of individuals (woman, entrepreneurs)
- reference to outstanding achievements

- 2.3 Indeed the literature is vast, but that is not to suggest the judgement of excellence is well defined or widely agreed on, in fact far from it. Major reasons include the variety of factors that can determine success and failure; that there does not appear to be either a sure or agreed way of achieving it, nor established theories to explain it (Lussier and Halabi, 2010); and importantly, excellence is only ever temporary (especially without review and remedy).
- 2.4 Pangarkar (2012) has summarised some of the pertinent issues here quite succinctly. He notes that just being good at the key principles (as he calls them) does not mean that an organisation will be excellent and even good ones will have their own 'blind spots, detractors, and missteps' (p.184); that not following key principles does not mean that a company will not be successful as 'there are no silver bullets for achieving high performance' (p.186); while even the 'exemplary companies have also had their fair share of failures' (p.185).
- 2.5 Peters (1989), something of a guru when the topic of excellence is discussed, also notes that there is no single pathway to achieving excellence and that companies need to be ready for a world of change and uncertainty. Indeed, in a discussion about ways in which companies can 'shockproof' themselves against disaster (discussed later) Jacobs et al (2011) note that even widely respected companies are only one unpleasant shock away from failure.
- 2.6 The process of predicting why companies fail has been described as a 'grey area' (Appiah and Abor, 2009). Indeed, in his classic book on 'why things fail' Omerod (2005) discusses 'the pervasive nature of failure' in which he notes that companies fail for a variety of reasons and that while big shocks to companies generally have a bigger impact (but not always so), small shocks can cause extinction too, and that for managers decisions are always made with a degree of uncertainty. This makes failure difficult to predict. He illustrates this with reference to the performance of the world's largest industrial companies from

1912 to 1995 and reports that 48 disappeared as independent companies and only 28 were larger in 1995 than 1912. Clearly there may be a variety of reasons for this but the significant point is the conclusion of the author who observes: 'fitness, in the form of huge assets and years of successful operation, proved no guarantee, not merely of continued success, but of their very survival' (p.13).

- 2.7 Another way of looking at excellence is to identify the factors that determine success and failure, and here again there are numerous possible considerations as there are many different types of methodologies in evidence for assessing whatever criteria is considered important. However, both to gain an insight into the routes different approaches take, and to review some of the criteria considered, a summary of some schemes is perhaps helpful.
- 2.8 Lussier and Halabi (2010), in a review of different excellent criteria, note that: 'There is great discrepancy in the literature as to which variables do in fact lead to success' (p.360). Their own model identifies the following 15 variables as being crucial determinants of success and failure:

Capital. Businesses that start undercapitalized have a greater chance of failure than firms that start with adequate capital.

Record keeping and financial control. Businesses that do not keep updated and accurate records and do not use adequate financial controls have a greater chance of failure than firms that do.

Industry Experience. Businesses managed by people without prior industry experience have a greater chance of failure than firms managed by people with prior industry experience.

Management Experience. Businesses managed by people without prior management experience have a greater chance of failure than firms that are managed by people with prior management experience.

Planning. Businesses that do not develop specific business plans have a greater chance of failure than firms that do.

Professional Advisors. Businesses that do not use professional advisors have a greater chance of failure than firms using professional advisors.

Education. People without any college education who start a business have a greater chance of failing than people with one or more years of college education.

Staffing. Businesses that cannot attract and retain quality employees have a greater chance of failure than firms that can.

Product/Service Timing. Businesses that select products/services that are too new or too old have a greater chance of failure than firms that select products/services that are in the growth stage.

Economic Timing. Businesses that start during a recession have a greater chance to fail than firms that start during expansion periods.

Age. Younger people who start a business have a greater chance to fail than older people starting a business.

Partners. A business started by one person has a greater chance of failure than a firm started by more than one person.

Parents. Business owners whose parents did not own a business have a greater chance of failure than owners whose parents did own a business.

Minority. Minorities have a greater chance of failure than non-minorities.

Marketing. Business owners without marketing skills have a greater chance of failure than owners with marketing skills.

Lussier and Halabi (2010) present evidence that their variables retain relevance across countries.

- 2.9 In a different example Collins and Schmenner (2007) assessed the importance of 'mentality' (the way the workforce thinks about the organisation and its operations) in plants. They found that high performance plants are differentiated from lagging plants by the following criteria:

- clear, well-considered leadership that is followed readily by all in the plant;
- labour relations that are cordial and constructive;
- management that displays strong people skills;
- management that is committed to follow up and implementation;
- a record of continued investment in new equipment;
- simplification is emphasized over sophistication; and
- performance assessment that tends toward routine measures

- 2.10 They argue that lagging plants are slow to adapt to change, and that providing more resources and improving technology would not be enough. Key for them is improving 'mentality' specifically via people oriented management; communication of vision; experimentation that produces results is followed up speedily with action; while the fundamentals of operational management become engrained in practice. In short the capacity for improvement rests within the control of the plant itself.

- 2.11 Other research has noted that establishing key variables may miss the more important link that exists between several activities. For example, Pfeffer (1998) notes that a commitment to up-skilling staff is only productive if those staff are then able to make use of the skill sets acquired. If those better trained people are not then appropriately compensated then they may leave for better paid employment elsewhere (and presumably that the skill sets are the correct ones to take the company forward). Pfeffer also makes the point that the people recruited need to be conducive to the culture.
- 2.12 Similarly, McGeorge et al, (2012) note that organisations that have developed sophisticated risk management systems but have not fully embedded these within the culture and practices of the organisation will not witness the full benefits.³ They therefore highlight the importance of risk management maturity assessments, although their general point has a much wider implication: that developments in one area may well have consequences if progress in another is not aligned.
- 2.13 Others have discussed excellence in terms of business capability models. Business capability focuses on the precise activities a business needs to undertake in order to achieve its objectives. Business capability management is focused on the key activities that drive business value and driving out inefficiencies in those capabilities (Merrifield et al, 2008). Merrifield and Stevens (2008) suggest there are three key criteria (in a study unrelated to security):

Business value: does the activity differentiate the company from competitors, and play a significant role in whether customers buy and continue buying, or driving a key performance?

Current performance: Does the level of performance in any activity (or its underlying capabilities) need improving, say, relative to competitors? Would the investment be justified?

Predictability: Can the activities be predicted? If they are, does that mean they can be automated?

- 2.14 Another important element in achieving excellence is determining what is a priority and the relative importance placed on different objectives. While a detailed discussion is beyond the scope of the remit here, it is relevant to state that the extent to which it is possible for an organisation to achieve excellence in reaching different objectives at the same time remains disputed. Avella et al, (2011;p710) posit the view of a trade-off model in this way: 'Firms that aim to be exceptional

³ Business maturity models have been used to identify the strengths and weaknesses of an enterprise, including in the area of risk management (Loosemore et al, 2006). The dual need to have both good practices that are also effectively deployed is highlighted and is an ongoing challenge (McGeorge and Zou, 2012).

in many objectives end up being worse than those which focus their efforts on a single objective.’ In short, organisations trying to achieve high levels of performance for a variety of competing priorities at the same time may fail because an improvement in one necessitates a decrease in another, although research evidence in this area once again shows mixed results (Schroedera et al, 2011).

- 2.15 What emerges is the realisation that excellence takes many forms; that these are likely to vary by type of business/organisational activity; and that clarification of what is meant by excellence is crucial to any approach taken.

Thinking about measuring excellence

- 2.16 A key element of judging excellence is determining whose view is important. Excellence is often associated with very good or exceptional performance, typically over a time period rather than in a moment. It is also important to determine whose view counts. An organisation that believes it is providing an excellent service by some criteria may not have its views shared by others. Here there may be intra-group as well as inter-group differences.

- 2.17 In business terms, success, and perhaps excellence, can be judged by such criteria as growth, revenue increases, profit hikes and so on. Although, as the next section will show, judgements based on financial criteria alone are seen as limiting. Whatever the criteria, some organisations use benchmarking as a way of assessing relative excellence. Benchmarking can be used in a number of ways including (but not limited to):

- by procurers to compare tender responses
- by organisations to compare internal departments
- by organisations to compare themselves against others
- by sectors to compare organisations working in the area

- 2.18 Benchmarking schemes operate in different ways. A first major consideration is whether the criteria are ‘process-based measures’ or ‘results-based measures’. Process-based measures, as the name suggests relate to processes and so lend themselves to qualitative measurement, such as how consistently they are used and the quality of any actions generated. Results-based measures provide quantitative data or metrics, which are becoming increasingly popular, financial performance would be one simple example. Deciding what to benchmark and how to find an entity to benchmark against (that is prepared to collect data in the same ways) are second major considerations. Sometimes it is possible to benchmark against standards or key performance requirements.

- 2.19 The criteria for assessing excellence are also crucial, as are the ways that these criteria are established and the methods used to collect evidence of them. Satisfaction surveys (measuring perception or experience), audits, Key Performance Indicators (KPIs), and accreditation schemes all have their place. Moreover, organisations will often have their own measures for assessing their ongoing performance and improvement. Indeed, excellence will typically be seen as good performance over a time period. Of course just because someone states excellence is being measured it does not mean that there is or would be widespread agreement about it.
- 2.20 Unsurprisingly, given the range of measures of excellence and the areas it is applied to, a plethora of tools has been developed to help measure excellence (or parts of it). Typically these provide both a means of determining who is excellent and in what areas, and by the same token, provide a form of benchmarking, but their use is not uncomplicated.
- 2.21 For example, one tool is SERVQUAL developed in the 1980s and designed to measure service quality and specifically the gap between customer expectations and experience (Zeithaml et al, 1990), and enables a multiple of service types to be examined with the same tool (Nyeck, Morales, Ladhari, & Pons, 2002). It has faced criticism including that it fails to draw upon established theories and is overly complex (Buttle, 1996). For these and other reasons sometimes an alternative tool with fewer requirements, SERVPREF, is favoured to measure service quality and there is on going debate as to which one is best (see Cronin and Taylor, 1994; Jain and Gupta, 2004).
- 2.22 Herein rests one of the problems of determining what is a good measure, and what is a good tool: it will depend on the context. Again, a variety of opinions exist on what is appropriate.

Specifying characteristics of excellence

- 2.23 The British Quality Foundation (BQF)⁴ provide eight Fundamental Concepts of Excellence⁵:
1. Adding value for customers - Excellent organisations consistently add value for customers by understanding, anticipating and fulfilling needs, expectations and opportunities.
 2. Creating a sustainable future - Excellent organisations have a positive impact on the world around them by enhancing their performance

⁴ Founded in 1993 by Government and leading UK businesses, the British Quality Foundation (BQF) claims to be Europe's largest corporate membership organisation dedicated to improving performance.

⁵ www.bqf.org.uk/performance-improvement/fundamental-concepts

- whilst simultaneously advancing the economic, environmental and social conditions within the communities they touch.
3. Developing organisational capability - Excellent organisations enhance their capabilities by effectively managing change within and beyond the organisational boundaries.
 4. Harnessing creativity and innovation - Excellent organisations generate increased value and levels of performance through continual improvement and systematic innovation by harnessing the creativity of their stakeholders.
 5. Leading with vision, inspiration and integrity - Excellent organisations have leaders who shape the future and make it happen, acting as role models for its values and ethics.
 6. Managing with agility - Excellent organisations are widely recognised for their ability to identify and respond effectively and efficiently to opportunities and threats.
 7. Succeeding through the talent of people - Excellent organisations value their people and create a culture of empowerment for the achievement of both organisational and personal goals.
 8. Sustaining outstanding results - Excellent organisations achieve sustained outstanding results that meet both the short and long term needs of all their stakeholders, within the context of their operating environment.
- 2.26. In recent work the four areas generating research, and where customers are making 'significant improvements', have been subjected to further analysis, namely: adding value for customers (1); leading with vision, inspiration and integrity (5); succeeding through the talent of people (7); Managing Processes with Agility (Process) (6), reflecting a four-fold focus on customers, leadership, people and process. The BQF commissioned 'an extensive excellence research project' from the University of Manchester Business School (MBS) to generate 'insights, tools and experiences' to improve itself. The team worked with four companies: Boots, UK; Ricoh UK products Ltd; and Siemens Industry Automation and Drive Technologies) who were identified as 'outstanding organisations' who 'have all achieved excellence'. The team produced five reports, one for each of the designated areas and an overall summary report. The headline findings for each of these areas are worth highlighting both because they are recent and reflect current insight into excellence.

Adding value for customers

- 2.27. Their list reflects the focus on the customer and the importance of customer perceptions in judging value and recognises that these are generated over time. It begins with board level commitment in providing the priority, culture and organisational structure (which includes breaking down any internal barriers) to drive employee engagement:
- All board members must have an understanding of their respective responsibilities for customer management. Job specifications and assessments should clearly reflect this.

- The challenge of customer acquisition and retention should dominate the board agenda.
- All employees must be customer ambassadors and must have the appropriate skills to be able to recognise the emotional aspects of engagement.
- The total customer experience (including customer effort) is much more important than the transactional experience.
- The four companies studied recognised that they have to manage an internal cultural shift in order to develop the necessary employee engagement and passion. This is driven by responsibility at board level for creating customer alignment: moving organisational structures away from being focused on traditional self-serving expert functions, to instead thinking holistically about how everything the organisation does impacts on the customer experience.
- The switch away from goods to more service-focused offers (servitisation) and the development of a philosophy of service-dominant logic by all four companies.
- Customer engagement is achieved through responsibility of senior teams for customer wellbeing and a focus on emotional aspects of engagement.
- Customer effort is a key component of the customer experience for all four organisations and is reinforced by addressing climate and staff behaviour rather than focusing on measurement systems. (MBS, 2013a; p5; see also MBS, 2013b)

2.28. The process of employee engagement is multi-faceted and was approached in different ways in each company studied; but in each there was a specific commitment to managing expectations of staff for customer well being, which took priority over straightforward quantitative measurement.

Leading with vision, inspiration and integrity

2.29. The focus on leadership was unsurprisingly seen as fundamental, and this was viewed as the most complex because of different leadership approaches.

- Good leadership should exist at all levels in an organisation; at its simplest it is about leading by example.
- Consistency in acting as a role model and living an organisation's values is vital, starting with the head of the organisation.
- Trust-based leadership encourages people to challenge constructively behaviours that do not fit with an organisation's values.
- Distributed leadership is delivered via the creation of a climate of empowerment.
- Transparency and two-way communication are key issues for positive turbulence leadership.

- Leaders need to be out of their office and seen and heard more during periods of turbulence.
- Increasing agility and flexibility in responding and changing to fit new circumstances is a key issue in periods of uncertainty.
- Periods of turbulence have the potential to cause dramatic change in the environment and in the way businesses are structured. Fresh thinking about who a business's real competitors are and in what markets they should be challenging can open up opportunities for future growth.
- The benefits that can be achieved if leaders work at striving holistically for joined up, incremental improvements across all areas of the business (MBS, 2013a, p8; see also MBS, 2013c).

2.30. Of relevance to this work on security, the report authors discuss 'positive turbulence management', where in a crisis companies adopt specific approaches including being visible and also in recognising that upheaval can create a turbulent market and with it new opportunities for growth. The report also highlights the importance of visionary and inspirational leadership and concludes: 'the evidence suggests that organisations will tend to adopt multiple leadership styles in order to achieve multiple goals' (p.10).

Succeeding through the talent of people

2.31. Many of the issues that emerged in this theme overlapped those of leadership and creating a culture in which people can thrive.

- Management often refers to employees as their greatest asset but then treats them as scrap. Companies need to avoid wasting talent.
- Employees are ambassadors/advocates for the business both in relation to the customer and to prospective employees.
- Developing an entrepreneurial culture necessitates having a climate of empowerment.
- Frontline employees in particular are often starved of training and development. Progressive organisations invest in training as they recognise the critical role of frontline employees in customer engagement.
- Siemens' mood indicator is a weekly survey based on one question. This simplicity and frequency minimises the apathy often associated with determination of staff morale and radically improves speed of response to any issues identified.
- Once-a-year opinion surveys.
- Treating potential employees as customers.
- Hiring for attitude that fits with organisational values but at the same time look for staff that bring something new and fresh.
- The facilitation of employee innovation depends on having the right resources and developing the right climate to encourage the right behaviours, highlighting the significance of processes and leadership for innovation.
- Boots UK's simple 3-level 'legendary/performing/not performing' achievement framework brings clarity and simplicity to managing

and communicating senior team expectations of staff performance (MBS, 2013a, p11; see also MBS, 2013d).

- 2.32. Indeed, this theme reinforced the need for empowerment of individuals, creating a conducive culture, simplifying corporate objectives so it makes it easier for employees to engage; allowing staff to engage with products prior to release so that they understand them; providing training and support to front line staff; and using different methods including the Cloud to facilitate different methods of engagement.

Managing processes with agility

- 2.33. To be successful, this too is dependent on the engagement of people supported by technology and recognises the importance of customer feedback.

- Processes must be flexible and must evolve in order to avoid redundancy.
- Successful companies use customer feedback to improve processes. Listening to customers is, therefore, a pre-requisite to process improvement.
- The key to improving processes is the concept of putting the customer at the focal point of the process and empowering employees to redesign the process around their needs and expectations.
- The most successful companies are managing social media effectively as a process. Lesser companies are captive to their power and influence.
- Leaders must develop a climate and behaviours that question and challenge the way things are done in order to reduce unnecessary work.
- Technology advances offer game-changing advantages for companies that exploit the new technologies and the associated opportunities for more co-operative, flexible means of working with people to create step-changes in their processes.
- This has implications for improvements in the way organisations 'listen' and then improve intelligent targeting as they capture even more data on consumers and customers.
- Technology is also changing the way people interact, eradicating traditional barriers between employees and customers, creating both risks and opportunities. Companies need to be thoughtful about the form their social media engagement should take: it needs to be selective, opportune, targeted dialogue rather than constant one-way pronouncements (MBS, 2013a, p13; see also MBS, 2013e).

- 2.34. A key point here is that technology offers the potential for 'game-changing' opportunities and can facilitate flexible ways of working, although with these developments comes a need for effective processes.

2.35. It is perhaps helpful to briefly consider whether companies that are accredited are more successful. With the rider that it will depend on the scheme, including its credibility and its fit for purpose, the evidence is compelling. Some research at least suggests companies report increased profits as well as other benefits (see, for example, Boulter et al, 2013; Douglas & Judge, 2001; Hendricks & Singhal, 2000). In a review of the evidence Dahlgaard et al, (2013) summarise that:

- Investing in excellence as a core element of business strategy pays

- Objective evidence for this now exists in both North America and Europe.

- Excellence strategies contribute to business performance through increased sales and also through reduced cost and process efficiency.

2.36. As the authors note, there are likely to have been companies who report negatively on schemes because of, for example, assessment criteria being too difficult to achieve, excessive paperwork, cumbersome procedures and a lack of focus (Dahlgaard et al, 2013).

Summary

2.37. What is also clear is that excellence (however defined) is only temporary. There are skill sets needed to both be excellent and also to remain excellent, and these are not always the same nor easy to practice. In the business world corporate failure over time is common. It seems that companies that are good at the key principles (however defined) are not necessarily excellent overall (establishing links between competing priorities is always a challenge), and even good companies can be compromised by a 'shock' of some kind, and not necessarily a big one. Moreover, not being excellent at the core principles does not mean that a company cannot be excellent. To be excellent there is a lot to get right and the world of business and broader organisational operations exist in a world of uncertainty where there is a need to continually adapt.

2.24 It is clear that a variety of models of excellence are in evidence; there is now a rich source of data about what differentiates the good from the weak, and what enables some companies to excel. In Appendix 2 we have listed a range of criteria that can be evidenced from a review of just some schemes. While they can help the pursuit of excellence it is not clear which ones are most important in a security context. It is to that issue we now turn.

Section 3. Excellence and Security

- 3.1 Security is provided in many forms and incorporates a diverse range of products and services; moreover, all security services that are provided by the public sector are replicated in the private sector. So any discussion of excellence in security needs to take account of the quite varied circumstances in which it is provided, this is as true of internal corporate security functions as it is of security suppliers. In practice the two are linked, a board of a company or the leadership of a state or voluntary organisation will in theory determine the type of security it wants, internally and externally, the amount of autonomy it provides to its security operations, its profile and role and its status and its reach. This will be influenced by a host of factors including its knowledge of threats and the priorities it attaches to them, the existence and type of regulation it faces, its perceptions of risk, its culture, the type of leadership, the quality of its internal security person/team and the competence its security suppliers. Bearing these points in mind, the purpose of this section is to highlight some of the key findings from previous research, which help to highlight what factors determine excellence in security specifically as opposed to business/organisations generally.

Research, security and driving excellence

- 3.2 Part of the difficulty in discussing 'security excellence' is that both the terms 'security' and 'excellence' are problematic to define, and the diversity of security arrangements (see, Security Executive Council, 2011⁶) makes judgements about who is the customer problematic. As Campbell (2013a- not paginated) has noted, different stakeholders have different expectations, and understanding these is crucial to determining the value proposition security can contribute. Campbell notes:

⁶ Security Executive Council's (2011) survey noted that the 'most common drivers for security programs' related to the requirements of regulations, the characteristics of the corporate culture and the types of incidents. Other key findings were that just over 6 in 10 operated within two reporting levels of the 'senior-most operating executive'; and only a minority of respondents whose role included managing corporate security also managed information security or enterprise risk management or audit/compliance.

A legitimate question to ask every member of the security team is “Who is your customer?” This may be a multiple choice question:

- a. Is it the employee seeking our assistance or expecting a safe and secure place to work?*
- b. Is it the business unit owner of a risky process?*
- c. Is it the CEO who expects us to deliver the promised results?*
- d. Is it the Board or the shareholders who need to know that risk is being managed?*
- e. Or is it the external customer who may be served by a corporate commitment to security and integrity in products and services?*

It’s likely that all of these are Security’s customers. Each group likely brings their own definition of excellence to the transaction and the perception of value.

- 3.3 Leaders, partners and stakeholders change, and this can have a major impact on how security is perceived and judged (Cavanagh, 2005; 2006), and this is as true of corporates as it is of suppliers. Hayes and Kane (2012) discuss how a change in organisational leadership can also generate a change in the role of security. They note that where the leader is an ‘advocate’ this has good potential, but where the new incumbent is ‘an assassin’ (in his/her attitude to security) then a dedicated approach to manage events becomes vital, and this will likely have implications for the role and contribution of security suppliers.
- 3.4 Security has been seen as a key requirement of business excellence, or at least has the potential to be. Again there are a variety of ways of interpreting this. It is of course possible that the security function is excellent but the organisation in which it is based is not, and similarly that the function is excellent but that the security suppliers are not (thereby indicating some compromise in overall security excellence). Another issue relates to the extent to which security activities are viewed as excellent when compared to other corporate activities or compared to security activities in other organisations. In some cases security is a legal or regulatory requirement, and here, without security, and an effective operation at that (often both internally and with suppliers), the organisation will not be able to function within the rules. Second, even where there are no legislative requirements, the hierarchy of an organisation considers security to be crucial and demands excellence. This may sometimes be in response to a threat that has affected the company, the local area or the type of business, but whatever the driver it has placed a focus on excellence. A third reason could be the security function itself deciding that it will show how it offers value to an organisation and adopt a stance that enables it to be defined as excellent in that business. Clearly, in this case the

judgement will be subjective, although independent mechanisms such as accreditation schemes may come into play as supporting evidence.

- 3.5 There is a growing body of work on the extent to which security can be viewed as a value adding function⁷ (see, Briggs and Edwards, 2006; Gill, 2014a). There are several factors that prevent it being seen as such. The first is that security has traditionally been viewed as a function on the side of the organisation, operating covertly to prevent and investigate crime and malpractice and as such it has been seen as different to other functions. A second factor is that security has often been led by former public sector managers, especially from different parts of law enforcement and the military, and as a consequence this has led to claims that they have not been able to speak the 'language of business' which has hindered the security function in being viewed as an equal. Indeed, recent empirical work has suggested that security managers themselves believe security is of less value to the organisation than other business functions (Gill, 2014a). A third factor has been the difficulty in showing value (and therefore proving excellence), in that much security work relates to intangibles. Fourth is the lack of research on security generally and the excellence of security functions and security suppliers specifically (see Lippert et al, 2013).
- 3.6 There are at least two overlapping ways in which security can be seen to be crucial to the way an organisation operates. In some cases security can provide a clear commercial advantage. For example, Narayan et al (2008) summarise research on tourism and show how good security and safety factors are key components of tourists' satisfactory experience of staying in hotels (see also, Campos et al, 2012; Millan and Estaban, 2004; Poon and Low, 2005). Feickert et al (2006) in a study of 930 hotel guests reported a high acceptance of security, and some groups, for example those under 40 years old, were especially supportive, and some were prepared to pay more for better security of the type they found acceptable (and this included CCTV) (see also, Hilliard and Baloglu, 2008).
- 3.7 van Dijk et al (2012) have discussed how improved security on cars became a source of competitive advantage (at least until rivals caught up) but at the same time became a driver for improving security in all vehicles. Pease and Gill (2011) show how taking account of security principles in the design of homes and estates helps to lower crime which then becomes a source of competitive advantage; home owners value security and safety and consider it a key issue in deciding where to live (see also Armitage, 2013). Of course these different examples merely show that security is important, not that it is excellent.
- 3.8 However, Beck (2009) has undertaken research with five companies 'considered to be performing well' to identify strategic, organisational

⁷ As will be shown later, this can be viewed as a component of excellence.

and operational factors that combine to provide 'an overarching model for delivering effective shrinkage management' (p129). No priority is attached to the different elements, and they understandably reflect much of the research evidence presented above as to what constitutes good excellence, but they are applied to one area of security, preventing retail loss.

Strategic factors

Senior management commitment: This involves overcoming the 'perennial problem' of getting the organisation to treat shrinkage as a serious issue. It takes Board commitment; an adequately resourced and empowered shrinkage function; and for shrinkage to be a regular and purposeful item on the retailer's agenda. Beck notes that in 4 of the 5 companies he studied shrinkage had risen up the business agenda because of a 'tipping point' which might be a dramatic increase in loss or a merger or acquisition. The head of shrinkage typically had a plan and the Board supported action not least when it was clear how effective shrinkage management became as a way of increasing profits.

Organisational ownership: Better performance is derived from wider recognition that an array of departments (potentially all of them) have a responsibility for reducing shrink; it is not the exclusive preserve of a loss prevention/shrinkage management department which needs to see itself as 'agents of change'.

Embedded loss prevention: This ensures that a focus on shrinkage is engrained in the way that the retailer conducts business. It may involve incentivisation by, for example, paying staff on preventing loss as well as generating sales. The key is to retain the focus even when shrink is low (or lower) and avoid the conclusion that the work has been done and attention needs instead to be focused on another retailer priority.

Organisational factors

Loss prevention leadership: This was enabled by a transformative leader, with a passion for shrinkage management that energised them and those they came into contact with. They offered leadership to the organisation derived from years of experience in loss management and were recognised team builders. They had the support of the organisation and were respected in their role.

Data management: They used data as a basis and springboard for action. The fact that they collected good data and used it wisely was the two parts of the differentiator here.

Operational excellence: Given that operational failures are a major contributor to loss, including amongst staff who are best placed to notice weaknesses, this is crucial. Processes are important, but the key is that they enable the reduction of loss without impeding sales (the

retailer's reason for existence of course) so they need to be designed well, overseen and reviewed for potential incompatibilities.

Prioritising people: This recognising that technology and processes needs people and highlights the importance of people across retailing (reflecting the cross departmental responsibility of shrinkage) as well as within the loss prevention function specifically. Selecting the right people and then ensuring they are adequately trained for the job is important here.

Collaboration: Given that loss prevention is seen as an enabler, it is unsurprising that a collaborative approach to loss prevention is deemed crucial. But beyond intra company collaboration Beck highlights the importance of inter company collaboration, including with suppliers and other retailers where traditional concerns about rivalry need to be overcome in the interests of the benefits working together against crime can bring.

Innovation and experimentation: Whether about process or technology, the changing threat environment and the need to continually search for solutions has placed a focus on the ability to explore alternatives and new ways of working. It is not just a matter of being committed to experimenting, for Beck the 'best performing companies' also reviewed what they had done and built the findings into later efforts.

Communicating shrinkage: Keeping awareness high, amongst staff and especially decision makers so they are continually confronted with news about shrinkage is key. There was a close link between data management and communication about shrinkage in all of Beck's case study companies.

Operational factors

Store management responsibility: Given that the vast majority of shrinkage was thought to occur in stores (as opposed to say the supply chain), this is important. Moreover, Beck argues that while location is a key determinant of levels of shrinkage another 'equally if not more important' (p.158) factor is the capability of store management. The many points made above about good staff that are well trained and focused on shrinkage management all come into play here, and a central theme is the recognition that managing shrink is a priority.

3.9 The importance of leadership has been a specific interest of the Security Executive Council. Indeed, in a rather different way, but in a not dissimilar vein, the Security Executive Council (2013b) has identified 10 trends in successful security leaders that indirectly incorporate items about the ways in which successful security functions operate. They are:

- i. *They have the right tools/assets/people in place before an incident happens and these resources are focused on the right*

things. The key factor here is ensuring that whatever resources are available are targeted on the aims of the organisation, so it is crucial that the direction of the organisation is clear.

- ii. *They built the right relationships – internally and externally.* Identifying key individuals who can make a difference and then establishing some win-wins is key. Externally a network of people within the same sector and beyond has many benefits. Partnerships seen as especially important in the world of law enforcement.
- iii. *They foster an environment of sharing and create useable ways of documenting what they learn from others.* Meaningful continuous professional development is important.
- iv. *They are lifetime learners and continually push programs to the next level.* Keeping up to date with the latest good leadership practices and keeping abreast of academic developments, as well as worldwide trends and events are prerequisites for staying ahead.
- v. *They focus on leadership issues.* The Security Executive Council has identified nine leadership practices.
- vi. *They discuss risks and mitigation strategies in terms the Board 'gets'.* This is more than speaking the language of business, it is also about identifying the Board's interpretation of risk. The focus needs to be on relating security to the business processes identified with the key risks and acting on them.
- vii. They run security as a business. Specifically this means relating to the other functions of the business. The Security Executive Council places an emphasis on issues such as:
 - Understanding the needs of internal customers and the associated security 'products' that will help them
 - The areas where security most relates to the ultimate organizational goals, which in business typically includes generating revenue
 - KPIs are used to assess and measure progress
 - Cataloguing what security offers and outlining its perceived value
 - Constant communication to stakeholders about where security is heading

- viii. *They take care of staff and help them grow.* Important for organisational development and ensuring all staff are engaged with and contribute to strategic aims.
- ix. *They recognize their organization is different from any other, even from peer companies.* This recognizes that each organization has distinct risks and that success in one area is an opportunity for another, but it can rarely be translated across without modification and tailoring.
- x. *They prepare for future trends.* This recognizes that risks change as organisations do, but in addition that a security leader must understand his/her company and industry; have a skill set which incorporates IT and business expertise; the importance of personal development; an ability to explore opportunities that benefit the organisation.

3.10 Other research conducted under the umbrella of the Security Executive Council has highlighted factors that are crucial to the effective operation of a security leader, and these translate to providing criteria for an effective (indeed excellent) security function. The first is the importance of the aims of security being related to those of the organisation in which it sits; security needs to show how it helps an organisation achieve its objective. Lefler (2010) notes that this is crucial to ensuring the security function remains relevant and focused on priorities and activities that are most likely to make a difference and contribute to corporate success, but the task is often complicated by a lack of good data on which to base decisions.

3.11 Indeed, this second point about the lack of good information on which to base decisions has been discussed by Kotwica (2010a). She reports on a survey of security leaders asking them to identify what they saw as situations most likely to cause them to lose their job. Three responses accounted for almost half the overall number of replies. She found that 18 per cent of respondents said lack of leadership buy-in or support; 16 per cent said inability to demonstrate value; and 11 per cent cited security program failures. The common theme running through these answers is the lack of information and data on which to assess security. Kotwica argues there are four sources of data available to security functions:

- Personal opinion. Commonly available but not evidence based.
- Ad hoc benchmarking. Rigorous benchmarking can help generate a 'limited snapshot of common sector or cross-sector practices that can help influence your decision making.' However she argues that data is often derived from unreliable sources, undermining its effectiveness.
- Selective and vetted benchmarking. This is viewed as better because insights are derived from knowledgeable sources.

- Research. Where this is derived from a scientifically rigorous approach it can provide helpful insights.

The problem, as Kotwica notes, is that security insights are typically derived from the first two sources rather than the latter two.

- 3.12 A third feature of effective security is communication. The Security Executive Council (2013) identified from their research that the most important characteristic of an outstanding security leader was being able to build relationships inside and outside the organisation, and third (after maintaining existing services) was understanding business change in order to determine security's response to those changes. Hayes et al (2010) have added a further point about this, in that risks often cut across organisational boundaries and so a security function is ideally placed to help respond, even though that response does not necessarily need to be owned by security. To do this effectively there needs to be good communication links between security and the rest of the organisation.
- 3.13 A fourth point is to recognise the wide knowledge base on which effective security draws. There are a number of important texts that have highlighted this issue (see Gill, 2014; Smith and Brooks, 2013). Kotwica (2010) has outlined some of the benefits that can accrue from drawing on other disciplines for security knowledge. For example, she outlines how marketing has helped characterise client 'types' which can guide how best to approach different individuals and groups with security solutions, and importantly to understand how different stakeholders perceive and value what security has to offer. A corollary of this, and an important one at that, is knowing what questions to ask. Her main point though is that security is a knowledge based subject and that drawing from the body of knowledge, using what exists in other disciplines, separates out professional security from what effectively would be guess work.
- 3.14 A fifth point, and something of an old chestnut as far as security is concerned, is the difficulty of measuring security. Being able to measure in some way is important in being able to evidence that a state of excellence has occurred. Measuring security is problematic not least because there is rarely such a condition as a 100 per cent state of security. As Blades (2012, no pages) has noted:

it's rare that you can honestly say "problem solved" in security. Every little shift of the business, every new program or policy in a single department, every new piece of hardware and software installed, every external change to the market, global politics, even the weather – every one of these has the potential to introduce new threats and vulnerabilities into the organization's risk environment, sending the security leader back to the C-suite to say, "It's changed. We need more".

- 3.15 There are two publications that effectively summarise these and other key aspects of the Security Executive Council's work. First, the Security Executive Council (2013a) identified 14 tactics that can be used to create successful security programs. These incorporate a range of ideas that includes running security as any other business function might run, which necessitates showing value and using metrics to mark successes; focusing on cost effectiveness; and communicating effectively. Second, Hayes and Kotwica (2013) identify nine (overlapping) practices of the successful security leader. Again many of the points might also be viewed as characterisations of an effective security function. This is based on interviews with 27 people with high-level security responsibility. These are:

- Creating a robust internal awareness program for the security department, including formal marketing and communication initiatives
- Ensuring that senior management is made aware of what security is and does
- Walk-and-talk methodology—regularly talking to senior business leaders about their issues and how security can help
- Conversing in business risk terminology, not 'security'
- Understanding the corporate culture and adapting to it
- Winning respect by refusing to exploit fear, uncertainty and doubt
- Basing the security program goals on the company's business goals
- Having top-level support from day one
- Portraying security as a bridging facilitator or coordinator across all functions

- 3.16 The Security Executive Council (2011:2) has noted that: 'Benchmarks can be used to monitor and control performance, promote improvement, and increase operational effectiveness,' and that a range of different measurements are in evidence to support this, and their use can vary by circumstance and industry. Kotwica (2010) has identified some of the benefits and drawbacks of benchmarking, including the danger of not comparing apples with apples because security initiatives and departments vary so markedly.

A note on excellence and suppliers

- 3.17 As noted in the previous section, there are a variety of accreditation systems in evidence that can be used to assess both the corporate security function and the security supplier. There have however been schemes developed just for suppliers; the Approved Company Scheme currently operated by the Security Industry Authority is one example. Sometimes buyers might develop their own schemes for assessing supplier performance, in some instances because they view formal schemes as being too bureaucratic or inflexible (see Stjernström and Bengtson, 2004), and because they do not take account of the changing nature of buyer/provider relationships, which can change over time and may merit a different way of being managed (Gadde and Håkansson, 2001). Moreover, they have been criticised for only looking at one side of the relationship (the buyer's) when incorporating both is fundamental to optimising performance, and there will be evaluation requirements that are specific to a context that formalised schemes may not cover (see Freytag and Grünbaum, 2008; Gelderman and Weele 2005).
- 3.18 Certainly there appears to be a range of influences on whether suppliers are perceived to be good performers. These include the extent to which evaluation systems are related to the firm's aims and whether the evaluation system is used as intended. Part of the difficulty, recognised in research on buying behaviour and buying errors, is the fact that the buyer does not properly understand its needs. Håkansson and Wootz (1979) quite dated but still highly relevant research, identified three types of needs in buying that are frequently not fulfilled. 'Need uncertainty' concerns a lack of clarity about the buyer needs to meet its aims; 'transactional uncertainty' concerns a lack of clarity (often due to complexity) in the transaction itself; while 'market uncertainty' refers to a lack of knowledge about the market for the goods and services being acquired. Clearly, it is not the remit of this work nor is there space to discuss buying practices, important though they are in security. Rather the point here is to emphasise that assessments of outstanding performance based on formal acquisition of accreditations may be a partial base for assessing excellence. Nevertheless, alternatives based on buyers' perceptions can have their weaknesses too. What is less in doubt is that effective suppliers are important in contributing to the success of an organisation as a number of authors note, for example:

Thus having good suppliers is important to the buying firms' success. Being aware of who is a good supplier and who is not is crucial in this respect. Formalised evaluation systems have become the cornerstone in assessing supplier performance.

(Gelderman and Grünbaum, 2008; p 66).

Famous name UK retail organisations such as Marks & Spencer, Asda, and Tesco, to name a few, achieved success because of their tenacious zeal in enforcing strict quality standards on their suppliers. Thus, effective integration of suppliers into the reseller value chain is now seen as a key factor for achieving and maintaining superior quality positioning.

(Nwankwo et al, 2002; p187).

Security Related Excellence Initiatives

- 3.19 Examples of specific security related excellence issues are relatively uncommon (see Bernard and Lattice, 2008) but there appears to be a move to incorporate security more centrally within models of corporate excellence. The Security Executive Council, based in the US, has in particular spearheaded developments in this area.
- 3.20 A paper by George Campbell (2012a) on behalf of the Security Executive Council, 'Driving Excellence in Enterprise Security' identifies some key elements of existing performance systems and how they can be applied to the security sector. This was presented as 'work in progress' but to give an example it takes the four perspectives Kaplan and Norton introduce and relates them to the security function.
- Financial Perspective: How do we look to shareholders? What capabilities, goals & measurements in our safeguards are perceptible to shareholders?
 - Internal Business Perspective: What should we excel at? What elements of our key protection programmes demonstrate best-in-class practices?
 - Innovation and Learning Perspective: What security goals, activities and measures are calculated to improve security at reduced or avoided cost and thereby add value?
 - Customer Perspective: How do customers see us? What specific security programmes and activities visibly contribute to our customers' satisfaction and measurably add value for them?
- 3.21 Taking the issues more widely, the paper looks at what further measures could be used for measuring excellence in security programmes. It identifies statements that might sufficiently convey a demonstration of excellence in security programmes? For example:
- *A security programme demonstrates such effective alignment and contribution to the success of a business process that it measurably enables the business to do what would otherwise be too risky or non-competitive. Moreover, business is captured and/or retained solely due to the quality of security measures proposed or applied.*

- *Measurable capabilities in safe & secure workplace protection result in increased productivity; lower insurance cost, increased worker morale and reduced incidence of injury and fatality.*
 - *A security activity is peer-reviewed or benchmarked against available standards or best practices and exceeds qualitative measures of performance. Certain control factors being equal, losses attributable to security breach are measurably less (over time) than industry sector peers.*
 - *The cost of a secure business process or environment is less than the consequences of risk or, the cost is additive but those at risk feel measurably safer and more productive. Or, an incremental increase in asset protection is achieved at reduced cost to the customer.*
 - *A customer's expectation (or service level agreement) is consistently and measurably exceeded.*
- 3.22 The SEC work is worth keeping track of since it provides an evolving reference point for developments on security excellence.

Summary

- 3.23 There are many dimensions to identifying what constitutes excellence in security, and it has been noted that any discussion needs to take account of the context in which security operates; security functions play different roles, sometimes core and sometimes peripheral, and suppliers undertake different roles as determined by clients' needs. Yet there are a range of characteristics of excellence that apply to both security functions on the one hand and suppliers on the other. On this point influential factors include the approach of leaders, partners, stakeholders (including customers); the competence and expertise of those involved; the support given to staff and the priority and commitment given to training and staff development; company culture; the quality of communications; the reliability and validity of data on which to base decisions, to name but a few.
- 3.24 There is nothing new in highlighting that there are a range of different criteria that contribute to excellence, this is true of all business activities. However, to find a way through all these criteria, we need to better understand which ones we should attach the most importance to in a security context, both for security functions and for security suppliers, and which ones are of lesser importance. It is to this issue we now turn.

Section 4. Suppliers' Perspectives on Security Excellence

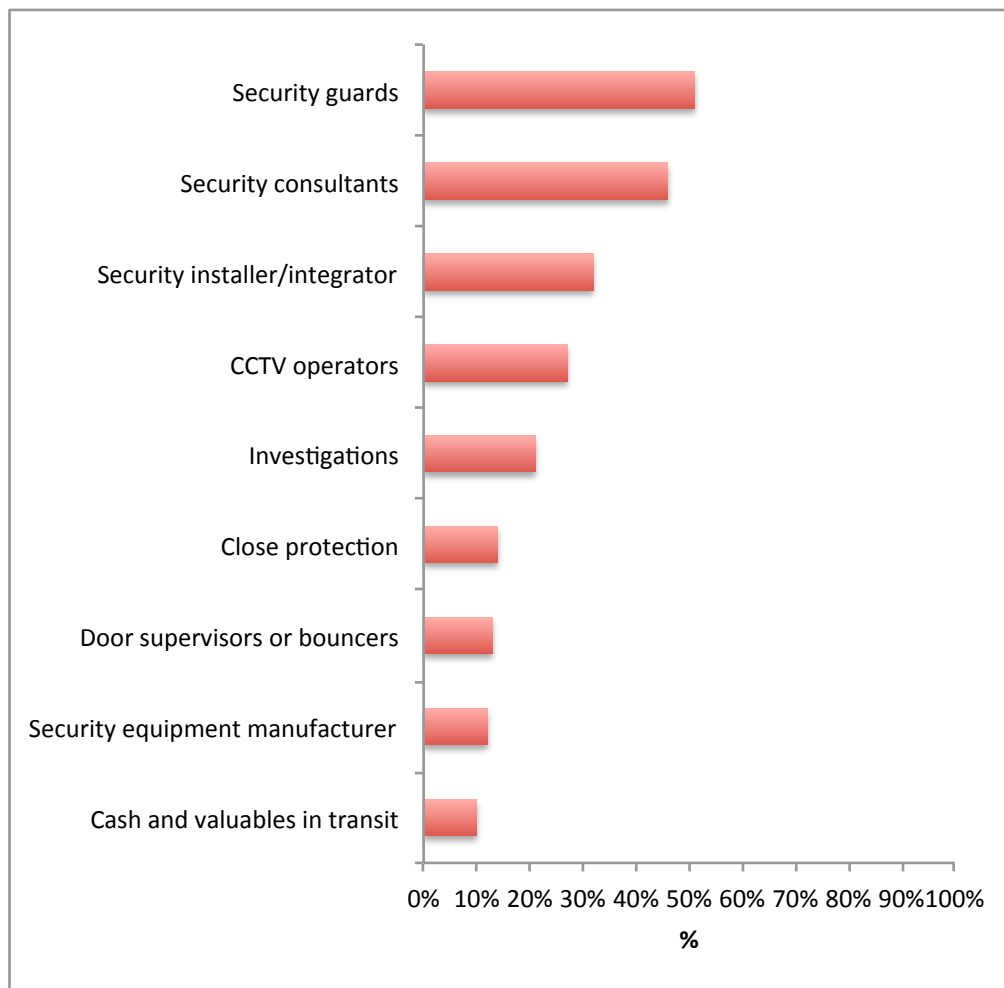
The Sample⁸

- 4.1 Responses were received from 200 respondents who worked for security suppliers.⁹ The vast majority were men (93%); while a quarter were over 55 years old, about a third were under 45; and 9 in 10 were white. Responses were received from across the world, most were from the UK (40%), and while there were similar numbers from USA/Canada (19%); Europe (14%), Australia/New Zealand (16%) and the Rest of the World (12%). Only a minority worked for a SME (less than 250 staff) (30%), a little under a third (32%) worked for companies employing 3,000 plus staff. More senior than junior personnel responded, indeed close to two thirds described themselves as either board/executive level (31%), or senior managers (35%), the remainder were junior managers, supervisors, and operational staff. Most respondents had considerable experience in the industry, just 11% had less than 5 years, while over three quarters (76%) had 10 years or more, in fact most of these claimed over 20 years experience in the security sector. Moreover, as the following Figure 1 shows our sample were active in a variety of areas.

⁸ Details of how the samples of suppliers and clients were generated are provided in the discussion of research methods in the appendix.

⁹ While 200 supplier responses is a reasonable sample, the responses from some groups were small and this needs to be borne in mind in interpreting the results. All comparisons identified as significant are statistically significant at $P < 0.05$. Chi-squared test of association were used to compare proportions. Fisher's exact test was applied to tables with more than 20% of cells less than 5.

**Figure 1. Suppliers' main areas of activity
(n= 200)**

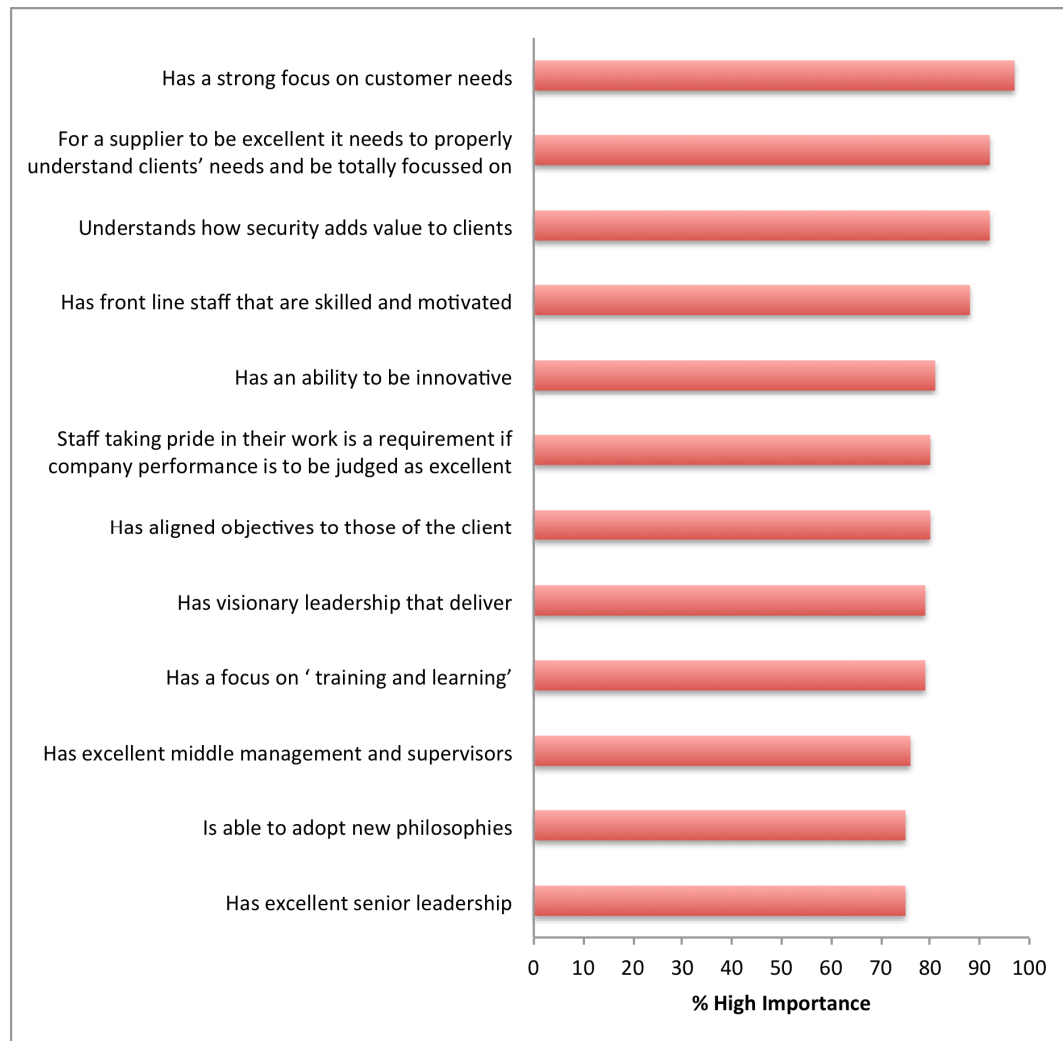


- 4.2 In terms of main areas of business, over half were involved in manned guarding, and approaching that proportion were active in security consulting. Approaching a third were active as security installers/integrators, over a quarter were engaged with CCTV monitoring. Overall the sample reflects a fairly diverse range of activities undertaken by the security sector.

Suppliers' views on the characteristics of suppliers that contribute to excellence

- 4.3 Suppliers were provided with a list of statements, derived from previous research, which have been suggested are characteristics of excellence. There were asked to rank each statement on a scale of 1 to 7 with where 1 is not important and 7 is very important. The results of those statements, which were marked as either a 6 or a 7 (and described as of high importance) are shown in the Figure below.

**Figure 2. Characteristics of security excellence ranked most highly by suppliers
(n= 196-200)**



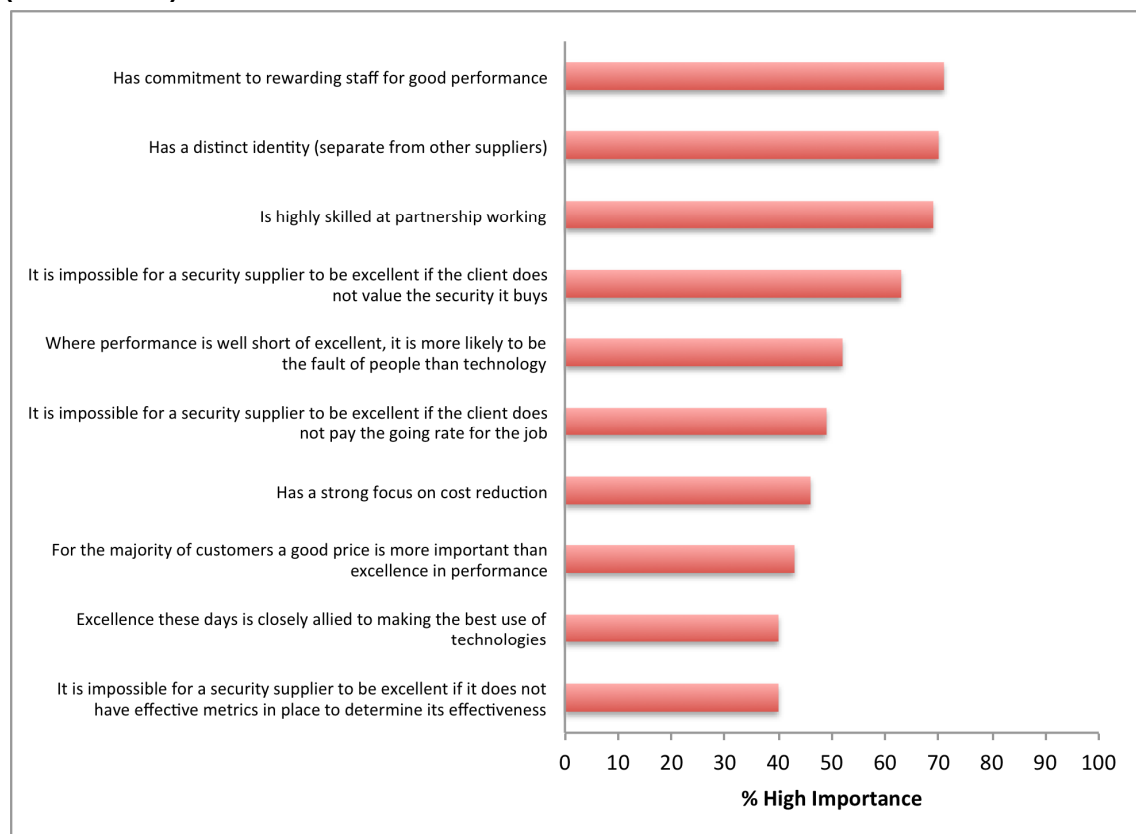
4.4 Strikingly, the top three characteristics, according to suppliers, all focus on understanding the client and its needs while adding value. The next three focus on specific supplier characteristics, such as motivated staff, being innovative and taking pride in one's work. Indeed, looking at these findings, it would seem that there are three areas that are viewed as being especially important.

4.5 First, and most important is understanding the client, and its security requirements, and thinking about how the security supplied adds value in particular but also in being able to adopt new philosophies and in being innovative. Suppliers also recognised the importance of aligning their service to that of the clients needs to be a priority. Second, having motivated staff and people who take their responsibilities seriously are key, while training is deemed to be important in facilitating the right approach. The third factor, somewhat overlapping the first two, and indeed a condition of them being undertaken successfully, is the

importance of leadership, both senior leadership and middle management.

- 4.6 The responses shown in the following Figure 3 also reveal some interesting findings.

Figure 3. Characteristics of security excellence ranked intermediately by suppliers (n=195-198)



- 4.7 Within this range there is rather a different emphasis, and there was a heavy focus here on the importance of price. It highlights the importance of the buyer, the client, in determining excellence, both in valuing security and to a lesser extent in being prepared to pay the going rate for the job. There was recognition here that for many clients a good price was more important than excellent performance and so a focus on cost reduction in these circumstances would inevitably be deemed crucial.

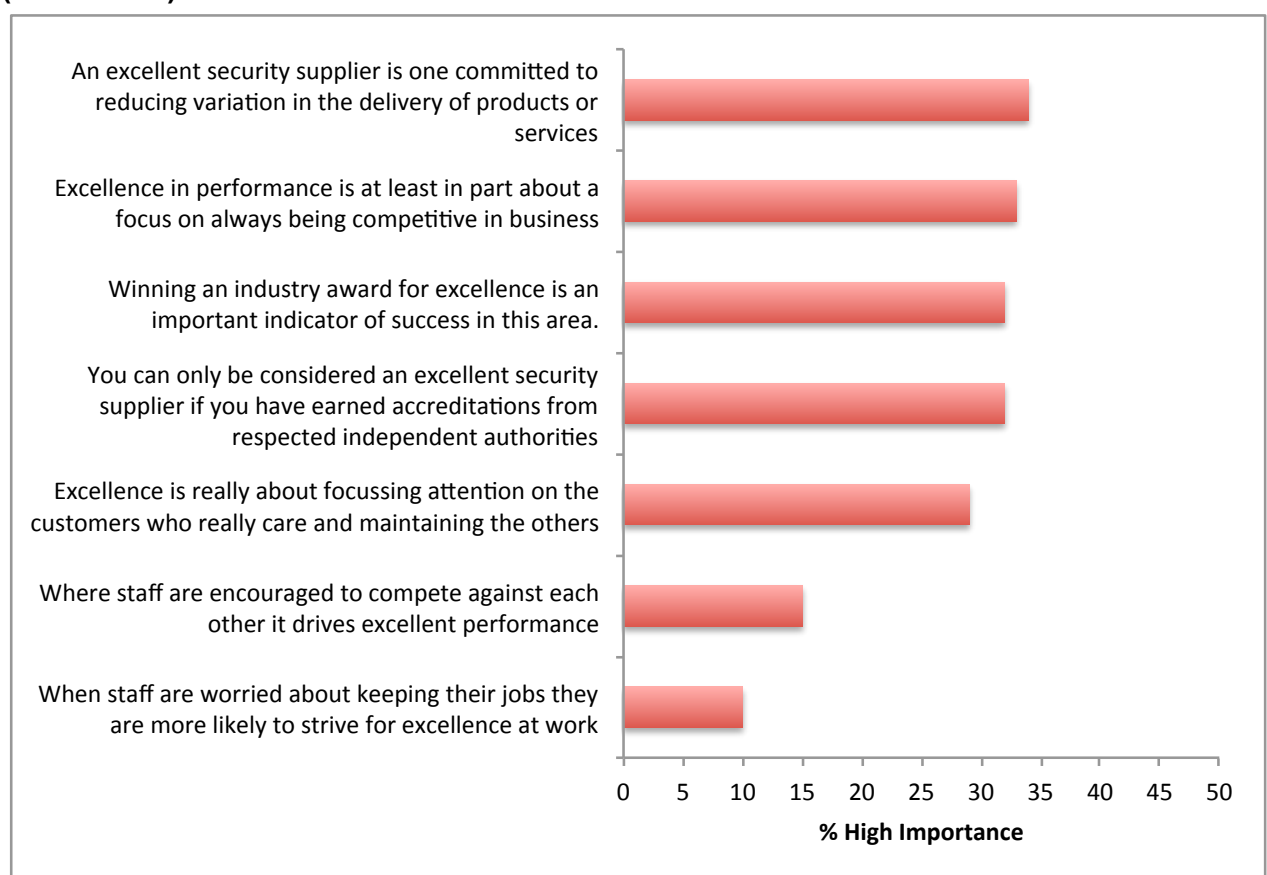
- 4.8 Second, there is the recognition that suppliers need specific skills to be excellent, being good at partnership working, being able to use metrics, being able to make good use of technologies¹⁰ were all recognised,

¹⁰ Perhaps predictably, security installers/integrators were significantly more likely to rate this as very important.

including the point that performance shortfalls are often people rather than technology related¹¹.

- 4.9 More importantly suppliers were especially likely to highlight an approach of rewarding staff for good performance as being important for ensuring excellence. At least a contributory factor in a supplier being recognised as excellent is establishing a distinct identity for such.
- 4.10 So what factors were deemed less important in contributing to excellence? Well the findings are shown in the Figure 4.

Figure 4. Characteristics of security excellence ranked as least important by suppliers (n=192-200)



- 4.11 There are three specific issues that emerge here. First, less than a third felt that an on-going emphasis on competitiveness was of high importance and there were aspects of being competitive that were seen as very poor characteristics of excellence, for example where staff are encouraged to compete against each other and where they are worried about keeping their jobs. Indeed, these two items were much more likely to be given a 1 or 2 indicating that they were seen as not

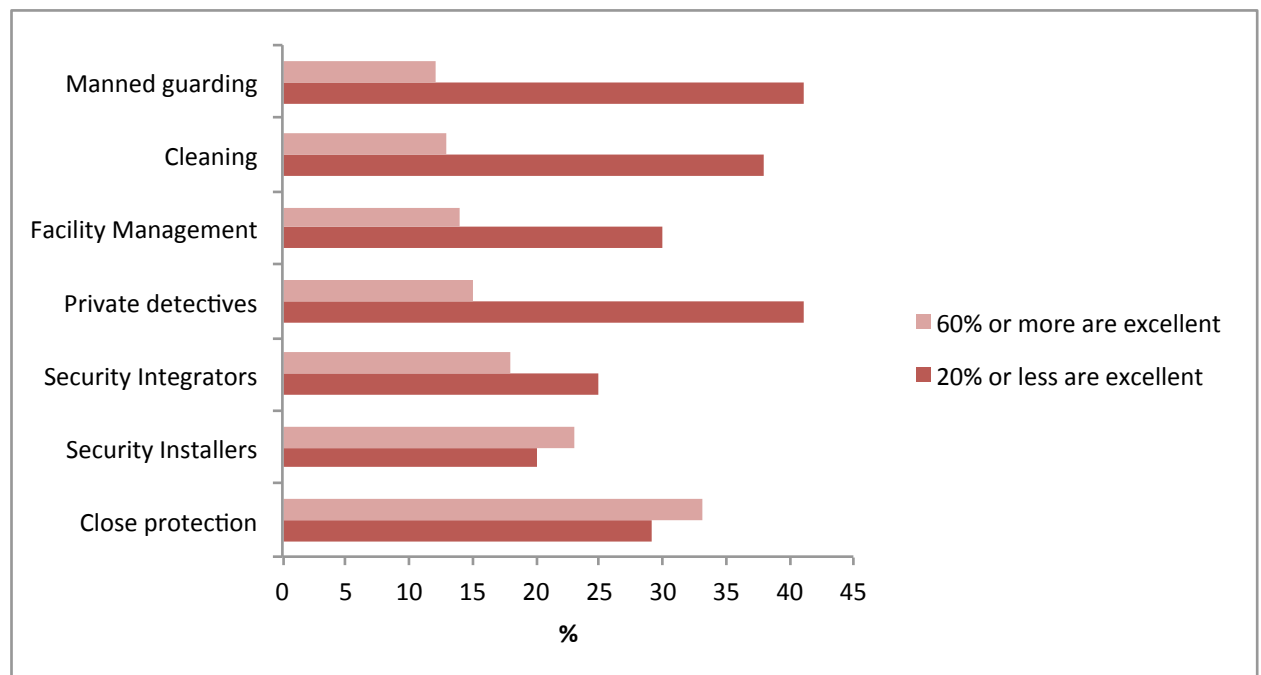
¹¹ CCTV operators (main or additional) were significantly less likely to rate this highly suggesting that they believed their own skills were less the cause of failure than the technology they work with.

important at all. The findings would suggest more support for the carrot than the stick in pursuing excellence. Second, suppliers place a lower emphasis on independent accreditations and recognition via an industry award, although more than 3 in 10 rated these as being of high importance. Third, some aspects of conducting business are not rated so highly, for example in reducing variation in the delivery of services, and on just prioritising the customers who care.

- 4.12 Overall, it seems experience, and to a slightly less extent seniority, has an impact on views here. Those who had at least 10 years security experience were significantly more likely to rate understanding how security adds value to clients, being able to adopt new philosophies, being innovative, staff taking pride in their performance and being good at partnership working as very important. The other key variable here was seniority, in that executives/senior managers attached a greater importance in companies aligning objectives and reducing variation in services, although more junior colleagues attached significantly more importance to technologies. Those working for SME's attached more importance to adopting new philosophies and being innovative and also having metrics in place, reflecting perhaps a different set of needs in the SME market.¹²
- 4.13 There is one other area here that merits comment. Suppliers were asked a more general question about different types of security work, and asked what proportion they would be happy to describe as excellent. The findings are shown in Figure 5.

¹² Caution is needed in interpreting the findings by Region as numbers are low. Further research may wish to explore some trends, for example, Europe was distinct in being less likely to attach high importance to such factors as having excellent senior leadership and aligning objectives, even a focus on training and learning' and along with the Rest of the World were more likely to attach a higher importance to seeing competitiveness as at least partly a contribute to excellence. The Rest of the World sample, generally placed a higher emphasis on staff being worried about keeping their job as a driver to excellence.

**Figure 5. Suppliers' perceptions of levels of excellence in different sectors
(n=163-192)**

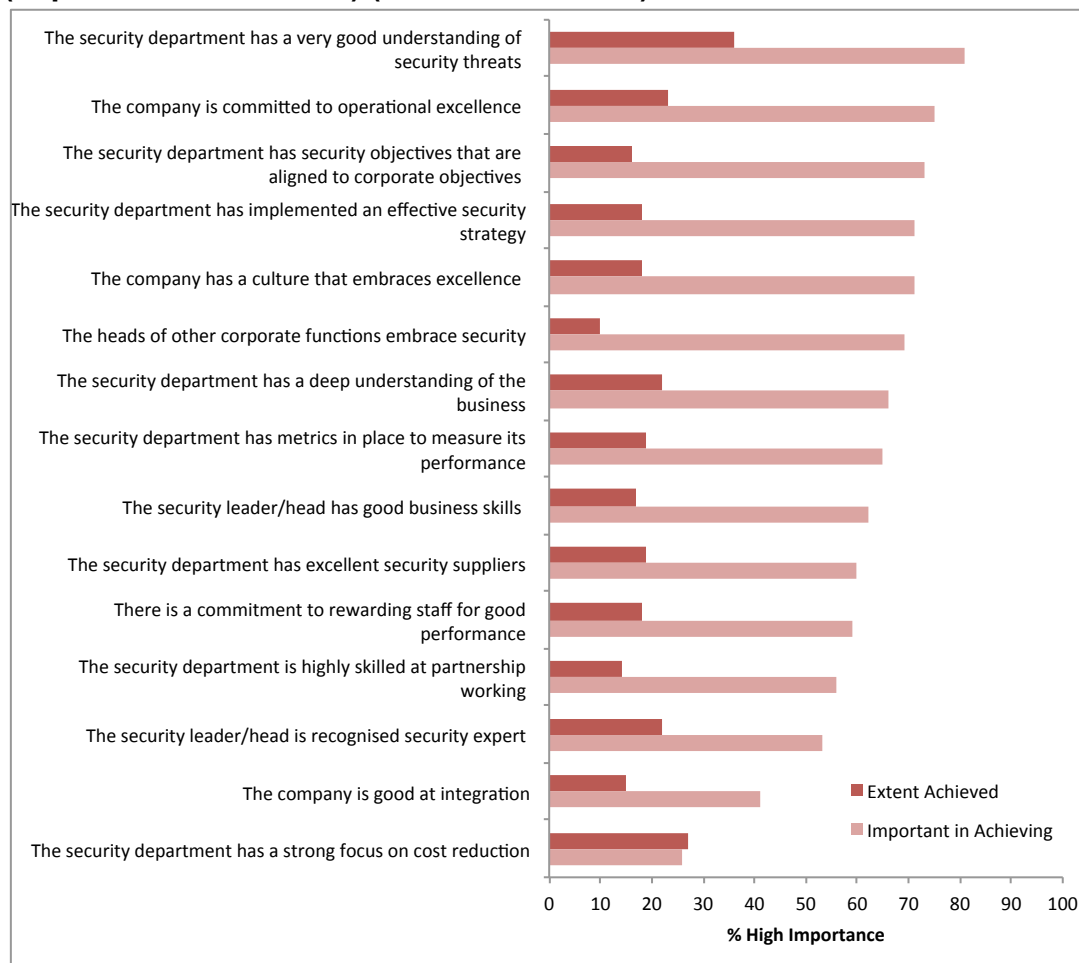


- 4.14 Close protection professionals clearly have the best reputation for excellence, followed by security installers at least amongst suppliers, and manned guarding the least.
- 4.15 Respondents were not likely to rate suppliers in their own area of business very differently. For example, 33% of close protection suppliers indicated that they would be happy to describe less than 20% of other close protection suppliers as excellent, and 41% indicated that they would be happy to describe over 60% as excellent.

Suppliers' views on the characteristics of clients that contribute to excellence

- 4.16 In the survey suppliers were provided with a list of statements that have been deemed by some previous research – mostly in other sectors – as being important contributors to excellent performance. Again they were asked to state on a scale of 1 to 7 the level of importance they attached to each. Then, they were asked to state the extent to which they believed security functions they dealt with achieved excellence in the area specified. The results are displayed in the following Figure 6.

Figure 6. Suppliers' views of the importance of different characteristics of excellence and the extent to which clients achieved this (importance n=171-178) (extent n=159-174)



4.17 The results are striking, and in several respects. Given that all of these characteristics were potentially important, the wide variation in the extent to which suppliers ranked them is interesting.

4.18 First, that a security function has a good understanding of security threats was seen as the most important, and by a large margin. Interestingly though, the requirement for the security lead to be a security expert was seen as less important it was the third lowest overall, indeed it was viewed as more important to be a business expert. A high priority was attached to other business functions embracing security, and to the security department having a good understanding of business. The importance of a business approach was evidenced in the relative high priority given to other factors. For example, the need for the security function to be strategically competent was highlighted; and having effective security objectives aligned with corporate priorities was rated comparatively highly. And in terms of approaches clients were deemed to be more compatible with excellence where they embraced operational excellence and where they created and maintained a culture that was conducive to excellence. These findings seem to suggest that while some security

skills are important, such as an understanding of threats, there is alongside this a requirement that the security function is engaged with the broader business and has its support.

- 4.19 Second, while nearly two thirds felt that metrics measuring importance was very important, less priority was attached to other approaches. Perhaps surprisingly only 6 in 10 felt that having excellent security suppliers was crucial to excellence¹³, and fewer considered rewarding excellence or being good at partnership working was very important. Rewarding staff for good performance was seen as very important by many but was relatively low down the list.
- 4.20 Third, there were two factors that stood out as being of less importance in terms of security excellence; being good at integration (which was the item most likely to be ranked not important at all) and perhaps unsurprisingly, given this was a supplier perspective, having a strong focus on cost reduction¹⁴.
- 4.21 Fourth, and perhaps the most striking finding of all, is that despite the fact that all but two of the factors were deemed to be very important by at least half of the sample, suppliers did not consider that clients were excellent in any of the criteria to anywhere near the same extent. Indeed, while understanding of threats was seen as the most important characteristic, little more than a third felt that clients excelled at this; in short most clients are not excellent at understanding their threats. Ironically, and somewhat poignantly clients were deemed to be next best at the characteristic deemed by far the least important for being excellent, a commitment to cost reduction¹⁵. There was only one other criterion, commitment to operational excellence, where more than one fifth of suppliers felt corporate security functions they knew were excellent. There were other areas where high importance and a lack of high level competence was evident, for example in aligning security objectives to corporate ones, having security metrics in place,¹⁶

¹³ Those whose main activity was security guarding were significantly more likely when compared to the rest to state this was very important. This was seen as much less important in Australia/New Zealand (40%) and to a lesser extent the Rest of the World (53%) than in (Europe 52%) the UK (69%) and USA/Canada (70%).

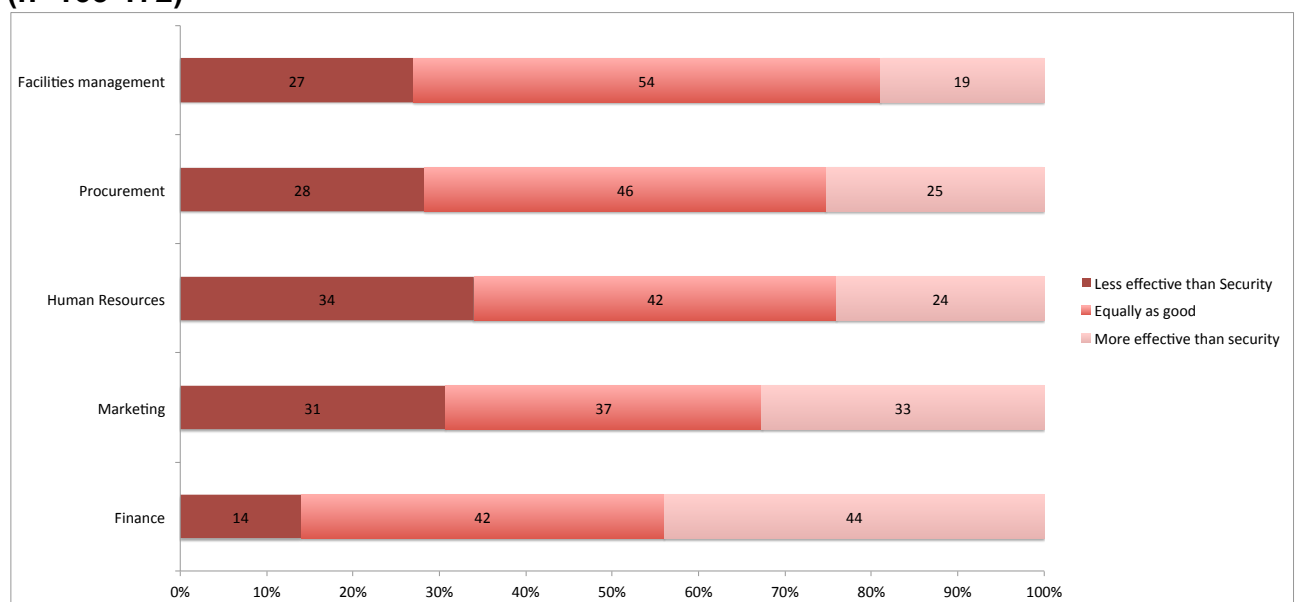
¹⁴ Those whose main activity was guarding, investigations, CCTV operation, security installers/integrators, close protection and cash in transit were significantly least likely to state this was very important.

¹⁵ Those with more than 10 years experience were significantly less likely than those with less to believe this was commonly achieved, as were those working in cash in transit and close protection.

¹⁶ 45-54 year olds were significantly more likely it was that this would be viewed as more commonly achieved, and CCTV operators more than the other sectors felt this was more widely achieved by clients they knew.

rewarding staff for good performance¹⁷, having an effective security strategy,¹⁸ having a good understanding of the business,¹⁹ the lead being a security expert²⁰, being good at partnership working²¹, are cases in point. If suppliers are right, there is a particular challenge for clients in getting other corporate heads to embrace security meaningfully, indeed this was the item most likely to receive a score of 1 or 2, indicating just how rare organisations were seen to be good at embracing security. This latter issue was addressed in a separate question which asked respondents to state whether the security function was more or less effective or about the same compared to specific other corporate functions. The findings are shown in Figure 7.

Figure 7. Suppliers' views on the effectiveness of the security function at achieving excellence compared to other corporate functions (n=163-172)



4.22 The findings paint a comparatively optimistic view of security, at least compared to those reported in previous surveys (see, Gill, 2014). Only the finance department stands out as being more effective at achieving

¹⁷ This was seen as more commonly achieved in the Rest of the World (50%), USA/Canada (21%), UK (15%), than in Australia/New Zealand (11%) and especially Europe (4%).

¹⁸ Those who were involved in guarding as a main activity were significantly more likely than those who were not to believe this was commonly achieved.

¹⁹ Those whose main or additional activity was door supervision were significantly less likely to state that this has been widely achieved by clients.

²⁰ Those working in companies where the main activity was security guarding were significantly more likely to state that this was common amongst clients they knew.

²¹ Those working in companies where the main activity was door supervision were significantly more likely to state that this was common amongst clients they knew.

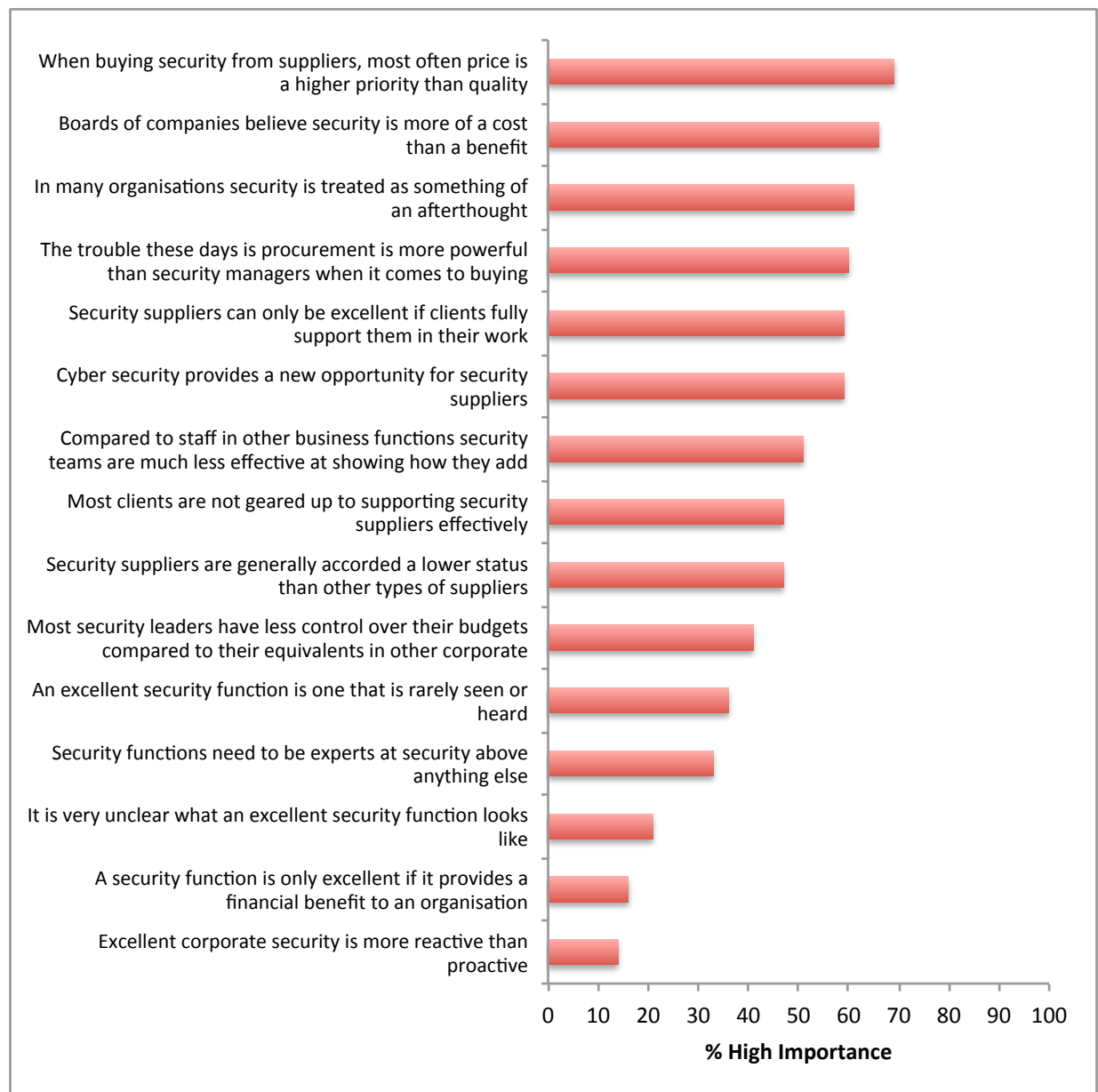
excellence compared to security²². Marketing and procurement departments overall could be deemed as being about as good, but according to security suppliers the security function was overall, comparatively better at achieving excellence than facilities management and human resources departments.

Suppliers' views of general questions on security excellence

- 4.23 Suppliers were asked to state the extent to which they felt clients they knew were excellent at security. Only 5.5% said none were, and only 1.1% said all were, so most felt some were and some were not, indeed the mean score 3.56.
- 4.24 However, insight was generated from an additional question where suppliers were given a range of general statements about excellence and asked to state the extent to which they agreed with each using the scale noted earlier, where 1 was disagree strongly and 7 agree strongly. The findings are shown in the following table.

²² Further research might explore further the finding here that those working and living in the UK were least likely to view finance as better, Europe was much more likely to do so.

Figure 8. The extent to which suppliers agreed strongly with a range of general statements about security (n= 182 – 191)



- 4.25 Most suppliers strongly agree that clients are not focussed on buying the best security, this is reflected in the level of strong agreement that for clients most often price was a greater priority than quality, that for Boards of companies security is more of a cost than a benefit and is treated as an afterthought, and approaching a half feel security suppliers are accorded a lower status than other suppliers.
- 4.26 There are some interesting observations about suppliers' views of internal security teams. For example, more than half strongly agree that security departments are less able than other business functions to

show how they add value²³, and more than 4 in 10 strongly agree that security managers have less control over their budgets than other departmental managers. Certainly the procurement function is often deemed to be more powerful than security in buying decisions.

- 4.27 Within organisations the majority of respondents strongly agree that clients are not geared up to supporting suppliers, this is particularly illuminating because there was a lot of agreement for the view that client support was key in enabling them to be excellent.
- 4.28 There was less clear agreement with statements about the role of security within organisations. For example, over a third strongly agreed that an excellent security function was one that is rarely seen or heard, that being experts at security was the most important feature, there was even less strong support for the view that excellence is about generating a financial return²⁴ and for being reactive rather than proactive.
- 4.29 There were some interesting differences by region, where about 7 in 10 of respondents in the USA/Canada (72%) and the UK (69%) considered it very important that suppliers could only be excellent if clients fully supported them in their work, compared to about 4 in 10 in Europe (33%) and Australia/New Zealand (43%), and slightly more in the Rest of the World (57%). The UK though was distinct in attaching high importance to the view that most often price is a higher priority than quality when buying security, more than 8 in 10 (81%) respondents thought so, compared to between a half and a third in Australia/New Zealand (54%), Rest of the World (64%), USA/Canada (61%) and Europe (67%).

Benchmarking

- 4.30 Most companies had benchmarked their performance over the last three years, and the larger the organisation the more likely it was to do so, for example only 46% of SMEs did so, but 82% of those employing over 3,000 staff. The most common reasons for not doing so were that it was not a priority, a lack of opportunities to do so, and because of a lack of suitable benchmarking organisations.

²³ Those in Executive/senior management positions were significantly more likely than those in more junior roles to agree strongly with this statement, while those working for companies whose main activity included guarding, door supervision and CCTV operation were significantly less likely to agree strongly.

²⁴ Those with more than 10 years of experience were significantly more likely than those with less to agree strongly with this; so too those who worked in a SME compared to organisations employing more people, SME's were less likely to state that excellence was dependent on client support.

How importance is excellence?

- 4.31 For suppliers at least, the answer is often 'to a limited extent' principally because they are governed by what a client will pay for and what it needs; security is not crucial to all organisations, and as noted suppliers feel that many clients do not treat it as a priority and it can often be a poor relation in the business environment. A minority of suppliers (41%) that answered the question said they benchmarked their performance against others, most didn't and the most common reason given was that it was not a priority although the lack of suitable benchmarking organisations was also commonly noted. Benchmarking became significantly more likely to place the larger the organisation. Of course, not all suppliers are committed to excellence either as some respondents to the survey noted:

Too many security suppliers have no particular interest in bothering with excellence. (Respondent number 448)

Discussion

- 4.32 According to suppliers a strong condition of excellence involves being focussed on understanding clients' needs and supporting them. So this involves aligning objectives with those of the client and thinking constructively about adding value. Some typical comments included:

An excellent security supplier understands the needs of their client, the scope of their job, and has good hiring practices. (Respondent number 282)

Must understand their clients' needs and put them before financial savings. (Respondent number 163)

Ask the client what is required and what are the issues - listen to the client carefully, be flexible and sensible in approach or making the systems too complex or difficult to use. (Respondent number 111)

(Be) wholly, and completely motivated by attending to the clients' perception of their needs. (Respondent number 92)

- 4.33 Some comments focussed specifically on relating services to risks:

(A good supplier) understands the risk approach to security and strives to provide clients with what they need rather than simply spending their money on systems that do not deal with the risks the clients face. (Respondent number 421)

The best security suppliers have an understanding of security risk management principles and will identify products to meet asset protection objectives based on performance. The worst suppliers are unimaginative and will specify the product or service they are most familiar with rather than being innovative to best match countermeasures to the site conditions and threat environment. (Respondent number 420)

- 4.34 And there was clarity on the issues that were deemed most important from a supplier's perspective in providing excellence. A key is motivated and trained staff taking pride in their performance²⁵, and to a lesser extent rewarding staff for good performance – backed up by a commitment to training and learning. Suppliers place a strong emphasis on leadership, both at the senior level and also lower down the hierarchy at middle management level. Some comments on these issues included:

An excellent security supplier also runs a very effective business. (Respondent number 318)

It also needs to genuinely value its staff and involve them in the excellence process. (Respondent number 68)

The security supplier from the management to the staff on the ground should all exude professionalism in its specialism including honesty and integrity. (Respondent number 149)

A company who listen to their staff & not ignore them. Who support their field based managers & recognise their contribution. (Respondent number 36)

Service underpinned with effective staff training. (Respondent number 35)

- 4.35 To a lesser extent more specific skill sets are needed. For example, related to partnership working, making good use of technologies, or reducing variation in delivery. And there were features of company culture that were deemed important too, creating a competitive atmosphere amongst staff and promoting job insecurity in the name of higher performance were not generally supported. Generating an identity for excellence is clearly important too.
- 4.36 While then the most important features were seen as those the supplier has direct control over, a second level of importance was attached to

²⁵ As was noted, in the comments. Being honest is important, retaining good paperwork and effective documentation, more broadly being governed by good policy and procedures.

the approach taken by the client. For most, it was very important the client valued the security it buys as a precursor of excellence. This will often include the need for the client to pay the going rate for the job, and for the supplier to only take contracts on terms that enable it to perform well. As one respondent noted:

Companies that are interested in excellence are squeezed out of the market by companies that are willing to focus on being cheap. (Respondent number 448).

- 4.37 Certainly some comments received emphasised the importance of establishing a partnership with the client²⁶:

The EXCELLENT security supplier will contact EVERY client EVERY week to discuss their progress, the performance of their staff and the products and services that the client needs to be met. In other words, building a partnership with the client than just providing a service and expecting to be paid - the excellence comes from going beyond the exchange of products and services for monetary gain (original emphasis). (Respondent number 49).

You have to know what matters to your client. They may say that staff turning up for a shift is important but in terms of excellence that is standard. What makes a service excellent is the things that make the service memorable, this may be more about the extent to which you understand the client, how you are able to predict things that impact on their business, how proactive you are compared to being reactive. (interviewee company director)

- 4.38 A number of comments to the survey noted that assessments of excellence were subjective and ‘in the eye of the beholder’. The evidence here would suggest that in terms of judging excellence client perceptions take first place to more independent measures such as industry awards and accreditations. We received a number of comments in this research about accreditations, which as noted earlier in this report, vary markedly. One individual, working for a representative association, was concerned that many schemes designed to identify the elite or the pacesetters could be misleading because, he argued, not all those who do the accreditations are experts and know what to look for; because some people/companies are good at scoring highly and work with systems which may make them appear better than they really are; because some (smaller) companies do not have the time or commitment to getting a high score

²⁶ For a further discussion on partnership, see Gill (2013); Gill and Howell (2014).

even though they would on many measures be considered excellent; and that there was a difference anyway in being excellent on a particular day and being consistently excellent. He reasoned that another difficulty here is that there are too many accreditations in the security world, such that 'the industry does not understand them so how can anyone else?' In summary he noted of a number of high profile accreditations that:

This theoretically should have a bearing but as we all know there are companies far from excellent who hold these various standards.

- 4.39 There is much to comment on clarification of security related accreditations, and what they mean and how they should be interpreted. Judgements on the importance of criteria in generating excellence may vary by person, client, and by type of security. On this latter point, according to suppliers, and thinking generally, more close protection professionals achieve excellence than other security suppliers, and guarding fares worse than cleaners.
- 4.40 So what about suppliers' views on clients? Clients need to be good at understanding security threats, but interestingly there is more ambiguity in the importance of the security lead being a security expert, indeed having business skills is rated a higher priority. A broader business competence was evidenced in two ways. First in the security function itself, in terms of developing a deep understanding of the business in which it operates, in being strategic and aligning its own objectives with those of the organisation. Second in the organisation itself supporting security, including amongst other business heads, but also in being more generally committed to operational excellence and a culture supportive of excellence. Some comments here included:

For the function to be excellent it must be integrated into the business and perceived as a vital element of continuing business operations without disruption. Sustained education and awareness efforts are needed to maintain the profile of security and encourage a shared view and acceptance of security responsibilities. The security department cannot do everything and must rely on the wider workforce to act as a multiplier. (Respondent number 420)

An excellent security function understands its role, can represent itself through a competent and capable senior leadership, is equipped and capable of delivering effectively within the objectives and resources it is given and does so in a way which compliments the core activities of the organisation, not impedes it. (Respondent number 410)

Understanding the business strategy and drivers are key for the success of any business unit. Security is another business unit in an organisation, it just so happens their (sic) business is security. (Respondent number 290)

- 4.41 Suppliers felt that a commitment to measuring excellence was more important for clients than for themselves. As one interviewee, the MD of a security company noted:

The best companies are smarter, more technologically driven, they look at ways of saving money ... our managers are good, our documentation is good, so when we tender we have that on our side. We have good KPI and SLAs and we monitor them closely. They are a tool for measuring so at least we can say we are good at this, need to improve at that, you have to have something.

- 4.42 Most felt that having very good suppliers was very important for a client to achieve excellence but this is likely to vary with the client. Rewarding staff for good performance and being skilled at partnership working, and to a lesser extent integration may have been expected to have been higher, but these skill sets, important though they often are, are not as important as those focussing on the more inner workings of the company. Less surprisingly suppliers did not feel a cost reduction emphasis was anywhere near such a contributor or condition of excellence. Some interviewees noted that although margins were tight it placed additional emphasis on working smarter and developing a rapport with the client so that a mutual understanding could be developed. Another director of a security company highlighted the importance of distinguishing between client satisfaction and client loyalty:

Taken at face value you would say that customers have to be satisfied, that is obvious, but because they are satisfied with what you are doing, does not mean to say that when the contract comes up for renewal you will get it. They would have to be more than satisfied perhaps, so satisfied that they had become loyal. You have to know what matters to your client ... Really clients have to know what they want, and when they do and probably only when they do can we begin to identify with them.

- 4.43 Strikingly, suppliers did not think that most clients were very good at elements of security they generally considered important in creating excellence, indeed there was in every case a big gap between those who said the criteria were very important and the extent to which they felt clients they knew could be considered excellent. Overall only 1 in 100 thought all clients they knew were excellent at security although only 5 in 100 felt none were. It is perhaps symptomatic here that clients were deemed to be comparatively good at the issue they deemed less

important for excellence, cost reduction. It was not that they thought security was a weak corporate function, it fared comparatively well when assessed alongside others, it was rather that there were specific factors that prevented security from performing better.

- 4.44 At least part of the reason is that suppliers felt that often the Board of companies did not support security, and indeed would often see security as something of an afterthought, and in particular to be more interested in price than quality. The way organisations are perceived to run their security reinforces this view, since security managers were perceived to have less control over their budgets than counterparts (and the power of procurement professionals was lamented), and security suppliers a lower status than other types of suppliers. Although suppliers generally considered the support of clients to be very important they also acknowledged that clients were most often not geared up for this.
- 4.45 One final point is worth noting, that suppliers claimed recognised not all clients sought excellence. Often price was deemed more important. Of course for some clients security was less of a priority and seemingly that amounts to being prepared to accept less than outstanding performance from their purchase. To test whether this was a mere defence mechanism on the part of some suppliers, or a more widely held view, clients' views on these issues are also reported, that is the focus of the next section.

Section 5. Clients' Perspectives on Security Excellence

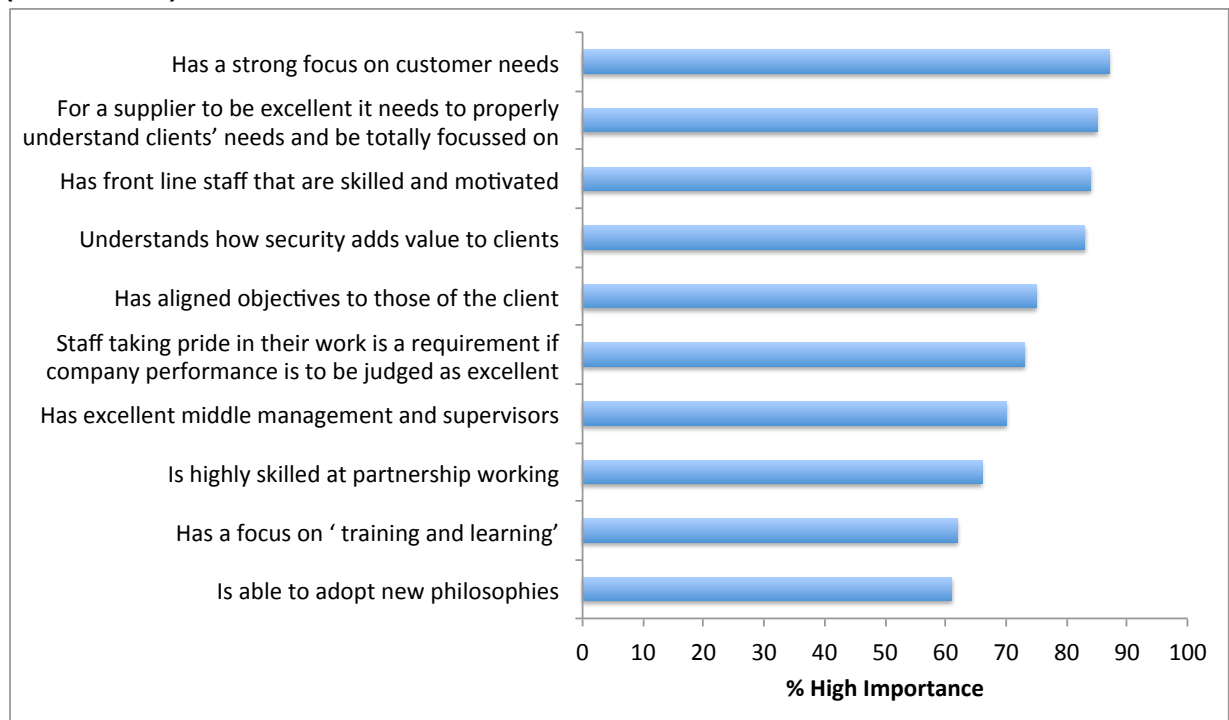
The Sample

- 5.1 Responses were received from 289 respondents. Nearly 4 in 10 were under 45 (39%), and 45 to 54 (38%), and predictably most were male (92%) and white (84%). Only a minority described themselves as Board level/executives (8%), most were senior managers (50%) or junior managers (25%), the remainder were supervisors or functional at the operational level. They mostly worked in big companies, indeed well over half the sample (58%) reported having over 3,000 staff, and just over a quarter (26%) less than 1,000 staff. It perhaps follows that their work was largely international, in that 62% stated they had a base in at least two countries and close to 4 in 10 of the total (40%) in seven or more countries. While approaching a half (48%) had less than 10 security management staff, about a quarter (25%) had from 10-49, and the remainder (27%) over 50. The vast majority of respondents (94%) described themselves as security specialists, indeed this was for most the main area of work. More than 4 in 10 said that their company had suffered a major security incident within the last two years, and the vast majority (94%) said they worked with security suppliers.

Clients' views on the characteristics of suppliers that contribute to excellence

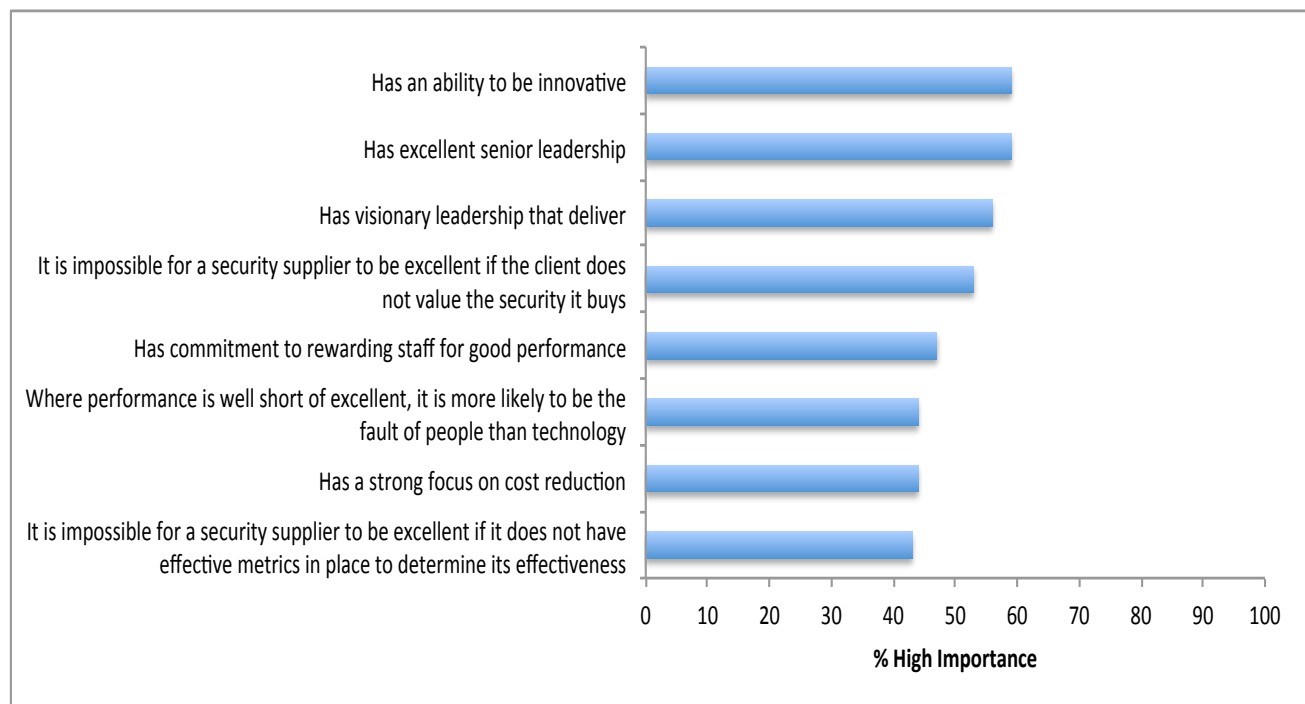
- 5.2 Clients, like suppliers were provided with a list of statements, derived from previous research, which some suggest are a characteristic of excellence. They were asked to rank each statement on a scale of 1 to 7 with where 1 is not important and 7 is very important. The results of those of those statements that were marked as either a 6 or a 7 (what we term 'very important') are shown in Figure 9 below.
- 5.3 The items that were ranked the most highly, where more than 6 in 10 of the sample gave the items a 6 or 7, are shown in the table below. What becomes immediately apparent, and is discussed more later, is that there is a close resemblance to the priorities noted by suppliers.

Figure 9. Characteristics of security excellence amongst suppliers ranked most highly by clients (n=286-288)



- 5.4 Strikingly, the top two characteristics and four of the top five focus on understanding the needs of the client and meeting them which includes aligning objectives and showing value.
- 5.5 A second focus is on the skills of the supplier. Here front line staff being motivated is viewed as the most important, and this includes recognition that staff taking pride in their work is key too. It is noteworthy that good middle management and supervisors are viewed as very important, not quite to the extent of good front line staff but more than senior leaders. Suppliers that are good at partnership working, training staff, and are able to adopt new philosophies are more likely to be seen by clients to be excellent.
- 5.6 What about those responses that were viewed as the next most important, being seen as very important by at least 4 in 10 clients? These are shown in Figure 10.

**Figure 10. Characteristics of security excellence ranked intermediately by clients
(n=283-288)**

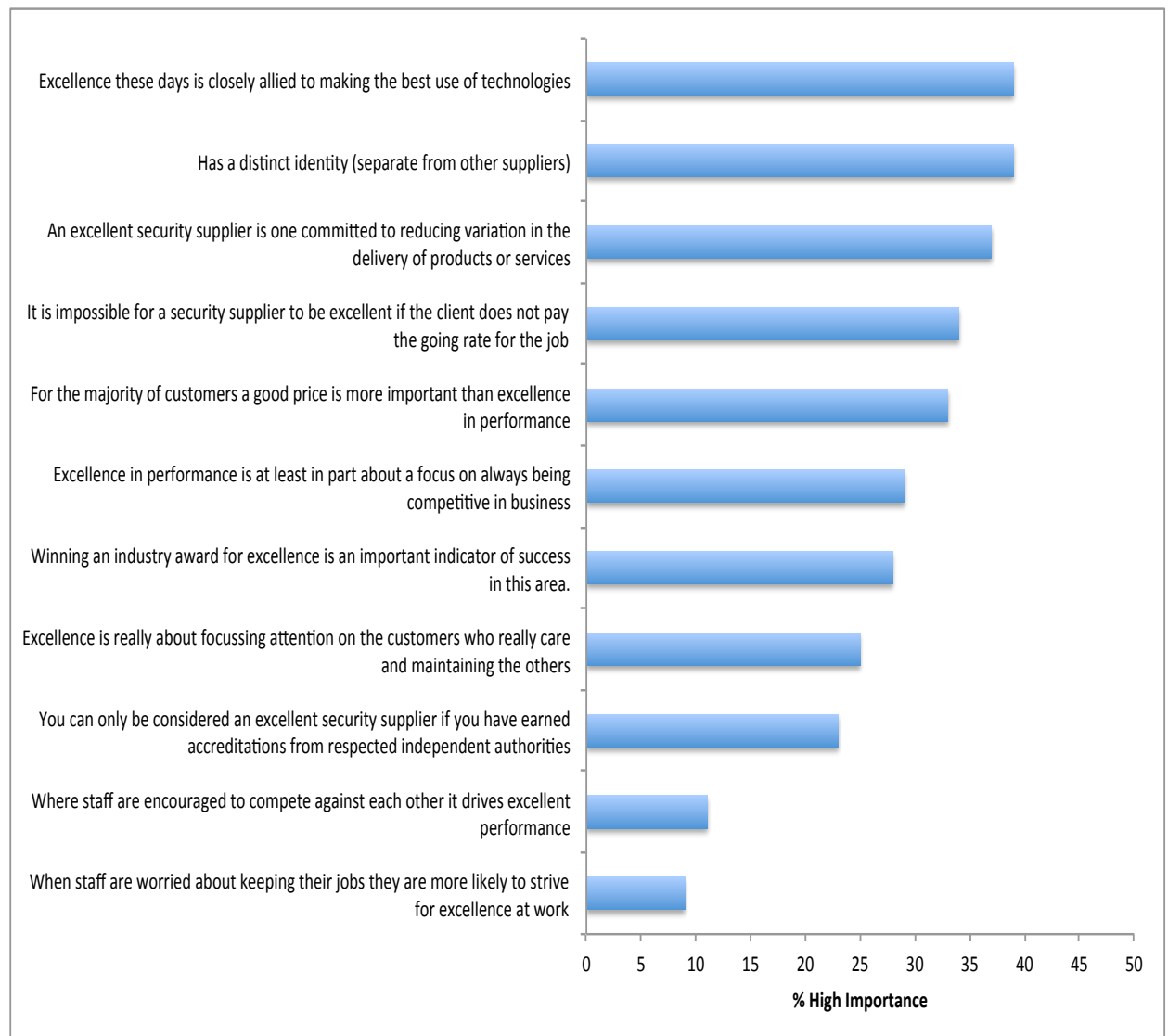


5.7 There are several points that emerge. The first is that senior/visionary leadership features prominently as an important contributor of excellence, albeit that this received less emphasis than good middle management as noted above. A second important factor is that clients recognised they had an important role to play in valuing security, if this is missing the challenge for suppliers to excel is even greater. As will be shown though, clients were less likely to attach as high importance to the need to pay the going rate for the job in order to achieve excellence.

5.8 A statement linking excellent supplier performance to level of payment received much less of an emphasis. A third factor focussed on a range of skills suppliers need to adopt. These include an ability to be innovative; to rewarding good staff performance; and having good metrics to determine and show effectiveness. Fourth, clients recognised the importance of cost reduction, although this was not given the priority that many might have believed it to have been given, indeed given the emphasis discussed above it appears value is a greater priority than cost.

5.9 So what factors were deemed less important in contributing to excellence? Well the findings are shown in Figure 11.

Figure 11. Characteristics of security excellence ranked as least important by clients (n=277-287)

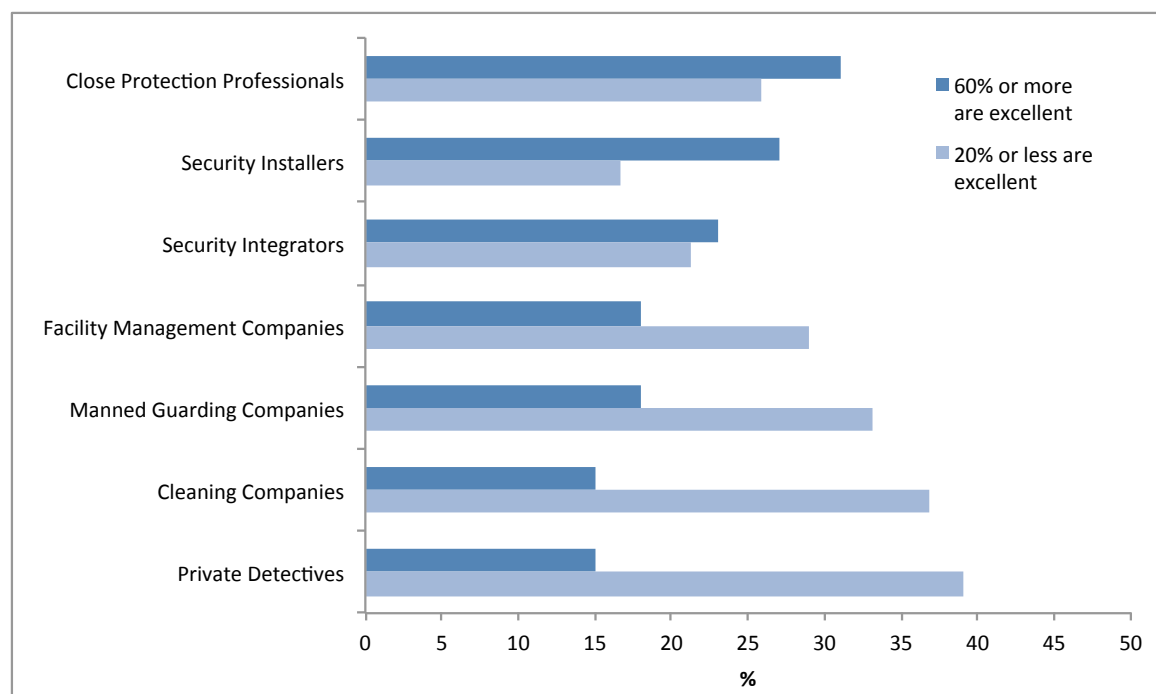


5.10 These characteristics have been deemed less important because they were given the highest ranking by fewer than 4 in 10 of clients. There are perhaps four key points to make.

5.11 First, it has been noted above that clients felt that a focus on motivated staff was a positive; the carrot rather than the stick preference is reaffirmed here in that a low priority was attached to characteristics such as staff competing against each other and promoting staff job insecurity (indeed over a half of the sample gave this a mark of 1 or 2 meaning it was not important at all). More felt that competitiveness in business drove excellence, although less than a quarter attached great importance to the idea of focussing on customers that really cared while pursuing a maintenance strategy with the rest.

- 5.12 Second, a third attached high importance that the client paying the 'going rate' was a condition of supplier excellence, yet a similar proportion believed price over-rode excellent performance most often. Some clients recognised that paying the going rate was a key indicator for excellence, others indicated that it was not always seen as very important to do so.
- 5.13 Third, winning industry awards and obtaining accreditations is relevant, and the former has more significance than the latter according to these findings, albeit that they are very important to only a minority.
- 5.14 The three issues here that received more attention than the rest would suggest that suppliers focussing on making the best use of technologies; creating a distinct identity for themselves, and generating consistent high quality delivery will have an advantage, sizeable minorities considered these very important.
- 5.15 There is one other finding that merits comment here. Clients were asked about specific security sector activities and asked to state what proportion of each they would be happy to describe as excellent. The findings are in Figure 12.

Figure 12. Clients' perceptions of levels excellence in different security sub sectors (n=249-287)



- 5.16 Clearly clients had the most positive view of close protection professionals, and the least of private detectives. What is perhaps more significant is that according to clients most suppliers are not excellent performers most of the time.

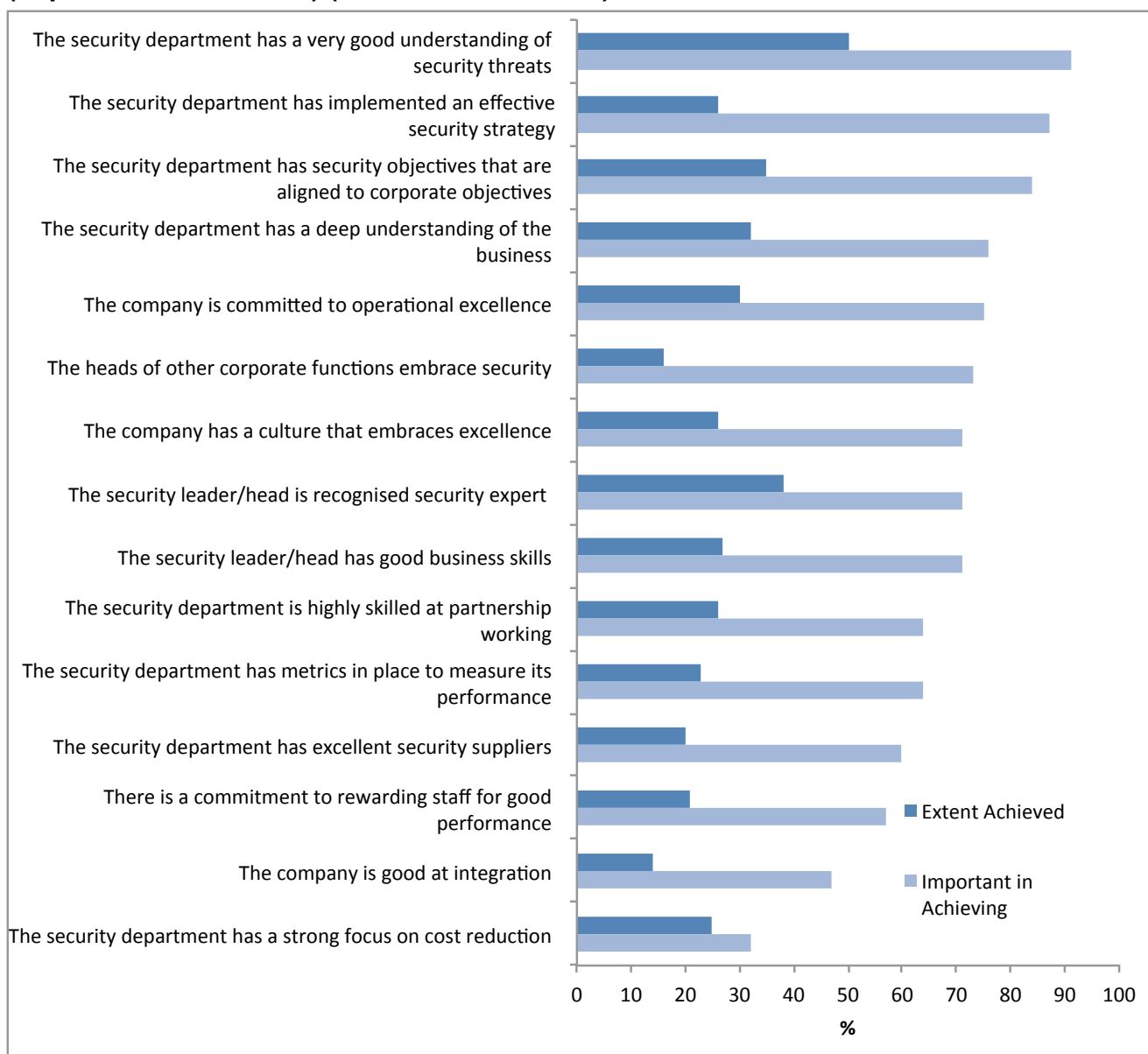
Some key findings

- 5.17 It might be expected that those who had suffered a major security incident would have reason to value or doubt security (depending on how well it responded) in some way. These respondents were distinct in some respects, in that they were significantly more likely to attach a higher importance to aligning objectives to those of the client, a visionary leadership that delivers, and adopting new philosophies. Perhaps the importance of these is highlighted following a critical event. It is less easy to explain why they also believed that for most customers price was more important than quality, perhaps this is a rationalisation for why major incidents occur, it needs further research.
- 5.18 Those with more security staff placed a significantly higher importance on some staff related criteria, such as a focus on training and learning and rewarding staff for good performance, and recognised the importance of the client paying the going rate for the job and valuing the security it buys. Those who did not use suppliers believed for most customers a good price was more important than excellent performance.
- 5.19 Those holding more senior positions were more likely than junior colleagues to rate as important aspects of the way the supplier conducts its business, for example in the focus on customer needs, partnership working, being innovative, adopting new philosophies, the high motivation of staff and understanding how security adds value, and perhaps predictably having visionary leadership that delivers.
- 5.20 Those whose main area of business was not security were much more likely to place a high value on reducing variation in delivery (as did those who were not security specialists), while those whose main area was procurement and fire – and the numbers were low here - were much more likely to see a focus on the customers who really care and maintain the others as of more importance than those who were not. It is possible accreditations are valued less in security than in other areas as this was rated as more important by non security specialists.
- 5.21 There were some differences by Region and those clients working in the Rest of the World were especially likely to highlight the importance of competitive aspects in driving excellence, and also to independent accreditations and industry awards. Other than that differences related to specific criterion. Those working in the UK attached a higher importance to rewarding staff for good performance compared Europe and the USA/Canada in particular. Europe clients seem to mirror indication from suppliers that less importance is attached to senior leadership. Less importance was attached to customers valuing price more than excellence in USA/Canada and the Rest of the World.

Clients' views on their characteristics that contribute to excellence

5.22 In the survey clients, like suppliers, were provided with a list of statements that have been deemed by some previous research – mostly in other sectors – as being important contributors to excellent performance. Again they were asked to state on a scale of 1 to 7 the level of importance they attached to each. Then, they were asked to state the extent to which they believed security functions they dealt with achieved excellence in the area specified. The results are displayed in Figure 13.

Figure 13. Clients' views of the importance of different characteristics of excellence and the extent to which clients achieved this (importance n=278-284) (achieved n=262-276)



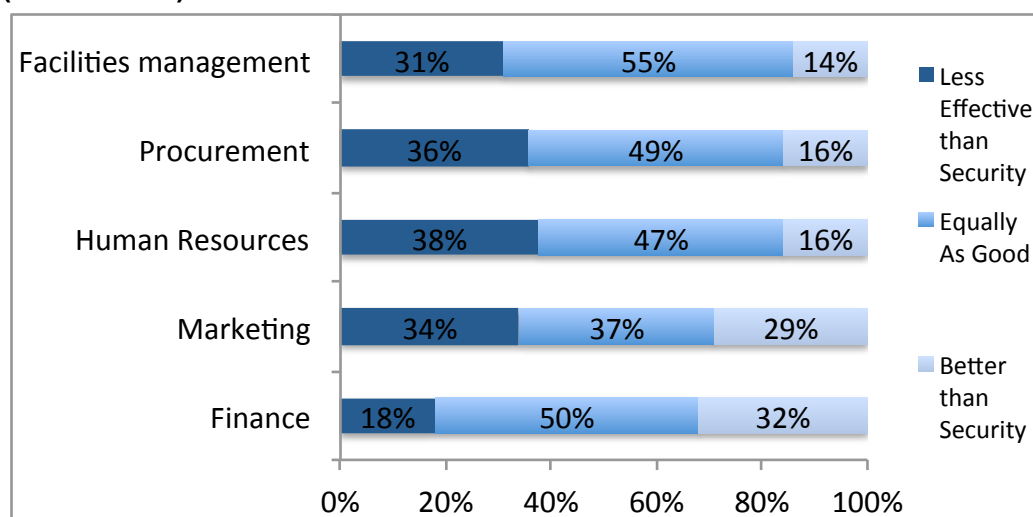
- 5.23 In each of three closely related criteria that more than 8 in 10 felt were very important for a corporate security department to achieve excellence; they involved it having a very good understanding of threats; an effective strategy to respond to those threats; and with objectives that were aligned with those of the corporation. These were supported by other items that were ranked as very important by at least 7 in 10 clients. The main focus was again on approaches that need to be taken by corporate security, specifically in ensuring that it understood the business and that the head of security is recognised for both security and business knowledge. Much less important – but still being seen as very important for between a half and two thirds – was a specific skill set in partnership working; the existence of metrics to measure performance; and having good security suppliers. Being good at integration was comparatively less important.
- 5.24 Second, looking beyond the security function itself, the characteristics of the company in which it is located that are particularly conducive to creating excellence are: a more general commitment to operational excellence; a culture that embraces excellence; and support for security by other corporate functions (a point that will be returned to later). Over a half thought it was very important there was commitment to rewarding staff that performed well.
- 5.25 Third, the issue of cost reduction has featured prominently in discussions about performance, but in terms of achieving excellence, clients, like suppliers rated this the least important and by some margin (more gave this a mark of 1 or 2 than any of the other criteria).
- 5.26 Fourth, and this is a striking finding, clients agree that although the majority of the characteristics mentioned are very important most often to achieving excellence, they also agreed that typically clients did not excel at any of them. Even though over 9 in 10 rated understanding security threats as very important, only a half felt that a high proportion of security departments they knew achieved this. Similarly, despite the security lead being a security expert been deemed to be very important in facilitating excellence, this was not perceived to be common in practice, so too the security lead having good business skills, and the security department having a deep understanding of the business. Perhaps this helps to explain why getting other corporate functions to embrace security is seemingly a particular challenge (indeed more gave this a mark of 1 or 2 than any of other criteria).
- 5.27 Indeed, on a whole range of factors that were considered important for achieving excellence clients felt that the skill sets were not common amongst others they knew, for example having metrics in place, and a culture that embraces excellence, other corporate functions embracing security, being good at partnership working, and integration, having implemented an effective strategy, having security objectives aligned with corporate ones, rewarding staff for good performance, and having a strong focus on cost reduction are cases in point.

5.28 A most cynical summary of this evidence is that while clients recognise that a whole range of criteria are important in creating excellence they also readily acknowledge that as a collective they fall short. All too often it seems security functions and approaches taken by companies are not conducive to creating excellence.

5.29 Those who had suffered a major security incident were significantly more likely to state that understanding threats was very important. Those who were most senior in a company were significantly more likely to attached high importance to rewarding staff well. This group were also distinct in believing certain criteria were common amongst other clients they knew. For example, that the security lead was a security expert, that the security department had a deep understanding of the business and was embraced by other corporate security functions, and was good at partnership working. This latter issue was less in evidence according to those who worked in Australia/New Zealand. At this highest level impressions are more positive.

5.30 The extent to which the security function performs well, in terms of achieving excellence, or badly against other corporate functions was tested in a separate question and the results are shown in Figure 14.

Figure 14. Clients' views on the effectiveness of the security function at achieving excellence compared to other corporate functions (n= 236-264)



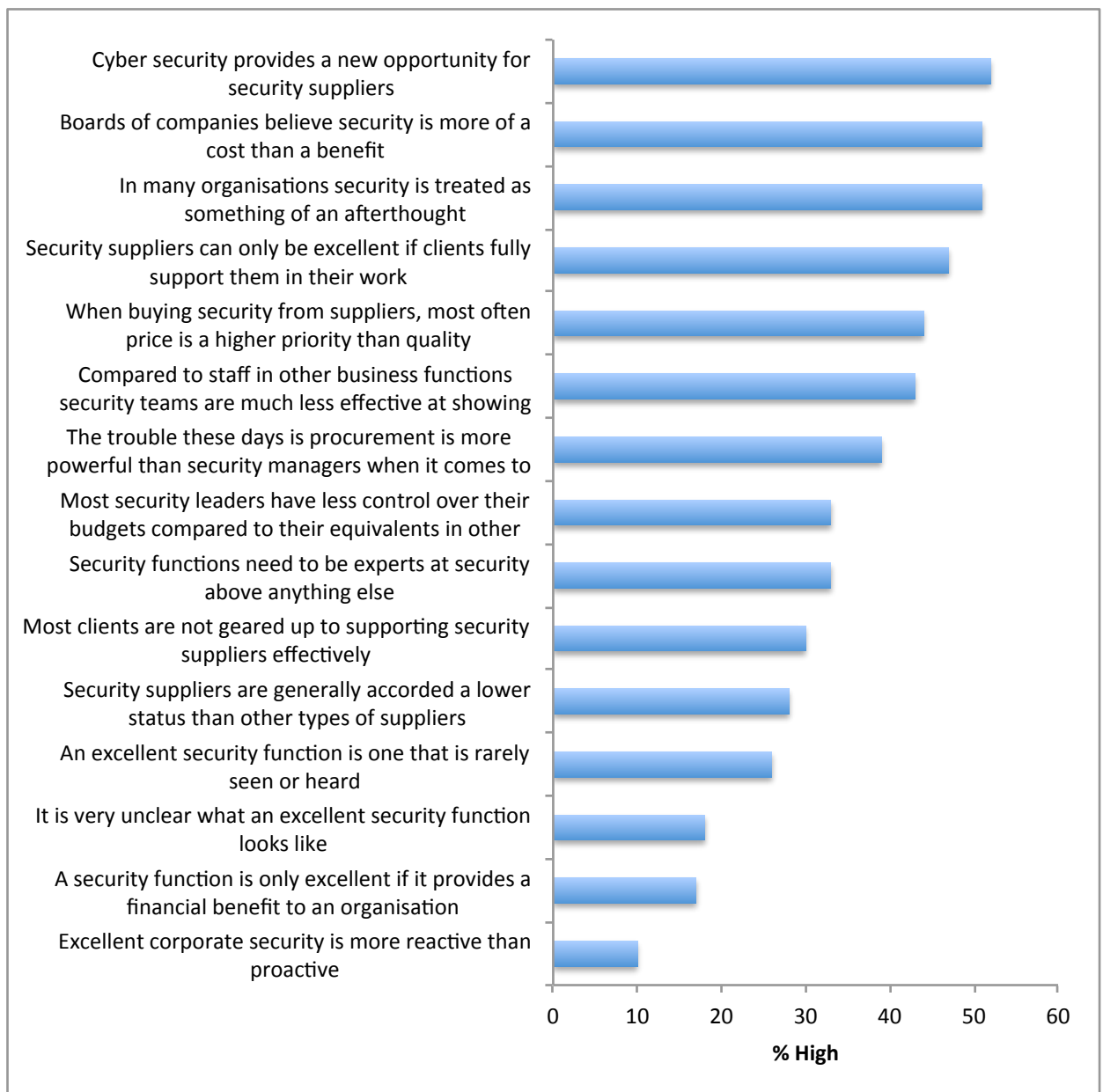
5.31 Clients like suppliers then paint a somewhat optimistic view of the security function. Overall, more respondents believe finance is better at achieving excellence, but more believe security is better than less effective than all the other functions, albeit there is just a marginal difference with marketing. Perhaps the most appropriate summary would be that those working in corporations believe security is less effective than finance at achieving excellence, at least as good as

marketing, and better than Human Resources, Procurement and Facilities Management.

Clients' views of general questions on security excellence

5.32 Clients were given a range of general statements about excellence and asked to state the extent to which they agreed with each using the scale noted earlier, where 1 was disagree strongly and 7 agree strongly. The findings are shown in Figure 15.

Figure 15. to show the extent to which clients agreed strongly with a range of general statements about security (n=270-282)



- 5.33 According to clients, corporate security departments often suffer from a Board perspective that sees security as more of a cost than a benefit, and where it is treated as something of an afterthought. There is further evidence here that the ability of corporate security functions to influence the organisation is limited. More than 4 in 10 strongly agreed that security teams are comparatively less effective at showing how they add value²⁷, more than 3 in 10 noted that security functions have less control over their budgets than other corporate equivalents, and approaching 4 in 10 lamented the power of procurement in buying decisions at least.
- 5.34 It may well be seen a striking, at least to suppliers, that over a quarter agree strongly that security suppliers are accorded a lower status than other suppliers²⁸, and over 4 in 10 agree strongly that price is valued more than quality, this certainly puts excellence in perspective. Indeed, 3 in 10 agree strongly that clients are not geared up to supporting suppliers. It may be some solace that clients recognise that excellent performance in suppliers is in part dependent on them offering the right support, approaching a half thought so.
- 5.35 Clients were especially or most unlikely to agree strongly with three statements. They don't agree that it is unclear what good security looks like in a corporation and according to these findings it may well have some identifiable characteristics. It is not based on providing a financial return,²⁹ nor on being seen and not heard, and it is not about being more reactive than proactive³⁰. Only just over 3 in 10 agreed strongly that security needs to be good at security above anything else, for the majority then security had a wider remit than this.
- 5.36 Little more than a half (55%) of clients had benchmarked their organisation's performance against competitors, suggesting that this form of independent assessment was restricted in use, in fact it was significantly more likely to be stated by respondents working in larger organisations (over 3,000 staff).

²⁷ With a warning about low numbers here it is of note that those whose main area was described as procurement were significantly more likely to agree with this statement.

²⁸ More than 4 in 10 clients working in the Rest of the World agreed strongly with this compared to more than a third from the UK, but much less than a fifth in both Europe and USA/Canada and about a sixth in Australia/New Zealand.

²⁹ Indeed, this criterion was the second most likely to be awarded a mark of 1 or 2, 46% did so, in other words that it was not very important at all. Over a third of those working in the Rest of the World agreed strongly with this though, while in other regions about a sixth or less noted the same.

³⁰ In fact approaching three quarters of respondents gave this a mark of 1 or 2,

- 5.37 According to clients cyber security is an opportunity for suppliers, over a half agreed strongly with this³¹.

Discussion

- 5.38 From a client perspective the main ways in which suppliers can be viewed as excellent is by focussing on their needs. Within this rather general point there are some clear priorities, focussing on those needs via aligned objectives and showing value are key, there was much less importance attached to just focussing on customers who care while maintaining the rest. Some comments here highlighted the importance of the supplier being an expert advisor and key strategic partner:

An excellent security supplier understands the business challenges of his client, has aligned standards, policies and processes, excellent personnel and services, proactive delivery of operations (performance) reports and savings proposals against integrated tech solutions for ROI /shared savings (without concessions to security) standards, and support the risk assessment process with benchmark security information. Respondent number 204).

One which listens to what the client says they want, assesses that requirement and doesn't feel afraid to make suggestions about how that may differ from the view of the client, but recognising that working together with the client over time to remodel solutions is better than steam-rolling (sic) an opinion from the outset. Works cooperatively with other suppliers to provide complimentary services to the client. (Respondent number 37).

An excellent security supplier is one which works in partnership with the client to design a bespoke solution to the clients needs. The solution needs to be fit for purpose, cost effective and above all of a high quality. (Respondent number 7).

- 5.39 Suppliers need to gear themselves up for the task, and those clients holding more senior positions were generally more likely to rate aspects of their work as very important. Having skilled and motivated

³¹ With a caution about low numbers, those whose main area of work was security were significantly more likely to strongly agree with this statement, while those who worked for companies employing less than 1,000 staff were significantly less likely to agree.

frontline staff should be their priority; clients like staff who take a pride in their work and value those who place an emphasis on training, not least where have more security staff themselves (who also attached a high priority to paying the going rate for the job). Some comments on this issue included:

An excellent security provider is one which is realistic about what the market wants, but educates how they can provide additional benefit to the company and reduce costs by providing better technology, better trained professional personnel as opposed to the bare minimum. (Respondent number 313).

As an end user of sub contracted security and also a security specialist, my perception of an excellent security provider is a cost efficient slick run organisation that treats its staff well. (Respondent number 65).

- 5.40 Most did not attach high importance to internal competition and creating conditions where staff worried about keeping their job. Clients see a significant role in middle management providing for excellent performance, it is more important than senior leadership, important though that is too, and perhaps especially so when a major security incident occurs when the need to have aligned objectives and be prepared to adopt new philosophies comes to the fore.
- 5.41 Suppliers need skill sets, clearly and inevitably these will vary with the needs of the client and the requirement of the contract, but being able to work in partnership (as noted above), being adaptable and innovative are all important. In some areas there is a greater emphasis on technologies to help produce excellence many noting that when this fails it is more likely to be caused by people than the technology itself. Some typical comments here included:

Supplier has up to date and excellent knowledge of products and systems available and is able to supply a bespoke product for us, engineers have excellent site knowledge and systems well maintained. (Respondent number 114).

As you can see from my answers I am a corporate security department who uses suppliers for equipment, not people. My answer to this question then is suppliers who call me when they see a new product that they feel would be valuable in my environment and don't bother me with questions like "Is there anything I can do for you (which I interpret as - Is there anything I can sell you and make money for me.) (Respondent number 131).

But a supplier has to be able to answer ... : how can I innovate to stay tuned to my client?" (Respondent number 18).

- 5.42 The ability of the supplier to perform is not divorced from the approach taken by the client. In two different questions there was both relatively high agreement with the statement that suppliers can only be excellent if they are supported by clients, and most see their own support of the supplier as very important in providing excellence. There is definitely another point here, made by suppliers, is that they will make a strategic decision about which tenders to respond to and about which suppliers they want to work for. The research team were shown some well-developed models for determining whether a client was a good fit, and whether they felt there was a good chance of winning the contract. There is a real danger that if clients are deemed not to be good at engaging suppliers they will find the best ones do not want to work for them.
- 5.43 There was recognition that in some cases at least clients are more interested in a lower price than they are an excellent supplier. Cost reduction was seen as an important criterion for excellence, and clients were more likely to rate this as very important than they were to link a fair rate for the job as a condition of outstanding performance, albeit those who used suppliers were significantly more likely to see this as more important. Still amongst those comments received were those who drew attention to the need for excellent suppliers not to forgo quality for cost in approaches to winning contracts:

One that explains why her costs are higher and refuses to play the "low ball" game. When it comes to contract guarding services, the lowest bidder almost invariably becomes the most expensive in terms of turnover, personnel issues, department image and service levels. (Respondent number 95).

Excellent security suppliers are reflected by the standard of officers that they supply. Unfortunately the Private Security Industry often falls short because of the competitiveness over price which has become the primary focus of organisations buying services. The question now asked is not so much 'how good?' as 'How much?' (Respondent number 276).

Poorly trained and lowly paid security staff are easy to spot and this casts a poor reflection to the security industry, whether rightly or wrongly, when there are some excellent security professionals who strive and achieve great results for their clients and deserve greater recognition and much better salaries and conditions. (Respondent number 156).

- 5.44 So how do clients think suppliers should reflect excellence? Perhaps surprisingly only some felt that metrics were very important, and at least some clients attached a high importance to winning industry awards, some, but less, to accreditations. Some admitted in interview that they did not seek excellence:

I would like to say central and think it does because the nature of our business, FTSE200 say, Dow Jones Blue chip, we are listed, and security is central to what we do, we are operating in high risk environments and we have to be careful to move shipments around the world like Afghanistan and North Korea and these have to be secure, in many cases the CEO takes a personal interest, especially as so many of our clients are so high profile, we do play an essential role.

Clients on clients

- 5.45 A security function has to understand its threats (and in the comments received many highlighted the importance of a good risk management program), senior staff were especially likely to highlight this, but its work is more than just about being good at security. Indeed, not all thought it was very important for the security lead to be a security expert (although many did), being good at business was as important. As one interviewee noted:

I think one of the key things about the appointment of the Head of Security is that there is a cultural fit with the organisation. He or she can clearly be a good security professional but that is not enough in getting action from the business ... I don't think it matters whether you are really an expert at security; you have plenty of security experts in the company. Understanding finance and getting finance to outline how you can help them, and then speaking to HR and finding out what security can do for them, that is important ... I think we are witnessing the changing face of security professionals, it is that we are business people first with skills in security. I came across a good quote which said, 'do you want to be outstanding security professionals or business

people who know about security?' You must speak the language of business and understand things from their perspective we are business enablers and we will help you ... we will help you identify risks.

- 5.46 Indeed, there was a clear message in the priorities attached to the criteria presented that excellent corporate security was about embracing business. This was reflected in the importance attached to such factors as aligning security objectives to organisation ones; the need to have a good understanding of the business; and for other corporate heads to embrace security. Some of the comments underlined the importance of the security lead in having skill sets to achieve these aims, not least in being able to communicate with and to the Board, but also to other staff across the organisation. Moreover, these were seen as more important by respondents than specific skills sets, such as being good at partnership working, integration or having metrics in place. Some comments here included:

An excellent corporate security function relies singularly on the top - the security risk management process, the assessment and mitigation of security risk, and the development and delivery of a security design are paramount to a successful security function. A security force is unable to achieve excellence without the identification and later, mitigation of security risk through design. (Respondent number 447).

An excellent corporate security function doesn't need experts. One of the most important objectives is to be able to manage suppliers in order to help to be better. But moreover, what's really mandatory is to be business oriented. A CSO or security manager must be able to answer to these questions: - what's the core business? - how can I help them to add value to the company (or not to lose some). (Respondent number 18)

An excellent corporate security function consists of a combination of very experienced security professionals and (academic) innovative talents. Management should also be a combination of the abovementioned groups. 'Old school' security departments (only police/military background) can never be rewarded as excellent. These 'old school' departments have proven to be ineffective and do not show enough added value for the business. Mainly because they do not understand the business' requirements and do not have the educational background necessary to be taken seriously by their stakeholders. (Respondent number 202).

Security managers need to understand how best to show value. This won't be achieved by remaining in the security silo. Security managers need to understand business. I would argue you cannot be an expert in security without having clear business knowledge. (Respondent number 115).

- 5.47 The interviewees also placed a strong emphasis on the importance of security being a business function just like other business functions and a security lead being a businessperson just like any other corporate head. However, it was noted that this was a developmental phase for security and that there were limits. Some noted that security functions differed markedly, according to the level of support they received, their status not least compared to colleagues. For example:

In law enforcement you say it is my way or high way as a CSO that will not fly, you have to reach out the hand, and that is the business role

A lot of my counterparts have a problem, they don't have status

A lot of security professionals have not taken time to understand the business first and then implement changes from there.

I could move in to another business area and work in that area as a manager and just learn that role if I had a professional in that area guiding me, and it is the same for security ... I am not talking about being responsible for an area you need specialism, say in overall charge of finance or HR, but I can oversee say payroll or expenses. One of my security people is formerly an accountant.

You can be an excellent security exponent without fully understanding the business. I know I have a limited knowledge of the business and I understand the business as it relates to security, at least as I do it. I understand their geography and how they operate, and their vulnerabilities, but I don't understand the products at the end of the day, it is more a generic understanding of the business. The more you know the more you understand, it is always an ambition but can never be achieved because the workload does not allow that. There is so much work, maybe some can.

- 5.48 Clients mostly did not attach a high priority to cost reduction as a condition of excellence even though they recognised that some others were good at this). The importance of rewarding staff for good

performance was greater internally than when discussing suppliers. The more general point about the role of internal security teams being able to show a financial benefit or value to its existence was noted in comments received. Here the role security plays in the organisation and its relationship to it will define how it is judged:

Cost benefits come from prevention of the incident, because it's not a tangible thing, security often suffers through cost cutting. There is a generalised low view of security, not helped by low pay of security staff, low training of staff, and little or no support for security staff. (Respondent number 198)

Regarded, through performance as a business enabler, not a cost". (Respondent number 217).

The security function needs to be afforded equal standing with other sectors of the core business. For many businesses security is a necessary evil given minimal resources yet expected to respond to crises to a comparative international standard. Further when security does perform to an excellent standard and exceed customer expectations there is little reward or recognition compared to other sectors of the core business. (Respondent number 156).

Problem with excellence is that the better you are, the more invisible. The more invisible, the more general management asks about the opportunity of budgets. How to prove you excel in your work, where as the absence of incidents will probably be the basis of the coming budgets cuts." (Respondent number 346).

- 5.49 One interviewee noted that staff 'only respect security when they have a problem and you solve it', while others noted that it remains an unfortunate fact that security is only fully appreciated when some major security threat is realised. The two other key drivers of support are where there is some regulatory driver and/or where because of the business activity and the views of the Board security is deemed to be essential. Certainly showing value is a challenge:

The trouble with security is that we are a silent achiever, when we rear our head that is not normally good news.

Security is becoming an outdated concept you can't be secure, there is only limited security, but you can be resilient, and you can take the odd punch and recover and learn not to do it again. You can't be fully secure so how good is good enough? What we do is try in the absence of clear security objectives from the Board is to

align security with the top risks, and 4 of top 10 are in out space and so that gives me some leverage.

... we are listed, and security is central to what we do, we are operating in high risk environments and we have to be careful to move shipments around the world like Afghanistan and North Korea and these have to be secure, in many cases the CEO takes a personal interest, especially as so many of our clients are so high profile, we do play an essential role.

We had a customer who measured some aspects on our performance and they put a weighting on various parts, and they gave security a higher weighting than good service. I worked for someone before where the PR team would not allow any mention of security because it was felt this gave a perception of a problem; the idea that you only need security if you have a security threat to deal with. You need CEO buy in to overcome this.

In our case if we get security substantially wrong it has the ability to close the business, especially because we handle sensitive products and the regulator could say until you have improve security to deliver a specified standard we are not going to manufacture. Many businesses are not the same.

- 5.50 Clients recognised their limitations, and indeed were aware that where their knowledge was slight in an area they were at the mercy of unethical suppliers:

With a minority of service providers taking advantage of customers with little security knowledge is not helping the industry reputation. (Respondent number 126).

- 5.51 Moreover, when asked about clients they knew they were much less likely to state that they were excellent on each of the criteria listed, albeit some, and senior staff are a case in point, often took a more generous view. It is a judgement call about how much of a shortfall between the ideal and practice is acceptable or normal, but it is clear that even when a very high importance was attached to criteria that applied to the ways security departments/organisations should be run, excellent practice was often not commonplace, and on some criteria relatively rare.
- 5.52 An insight into why this might be the case was provided in answers to more general questions. In the sample there were examples of respondents who were positive about their security, about the importance of key criteria to excellence and the extent to which they felt others they knew were maintaining high standards. According to these

people excellence is clearly in evidence. But these were in the minority, most did not see excellent practice most often in the clients, the peer group, they were a part of and/or knew about. And it is worth pausing to explore contributory reasons.

- 5.53 In some cases at least security is not seen as important by the Board and is treated as an after thought. Security departments often lack the support of the Board, yet to be effective they need to engage with the business and that is a challenge, as noted in interviews it takes a change of perception:

We help the business to take risks. It used to be stopping business taking risks.

200 years ago surgery was done by barbers, and it figured out how to take itself from that to being specialist and skilled, we in security are in a better position to do that.

... some local managers did not like security measures being there, and saw us as hurdles and road blocks. But that was at the beginning, and that changed because they did experience problems we said they would and the measures we suggested were seen as having a value.

- 5.54 In many cases security leaders have less control over their budgets than other corporate heads. Moreover, most often companies are not geared up to supporting security suppliers – despite many recognising that this was important to enable suppliers to provide excellence services -who are sometimes accorded a lower status than other suppliers; price is often valued over excellence. This is the context in which security operates. Some though were keen to articulate the factors they felt were key to a good security function:

A thorough security evaluation which is re visited on a regular basis is the start, followed by a thorough and extensive security policy. This must be bought in to by all management and then further taught to other non security personnel. A security manager and his department should have a budget in line with the companies need for security and the cost of keeping excellence in the department. This includes thorough and repetitive training for all security personnel with management also taking awareness classes. Pay and benefits for front line workers in security need to be well above industry average which tends to be pitiful and puts the security professional in financial stress. Further supports and provision of personal protective equipment needs to be

provided by the employer depending on the needs and stressors of the business. (Respondent number 313).

The key points for a Corporate Security Function to have success:

- a. Positioning the program as a business enabler. Selling the benefits of the program to senior leadership in a language they understand and embrace*
- b. Understanding the corporate core business requirements and how it can support them*
- c. Integrating security into daily business activities and having the program seen as a resource*
- d. Measuring business success through metrics.*
- e, Having other departments act as advocates for Security due to their confidence with and service received from the Security program." (Respondent number 311).*

Trust and confidence from the business, from your customers, from your employees, you have to have confidence that you will provide them with solutions. (Interviewee)

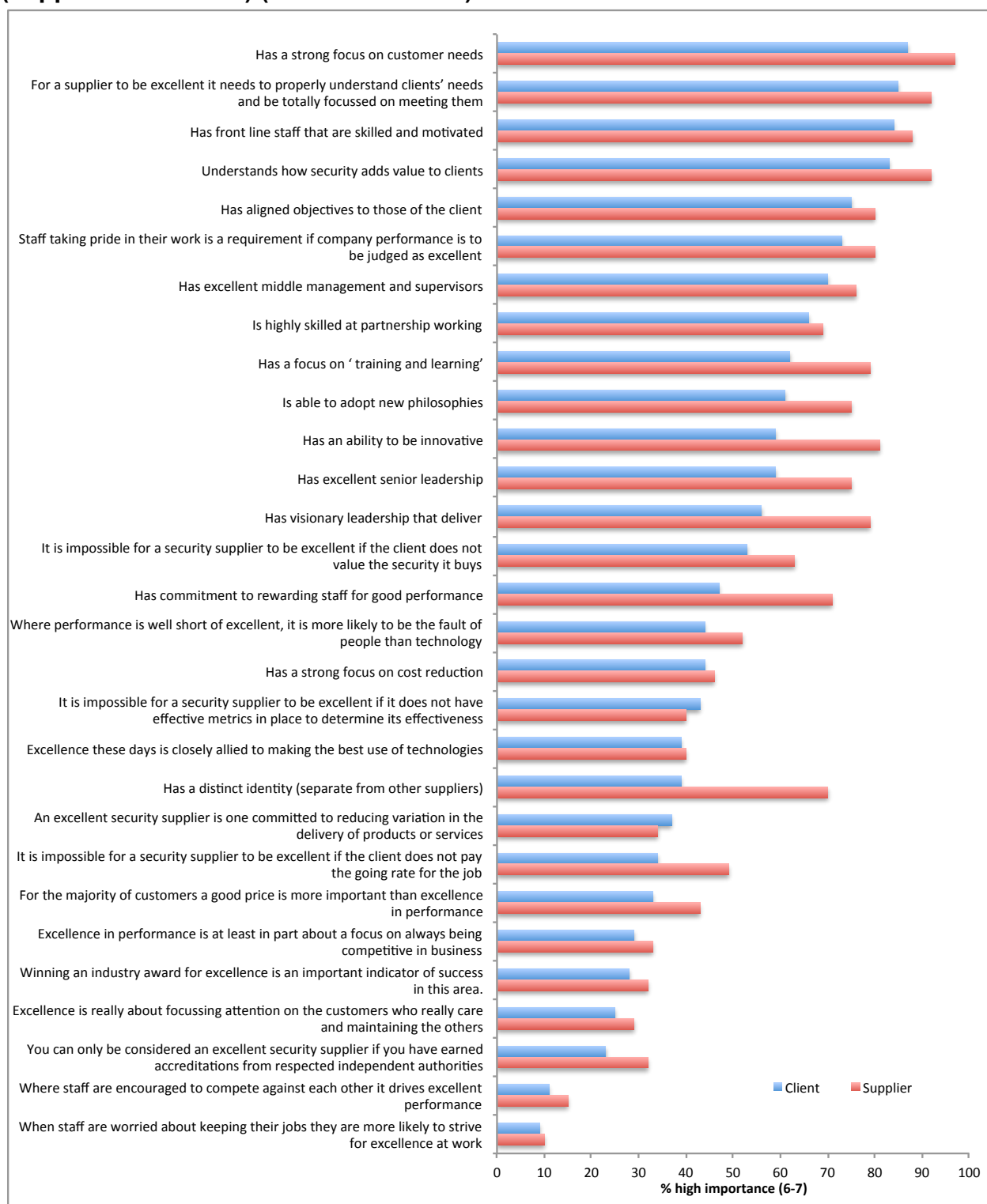
Section 6. Comparing Suppliers' and Clients' Views on Excellence

- 6.1 The previous two sections have focussed on the views of both suppliers and clients on excellence, both amongst their peers but also of each other. This section addresses a different question, to what extent are their views similar or different? This is important since a similar view of what constitutes excellence affords an easier and potentially more agreeable and supportable strategy for optimising performance than does one where views are divergent. Either way, the findings will suggest ways in which, as a sector, security performance can be enhanced. Moreover, the amount of effort that will be needed will be more identifiable if there is similarity in for example, the extent to which excellence criteria are common. This section starts with a comparative view on excellence amongst suppliers, then moves on to consider the same for clients, before coming to a view about what the key characteristics of excellence are. Finally some of the implications for the security sector are discussed and some potential Action Points are presented.

How excellent are suppliers?

- 6.2 It will be recalled that both the sample of suppliers and the sample of clients were asked for their views on the extent to which a range of criteria that can potentially influence excellence were important. The findings for each sample are shown in Figure 16.

**Figure 16. Comparing the views of suppliers and clients on factors that enable suppliers to be excellent
(supplier n=192- 200) (client n=277-288)**

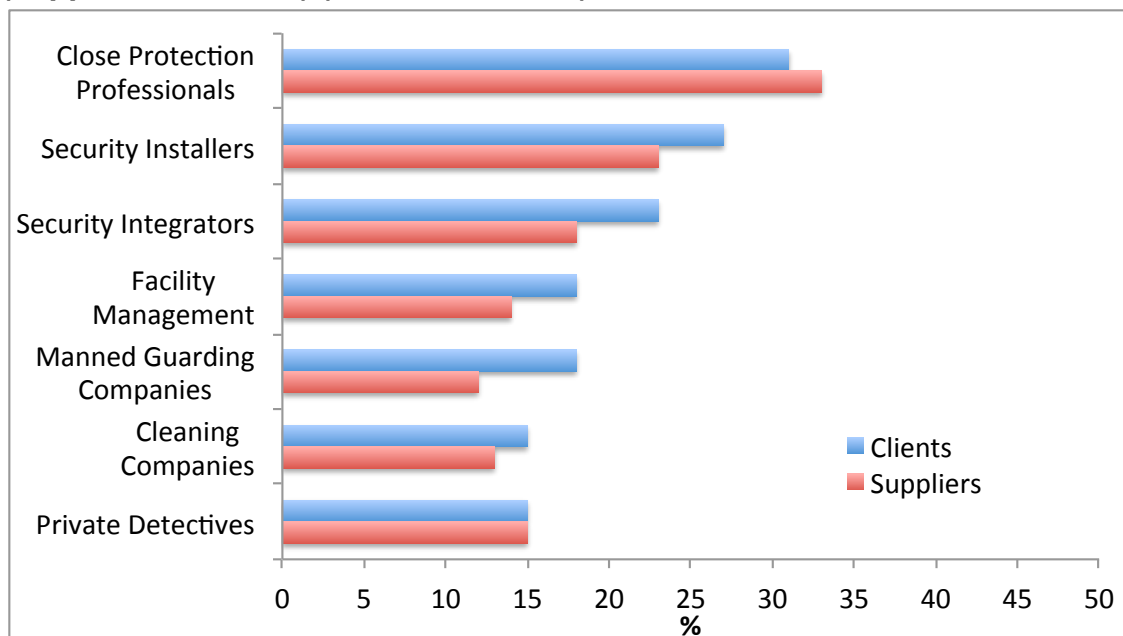


6.3 Although suppliers attached a higher importance to issues generally, there were many similarities in that of the 12 most highly supported statements by suppliers, 11 were in the top 12 for clients too, and they

were also in agreement about the 6 least supported. Strikingly the key criteria for a security supplier to be excellent is a strong focus on customer needs, while understanding value and providing motivated and skilled staff, this for most means not making staff feel insecure about their jobs. Where there is a role in being competitive in business this is not about striving for internal competition.

- 6.4 Further analysis revealed an interesting distinction not immediately obvious from the Figure above. The 'ability to be innovative' was ranked the 5th most important by suppliers and 11th by clients, while being good at partnership working was ranked 8th by clients and 15th by suppliers. Suppliers appear to attach higher importance more often to some criteria, for example, adopting new philosophies, a focus on training and learning, having excellent and visionary leadership. Suppliers value having a distinct identity much more than clients do. There is a suggestion here that suppliers are trying to do too much and would benefit from a greater focus, not least on partnership working.
- 6.5 If there was general agreement on the level of importance of different criteria attached to excellent performance, was the same true of the extent to which it was believed different areas of suppliers activity achieved excellence? The answers are shown in Figure 17.

Figure 17. The extent to which clients and suppliers believe different types of suppliers achieved excellence.
(supplier n=163-192) (client n=249-287)



- 6.6 There are at least two key points that emerge here. The first is that, once again, there was strong agreement on areas of security supplier

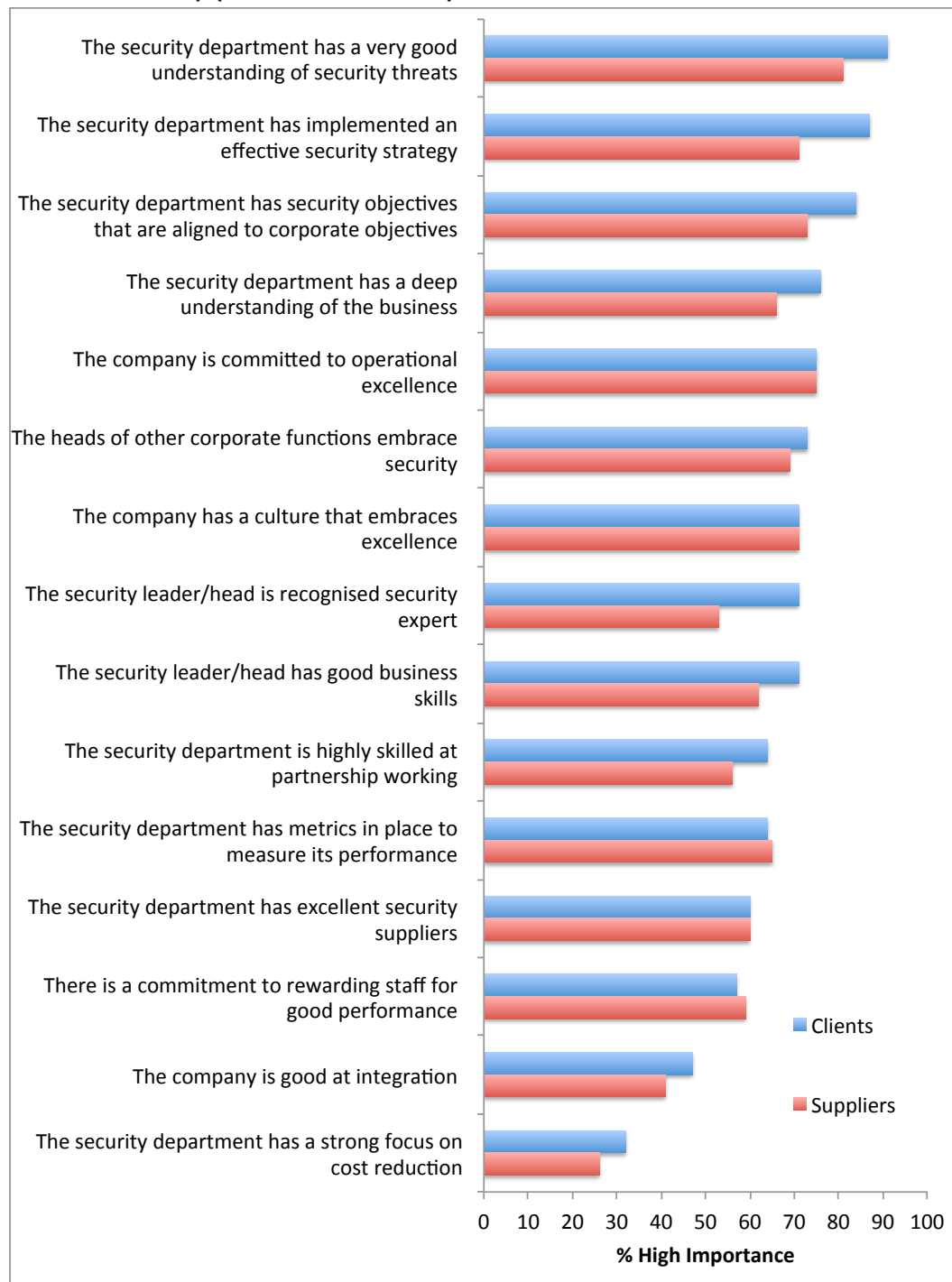
activity where excellence was most in evidence³². Close Protection staff and those working in the areas of security installation and integration were universally seen as being more likely to extol excellence. Manned guarding fared comparatively better when judged by clients. The second point is that both clients and suppliers agree that amongst suppliers of different types excellent performance was the exception rather than the rule.

How excellent are clients?

- 6.7 The views of suppliers and clients on characteristics of excellence amongst the latter were also addressed. The results are shown in Figure 18.

³² The question we very specific asking the samples to state what percentage of each area they considered to be excellent and the responses of suppliers and clients were broadly similar.

**Figure 18. Comparing the views of suppliers and clients on factors that enable clients to be excellent
(supplier n= 171-178) (client n=278-284)**

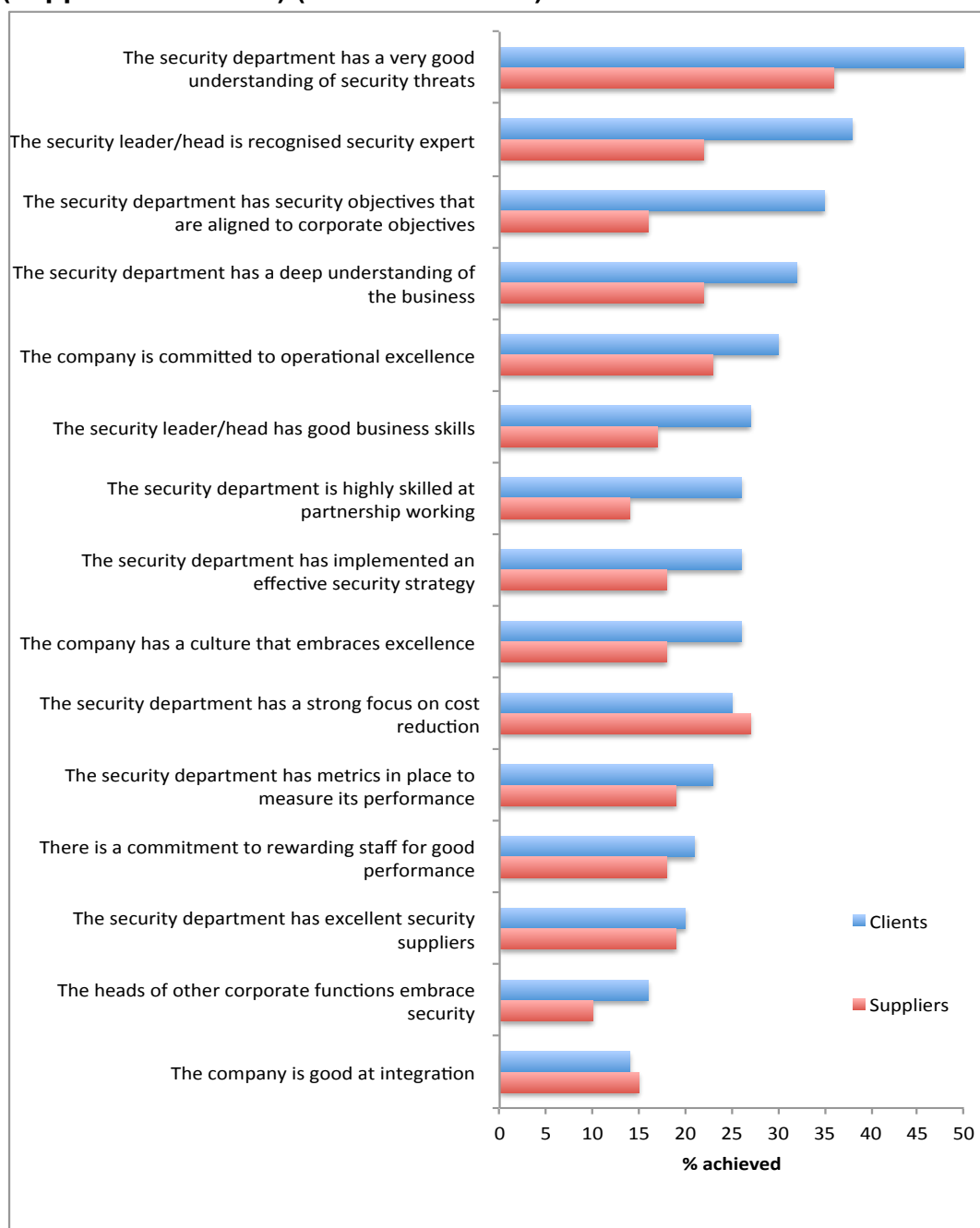


6.8 The most striking finding is that once again suppliers and clients have very similar views on what is very important. They both have the same top seven, albeit in a slightly different order, and the bottom two in the same order. They both agree, in each case by some margin, that the most important criteria are for the security function to have a good

understanding of security threats. Indeed, the most significant difference between the two samples was on their views of the importance of the skills sets of the security lead. Both agree having business skills are important but clients were much more likely to see security expertise as being of equal importance.

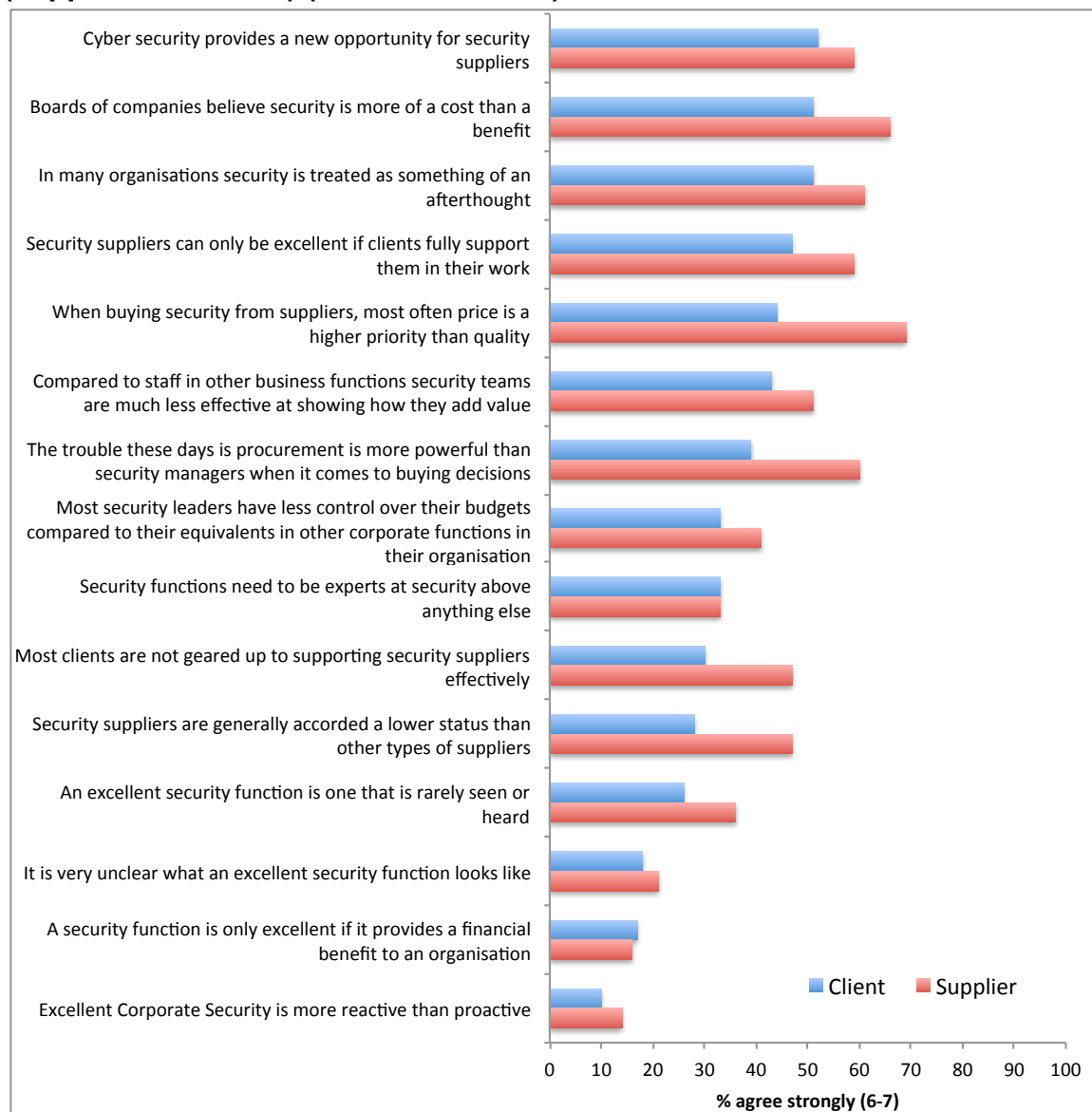
- 6.9 If there was general agreement on the level of importance of different criteria attached to excellent performance, was the same true on the extent to which it was believed other corporate functions known to the respondent achieved excellence? The answers are shown in Figure 19.

Figure 19. The extent to which clients and suppliers believe corporate security function they were aware of achieved excellence (supplier n=159-174) (client n=262-276)



- 6.10 There are some striking findings here too. The first is that clients and suppliers both agree that for the most part clients are woefully short of skill sets that are considered of high importance for excellent performance. Second, when client excellence is judged by clients, it is deemed to be higher than when judged by suppliers. Third, both clients and suppliers agree that excellence is most commonly achieved in security departments understanding their security threats. Fourth, save clients' views on understanding threats, the views of both samples on every criteria was that excellence was displayed by only a minority, and sometimes quite a low minority at that.
- 6.11 Clients were likely to rate other security functions more highly than suppliers were, in terms of percentages, a much higher proportion (close to, or more than ten percentage points) felt security leads were security and business experts, had objectives aligned to those of the corporation, and felt security departments had a deep understanding of the business, and some skill sets such as being good at partnership working. On many other skill sets/approaches, such as having metrics and paying staff well, as well as some organisational approaches, then there was a greater level of agreement that only a significant minority of clients showed excellent performance.
- 6.12 So what about more general views on security? The results are shown in Figure 20.

Figure 20. Comparing clients' and suppliers' levels of agreement on general statements about security (supplier n=182-191) (client n=270-282)



- 6.13 A number of trends were in evidence. First, if on opinions on levels of excellence, clients had been more likely to be in strong agreement on the criteria listed than suppliers, that trend was reversed when asked to address a number of general statements on security. Indeed, on all but one of the statements a higher percentage of suppliers agreed strongly than clients.
- 6.14 Second, while there was more divergence between the two samples on these questions than on the statements discussed above, still there were similarities. Indeed, those receiving the second and third highest level of agreement and the three statements receiving the lowest were the same for both samples.

- 6.15 Third, more than half of both samples (and much more in the case of suppliers) noted that Boards of companies see security more in terms of costs than benefits and as an afterthought. The importance of price rather than quality is clear, and if clients don't value excellence or are not prepared to pay for it, then it should be no surprise that it does not exist. It also highlights the scale of the challenge.
- 6.16 Fourth, there is sufficient support from both samples that clients don't value suppliers and accord them less status than other suppliers, moreover, often they are not geared up to supporting them. Fifth, in many corporate departments we can surmise security personnel are not accorded the status that other business leads enjoy.
- 6.17 Sixth, for a very small minority the role of security is unclear. It appears that most often it is not reactive at the expense of being proactive but sometimes will be; will sometimes be low profile although more often not; while being experts at security is most often not the most important sometimes it will be.
- 6.18 Seventh, cyber security is a new opportunity for suppliers; there seems little doubt about that.
- 6.19 There is just one other point about the performance of clients and that concerns views about how good corporate security functions are at achieving excellence compared to others. The views of each sample are shown in the following table.

**Table 1. Comparing clients' and suppliers' levels of agreement on excellence comparing corporate security with other functions.
(supplier n=163-172) (client n=236-264)**

How effective is the corporate security function at achieving excellence compared to other organisational functions?						
	Less effective at achieving excellence (than security) %		Equally as good %		Better at achieving excellence (than security) %	
	Suppliers	Clients	Suppliers	Clients	Suppliers	Clients
Finance	14	18	42	50	44	32
Marketing	31	34	37	37	33	29
Human Resources	34	38	42	47	24	16
Procurement	28	36	46	49	25	16
Facilities management	27	31	54	55	19	14

6.20 The findings again are similar. Overall, finance, it is agreed, performs better, marketing about as well, Human Resources, Procurement and Facilities Management less well, although clients tended to be more sceptical than suppliers this was not significant. So the problem is not that security as a function is perceived by those involved to be any worse at achieving excellence than other comparable corporate functions, it is more that it does not achieve excellence often enough.

6.21 From this it is possible to develop a very good impression of what the priorities of an excellent security function should look like; there is considerable agreement.

What are the most important characteristics of an excellent security supplier?

6.22 Most importantly, suppliers need to focus on their clients' needs, both understanding them and meeting them; that is unequivocal. Indeed, the way it structures its relationship with the client needs to be built on this fundamental principle and reflected in setting objectives that are closely aligned with the client.

6.23 The next and close second most important approach for suppliers who seek to provide an excellent service will be to focus on the quality of their staff, especially those on the front line. There will be little

substitute for having highly motivated and trained staff, taking pride in their work. And while on the subject of staff, high skills levels in all levels of management are very important, although those close to the front line are viewed as generally more important; effective senior and visionary leadership has its place but not at the expense of good skills sets further down the hierarchy.

- 6.24 There are some key implications from these findings. The first is that suppliers believe that to be excellent and certain approaches are much more important than many clients think, this includes being innovative and being able to adopt new philosophies, having good senior and visionary leadership, even the focus on training and learning is a case in point. Suppliers were much more likely to highlight the need to reward staff for good performance.³³ On this evidence there is more to being excellent than many clients recognise?³⁴
- 6.25 Second, this is another research project that has highlighted the crucial role that clients play in facilitating good performance amongst suppliers (see Gill and Howell, 2014). Most agreed strongly that to be excellent they would need the support of the client, and approaching a half of clients agreed strongly with this. Yet there was widespread agreement that Boards of companies see security more in terms of costs than benefits and as something of an afterthought. And whatever clients may feel, suppliers believe that often clients are not geared up to supporting suppliers and indeed treat security suppliers as being of a lesser status than other suppliers. This is not a state that is conducive to producing excellence, and will inevitably stop some good suppliers proactively seeking to work with some clients.
- 6.26 Third, while it is important that suppliers understand how they contribute value, this works both ways, because if clients don't value the security they buy then in many circumstances the work of suppliers will be compromised. There is another parallel here, just as suppliers need to be conscious of costs – cost reduction is often an important criteria in judging excellence – so too suppliers need clients to pay the going rate for the job; it becomes a challenge if they don't. Fair payment is not always a condition of excellence, but often it is. Suppliers were particularly likely to agree strongly that price trumps quality, indeed the difference here was striking given the similarity of answers on other criteria. This might suggest that clients not fully aware of the price pressures facing suppliers. Put simply, the reason

³³ It will be recalled that 71% of suppliers attached high importance to suppliers rewarding staff for good performance, compared to only 47% of clients, yet when asked to address the same issue in terms of paying staff working in corporate security departments 59% of suppliers attached high importance to this compared to 57% of clients. In short both groups, especially suppliers attached higher importance to paying their own staff.

³⁴ The alternative view of course is that suppliers overstate what is required and clients have a better understanding.

why suppliers are not excellent is because this is not what clients want or are prepared to pay for.

- 6.27 Some aspects of what constitutes excellence will vary with the type of supplier and the type of clients and the needs of the contract. While it will most often be beneficial to be good at partnership working, many other skill sets are dependent, such as being good at using technologies and having metrics in place to measure performance (it was agreed it was more important for clients to have these in place). There is nothing wrong with independent means of showing excellence, accreditations have a role to play with some, industry awards more often. Suppliers value a distinct identity, perhaps a reputation for excellence.

What are the most important characteristics of an excellent corporate security function?

- 6.28 Most importantly an excellent security function will be one that is very good at understanding the threats the organisation faces. In response it will need to have an effective strategy, and that will necessitate having objectives that take account of both the threats but also the organisational priorities. This is because good security is about embracing the needs and priorities of the business, and understanding that security works within and is not isolated from the business environment. The security function can't just be about being good at security above everything else, yes being good at security is vital, but having a very good understanding of the business is essential to good security.
- 6.29 Unsurprisingly then the security lead needs business skills, this is at least as important as being a security expert, much more so from a corporate security perspective (after all expert security knowledge can exist elsewhere within the security department). An excellent security function will need to develop good skill sets, for example in being good at partnership working, bringing on board excellent suppliers and managing them successfully, being good at integration. Looking after staff (their own and those of contractors) and managing them well are important too, much less cost reduction.
- 6.30 That the security function does not exist in a vacuum underpins the key role played by the organisation in which it is situated in contributing to excellence. If security objectives need to be aligned to corporate objectives then these need to be clearly articulated and meaningful. The more committed the Board and other corporate functions are to supporting security, and more generally the organisation is to operational excellence, and has a culture that embraces security the easier it is to drive and achieve security excellence.

- 6.31 Certainly achieving excellence will remain a challenge. First, because there is ample evidence that security functions lack the support of Boards of companies which tend to see security as a cost rather than a benefit and as more of an after thought. Where security heads have less control over their budgets compared to other corporate heads, which is not uncommon, this confirms the impression that security is a second-class citizen.
- 6.32 Second, the role of security differs in organisations: the security function is not typically charged with contributing a financial return but sometimes it can be; it is not typically reactive as opposed to proactive but sometimes it is; and a low profile role is sometimes common but most often not. Any organisation needs to know what it wants from its security function and vice versa.
- 6.33 Third, according to evidence from this study most clients perform well short of excellent on most of the criteria. Assuming the criteria are not irrelevant to producing excellence, then there is a long way to go for corporate security functions to reach optimal performance (further still if suppliers' assessments are accurate). It is somewhat academic to argue which criteria or attributes of client performance merit the greatest focus, it is simpler to state they all do and with most clients³⁵.
- 6.34 Fourth, when it comes to comparing security to other corporate functions at achieving excellence it compares favourably according to both samples. Yet, there is some evidence that corporate security needs to up its game. There was general agreement that corporate security is less effective than other corporate security functions at showing how it adds value (more than 4 in 10 clients thought so and over a half of suppliers)
- 6.35 Fifth, less than a fifth of the sample attached high importance to having excellent suppliers as a condition of the corporate security function being considered excellent. This underlines the point made above that often buyers do not seek excellence in suppliers, but where they do this will be a challenge as discussed above. Factors here include understating the range of skill sets and factors that suppliers need to be good at to achieve excellent, in not being sufficiently expert in supporting suppliers nor sufficiently committed to doing so, and in not being prepared to pay the going rate for achieving excellence (sometimes because of the relative power of procurement to that of the security lead).

³⁵ Except as noted, slightly over a half of clients felt that all or nearly all clients were good at understanding their threats.

Concluding comments

- 6.36 The early chapters of this report have outlined the very many criteria that could be and are used to establish excellence in different aspects of organisational performance. They all have a potential relevance to security given the very diverse range of activities that encompass security. The aim was not to attempt to address them all; that would have necessitated a rather different study. Nor was it to promote a specific type of excellence model, given the scope of security that would have required a different and bigger exercise. The purpose here was to determine the extent to which security suppliers on the one hand, and corporate security departments on the other attached importance to different criteria associated with excellence, to better understand the extent to which security excellence was practised, and to identify the barriers to generating outstanding performance on behalf of the security sector. Here we seek to suggest how our findings might lead to specific action points to promote better and wider excellent security practice.
- 6.37 First, and somewhat unfortunately, security excellence is commonly not in evidence, because it is not required. This is true in corporations where security is not always supported at the upper echelons and embraced by those in broader management positions, and in security suppliers who are not supported by clients; the lack of support is infectious.

Action point: *One of the key ways of improving security performance and in laying the foundation of excellence is to change perceptions of security at the highest levels in organisations. This will involve a targeted campaign from across the industry, designed to speak to business leaders in forms and language suited to them about the changing role of security and its potential to have an impact as a business enabler and more than just a protector of assets. All too often security professionals/researchers/academics have confined themselves to talking to each other as if that was enough. It is not, there is another important audience to address: business globally.*

Action Point: *Security needs to show how it can meaningfully contribute to business goals in the same way other functions do. This requires articulation of how value is added. On this topic at least more research is needed³⁶. This includes understanding how precisely security makes a difference not just in terms of threats but also in enabling the organisation to function effectively. Currently security undersells itself.*

³⁶ Indeed, the next study under the umbrella of the SRI seeks to advance just this issue.

- 6.38 Second, evidence, especially from interviews conducted for this study, has noted that the role of corporate security is changing. It is moving away from being a marginal and somewhat secret function focussed on making arrests, to being a business unit charged with helping the organisation make a profit. This is a new role for security requiring people with different skill sets, and interestingly the importance of business skills has been underlined. It means understanding the business and all its security threats and using that knowledge to develop workable solutions, ones that enable business rather than hinder it while achieving security objectives. The fact that many security leads don't yet have these skill sets and many corporate departments have yet to fully buy in compounds the problem. It appears security is on a journey, and in only some organisations, and in a minority at that has the journey been completed.

Action Point: *There needs to be a greater focus on up-skilling the new generation of security managers in business skills and organisational behaviour, and to recognise that this is at least as important as security knowledge. This logically will require a greater input from those with different types of business experience and expertise rather than security knowledge.*

Action Point: *There needs to be much greater emphasis on engaging the full range of corporate functions on the role played by security and its contribution to enabling the company to be profitable and achieve its objectives (rather than just protecting its assets). We currently don't now enough about how security impacts and can help other departments, or the benefits that good security provides for other organisational processes. Security is in transition from being a protector of assets to becoming a business enabler, but this has yet to be fully articulated and the benefits are not widely appreciated. This needs to change. This will necessitate preparing those involved for the task.*

- 6.39 Third, clearly there will always be a need for a corporate security function to have specific skill sets; we included some in our listing of the criteria such as partnership working, using technologies and having metrics in place. Interviews revealed more, including effective risk management strategies and the ability to institute a change management programme. Indeed, given that security is in transition, this might be considered especially important. In all the areas addressed in this research corporate security departments were found to be in need of development.

Action Point: *There needs to be a systematic attempt to understand the full range of skill sets needed by corporate security functions in different sectors and countries, and to provide a better understanding of how staff can access relevant and credible programmes and forms of learning, ones that have been specifically designed and are fit for purpose.*

- 6.40 Fourth, there are seemingly some corporate security functions that have achieved excellence, and some security suppliers too. It was far from clear, at least to this team, that any one corporate security function or any one supplier was excellent in all aspects, not when judged through the eyes of peers. Yet excellence is in evidence, and practices that lead to outstanding performance need to be better understood and become reference points for those working within and outside the security sector.

Action Point: *Case studies of excellent security practice need to be developed around the main criteria this study has identified as being important (as a starting point at least). These need to be properly researched and presented in a way that meets the needs of both security practitioners for a guide to practice, and broader business personnel as guide to what is possible and what can be expected (and perhaps include ways in which outstanding performance benefits from and is even dependent upon the engagement of other business units).*

Action Point: *The security sector needs to find new ways of showcasing security excellence, of highlighting security practices that lead to outstanding performances and publicising them. This might also include a clarification of the benefits of different accreditation schemes. There are clearly some good ones that are seen as very important, but there are a lot and they can confuse.*

- 6.41 Fifth, suppliers have learned that clients attach insufficient importance to some of the key criteria that they consider fundamental to creating excellence for them. Many clients are disadvantaged by a low (comparative) status, but this is compounded by a lack of skill sets in managing suppliers. Similarly, this study has shown how meeting customer need, in all its forms is a priority for suppliers. It is imperative that good practices here are understood and circulated.

Action Point: *There needs to be a specific focus on understanding the skill sets needed to maximise the potential of different security suppliers³⁷. This is more than listing the different dos and don'ts, it is also about understanding how security suppliers can be given more traction and priority within corporations. Articulating what you get from an excellent supplier that you don't get from a merely good or average one might provide the incentive for take up.*

Action Point: *Suppliers need to fully understand customer needs. Articulating excellent practices in achieving this has much to commend*

³⁷ One contributor to a SRI members meeting about this project noted: 'I think there is a case of suppliers coaching clients about how to be a good customer. I think sometimes they just don't realise what it takes to get the best out of a contract. I think there is a real case for arguing that 3 years is just not enough, let's commit for longer and learn to work in the interests of both parties'.

it. Understanding responsibilities on each side and the best ways of meeting them is potentially key to improving excellence in security practice. There is also a need to better understand the distinction between satisfied clients and loyal ones. As noted, a satisfied client is not necessarily one committed to renewing a contract. A commitment to excellence may be important here.

- 6.42 Perhaps one of the most striking findings of this project, is that security excellence is not delivered in corporations because often Boards do not demand it, and buying teams in turn do not require, nor are they prepared to pay for excellence. Any step improvement in the type of security we get will depend, in seemingly not a small way, on changing the views of those who are the most senior in companies; there is a lot that can flow from that. And on this issue, security personnel working in corporate security departments, and working for different types of security suppliers can share a single aim for mutual benefit. This topic has the potential to unite those working in very diverse areas of security, the big question is, does the sector have the political will to take it on?

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Appendix 1. Methodology

This study adopted a process known as ‘triangulation’, that is it made use of several different research approaches.

It started with a review of the available evidence on excellence and high performance in business generally and then on security specifically and recognising that security is a subject that is practiced and studied globally. A range of search words were developed and used to identify potentially relevant papers which were reviewed to identify themes that helped address the principal questions, these included: What distinguishes a successful organisation from a non-successful one? What characteristics define excellence in different types of companies and functions? How is excellence and high performance measured and/or assessed? To what extent can learnings be applied in the security sector? The issues identified were used to drive a survey instrument which was piloted and then made available for completion online.

The worldwide e-survey of the security sector was conducted in order to understand how security suppliers and clients perceive excellence on a range of key criteria that emerged from the literature and early consultations with a range of different authorities in the security sector and amongst business practitioners and academics more generally. Questions were mostly closed multiple-choice responses although there was provision to make comments. Different surveys, reflecting the different audiences were developed for clients, suppliers and others (although only suppliers and clients are presented in this report), although many were the same across the different cohorts in order to facilitate comparisons. Surveys are a very efficient way of collecting a large amount of responses anonymously that can be collated to facilitate quantifiable comparisons. Indeed, the online survey format is a good fit for this type of study as individuals can participate easily from most locations at their convenience. Clearly this approach discriminates against those without on line access and this needs to be borne in mind.

A variety of routes were utilised in order to raise awareness of the survey. The main security media and the key security associations were approached, both in the UK and internationally. This was delivered through email, adverts on social media and web blog entries. A considerable effort was made to identify key security associations and then each one was approached and asked to distribute the survey to its members. Moreover, we made use of our own personal contacts. Clearly we cannot be sure who helped us and who did not. We cannot make any claims on the representativeness of the sample, and more research is needed.

Interviews were also conducted with 24 representatives from the security sector to provide more qualitative insights. Qualitative interviews are flexible

and allow the interviewer to explore issues of importance and relevance to the study in more detail and to better understand some of the reasons for the views expressed (King, 2004). We focussed on corporate clients in particular given the specific role they play in facilitating excellence. We were keen to cover a range of sectors, including multi nationals working in diverse sectors, but overall covering agriculture, logistics, insurance, chemicals, entertainment, electrical/engineering, utilities, manufacturing, as well as international organisations conducting peace and charitable work. We identified this sample via 'snowballing' (Bryman, 2008), utilising a range of networks. We also attend a range of conferences and took part in discussion groups where ideas were explored and feedback received. Some individuals and groups sent information about aspects of excellence that were instructive.

Appendix 2: Criteria for Excellence

We reviewed a range of frameworks and schemes designed to provide for excellence. This includes Kaplan and Norton's Balanced Scorecard, The Baldrige Criteria, Total Quality Management (TQM), Six Sigma, Kaizen, ISO 9000, Lean, Operational Excellence and the European Framework for Quality Management (EFQM). Key criteria that emerged as being contributors to excellence included the following:

- Need to be adaptable
- Financial success
- Industry experience
- Management experience
- Effectively keep records and control finances
- Effective planning and strategy
- Professional advisors
- Educated leadership
- Able to attract and retain quality staff
- Able to select the correct product
- Economic timing
- Possess good marketing skills
- People oriented management
- Communication of vision
- Successful experiments acted on decisively
- Risk management systems are fully embedded in practices
- Sustained exceptional performance
- Adding value for customers
- Creating a sustainable future
- Developing organisational capability
- Harnessing creativity and innovation
- Leading with vision, inspiration and integrity
- Managing with agility
- Succeeding through the talent of people – create a culture of empowerment for the achievement of both organisational and personal goals.
- Sustaining outstanding results
- Sustained ability to change and improve
- Keeping up with technology
- Individual training and corporate self-improvement
- Sustained customer focus and satisfaction
- Internal business processes are fluent and efficient
- Timely and accurate financial data
- The customer sets standards
- Quality is monitored
- Create a constant purpose toward improvement
- Long term goals rather than short term fixes

- Consistent performance
- Leaders who understand their roles and are effective at them
- Makes workers feel valued
- Good relationships between departments
- Clarity of vision
- Management by process not results
- Everyone is aiming for change and improvement
- Understand current and future needs of customer
- Visible flow of value to customer
- Focus on both behaviours and results
- Respect every individual
- Lead with humility
- Seek perfection
- Assure quality at the source
- Embrace scientific thinking
- Think systemically
- Create constancy of purpose
- Create value for the customer
- Senior management commitment
- Organisational ownership
- Embedded loss prevention
- Loss prevention leadership
- Operational excellence
- Data management
- Prioritising people
- Collaboration
- Innovation and experimentation
- Communicating shrinkage
- Store management responsibility
- Resources are targeted at the aims of the organisation
- Building the right relationships
- Environment of sharing and learning from others
- Continually push programmes to the next level
- Focus on leadership issues
- Speak security in the language of business
- Run security as a business
- Help staff grow
- Recognise that their organisation is different from any others
- Prepare for future trends
- Security needs to evidence how it helps an organisation achieve its objective

From work reported in this report the following supplier criteria were rated by at least 50% as being of high importance:

- Has a strong focus on customer needs
- For a supplier to be excellent it needs to properly understand clients' needs and be totally focussed on meeting them

- Understands how security adds value to clients
- Has front line staff that are skilled and motivated
- Has an ability to be innovative
- Staff taking pride in their work is a requirement if company performance is to be judged as excellent
- Has aligned objectives to those of the client
- Has visionary leadership that deliver
- Has a focus on ' training and learning'
- Has excellent middle management and supervisors
- Is able to adopt new philosophies
- Has excellent senior leadership
- Has commitment to rewarding staff for good performance
- Has a distinct identity (separate from other suppliers)
- Is highly skilled at partnership working
- It is impossible for a security supplier to be excellent if the client does not value the security it buys
- Where performance is well short of excellent, it is more likely to be the fault of people than technology

From work reported in this report the following supplier corporate security function criteria were rated by at least 50% as being of high importance:

- The security department has a very good understanding of security threats
- The security department has implemented an effective security strategy
- The security department has security objectives that are aligned to corporate objectives
- The security department has a deep understanding of the business
- The company is committed to operational excellence
- The heads of other corporate functions embrace security
- The company has a culture that embraces excellence
- The security leader/head is recognised security expert
- The security leader/head has good business skills
- The security department is highly skilled at partnership working
- The security department has metrics in place to measure its performance
- The security department has excellent security suppliers
- There is a commitment to rewarding staff for good performance

About Perpetuity Research

Perpetuity Research is a leading research company with wide expertise in both quantitative and qualitative approaches. We have been extensively involved in evaluating 'what works' (and what does not). Our work has involved helping our clients to understand people's behaviours, perceptions and levels of awareness and in identifying important trends. Our mission statement is 'committed to making a difference', and much of our work has a practical application in terms of informing decision making and policy formulation.

We work closely with our clients. This includes businesses, national and local governments, associations and international organisations as well as charities and foundations. Our aim is to exceed their expectations and it speaks volumes that so many have chosen to work with us repeatedly over many years. We are passionate about our work and we would welcome the opportunity to work with you.

About the SRI

The Security Research Initiative (SRI) started nearly a decade ago. It involves a rolling program of research; each year a separate study is conducted on the security sector to generate new insights, help develop the response and role of security and act as a guide to improving practice. The SRI is supported by the British Security Industry Association, The Security Institute, and ASIS International (UK Chapter), and includes membership from leading security suppliers and corporate security departments who share the commitment to the development of new knowledge.

Previous studies have focussed on the relative benefits and drawbacks of buying security as a single service or as part of a bundle; an industry wide survey; a study of the value of security. We have developed two toolkits, including one on developing a security strategy. The findings from the research are made available free of charge to all to benefit. More information on the SRI is available at: www.perpetuityresearch.com/security-research-initiative/

About the Authors

Professor Martin Gill

Martin Gill is the Director of Perpetuity Research and Consultancy International. He started the company in 2002 and it was formally launched by HRH Prince Michael of Kent. Martin is also a Professor of Criminology and for over two decades has been actively involved in a range of studies relating to different aspects of crime and its prevention.

Martin started and leads the Security Research Initiative. Martin has published widely (14 books and over 100 articles including 'Managing Security' and 'CCTV' published in 2003, and the 'Handbook of Security', the first edition was published in 2006 and the second edition in 2014) and is editor of Security Journal. In 2002 the ASIS Security Foundation made a 'citation for distinguished service' in 'recognition of his significant contribution to the security profession'. In 2010 he was recognised by the BSIA with a special award for 'outstanding service to the security sector'. In 2013 IFSEC placed him in the top 15 most influential fire and security experts in the world.

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Amy Randall joined Perpetuity Research in October 2013. Since joining Perpetuity she has been involved in a range of research tasks and is currently working on a project interviewing insurance fraudsters. Amy has a good knowledge of a range of methodological approaches, both qualitative and quantitative. She has experience conducting interviews and focus groups and has strong research design skills. As well as this she has a working knowledge of data analysis techniques and a good proficiency in relevant software packages and experience working with large data sets.

Prior to working for Perpetuity, Amy graduated from The University of Kent with a First class BA (Hons) in Sociology. She has an MSc in Social Research Methods at London School of Economics and Political Science.



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