

The Barriers to Effective Buyer-Supplier Relationships in the Security Sector

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Executive Summary

The ultimate aim of this report is to assess the barriers to effective partnership working between buyers and suppliers in the security sector. It recognises many different types of relationship in existence, and while there is not a best one – that will vary with circumstance - where there is a requirement to work together – and most often there is – then it is important to recognize the range of barriers that impede good practice.

What do successful buyer-supplier relationships look like?

Existing literature on the topic, from other sectors, highlights a range of useful categorisations of the types of relationships that exist. These summarise the level of commitment and interaction and the balance of power within the buyer-supplier relationship. Alongside this sit a number of key characteristics that can impact on the buyer-supplier relationship, such as trust, communication, attraction and cost.

Significantly, however, there is no 'best' type of relationship, rather the context will largely determine which relationship will be most relevant. This is pertinent to security which covers a wide array of products and services and great variation in quality and performance within any given 'type' of security. Further the overall importance of the purchase within the respective organisations is significant, again something that has long been a sticking point in security.

The typologies described in the literature suggest, unsurprisingly, that generally the more that both parties are willing to invest efficiently in the relationship, the more likely they are to reap mutual benefits. While good relationships may be aspirational for those that want to move away from a procurement model that values cost over quality, it is important to note that the literature highlights that these 'closer' relationships can have their drawbacks too – they require a lot of investment and management and some skill too. They are difficult to achieve in the first place, but have also been observed to create high levels of dependence and control which can ultimately be limiting.

What do security professionals think is important?

The picture emerging from our survey of security professionals is that there is intention among buyers and suppliers to work closely and collaboratively and most were united in viewing: trust, good communication, aligned aims, objectives and ethos, and affording appropriate priority to security, as the most important characteristics of an effective buyer-supplier relationship. The existence of suitable companies to work with was not a significant concern – so both the intention and the skills seem to be present.

However it was also evident that barriers to the relationship arise somewhat commonly, suggesting that a good buyer-supplier relationship in security is hard to achieve. Particularly and unsurprisingly – issues around cost were

seen as detrimental, but also an imbalance of power, and to a lesser extent a tendency to undervalue one another's capabilities.

It was also apparent that to some extent more 'blame' for undermining the relationship is placed with buyer organisations, since they are seen as in control – they are the decision maker when it comes to the procurement processes used. Ultimately they determine what level of quality they are willing/able to pay for and the overall value at which the contract is awarded. However, while suppliers were more likely to agree with criticism of buyers and vice versa, there were notable proportions that recognised the shortcomings among their own role/perspective, suggesting a level of self-awareness that both could make changes to improve the relationship. Suppliers are not powerless, they can decide not to take contracts on unfavourable terms, and cancel contracts when they perceive the buyer is not delivering on its commitments, and some did.

What are the difficulties to achieving a productive relationship?

In-depth interviews with security professionals revealed numerous insights that helped to put the survey findings in to context and explain why it can be hard to achieve the relationship that security buyers and suppliers would like. Key findings included:

- While characteristics such as trust, honesty and transparency are valued by both sides achieving them requires time and focus that is not always recognised and/or prioritised
- Establishing a partnership requires buyers to set a context which equalises the balance of power
- Personalities can be important. Devoting time always is
- Buyers and suppliers agree effective communication is a core requirement of a good rapport
- Buyers often do not fully understand their own security requirements and the best fit of the potential solutions available
- Buyers with security expertise are often marginal to the buying process (where procurement staff in particular sometimes take the dominant role)
- Some buyers do not prioritise a sufficiently close working relationship with procurers and their influence suffers
- Procurement often brings structure and expertise to the table. The drive for the lowest price may be a general organisational requirement not the exclusive practice of procurement
- Security experts in client organisations lack status, or security is not a sufficient priority to get the level of investment for what might be necessary for the best product or service
- Security suppliers often focus on what they can most easily provide and not what the client most needs
- Suppliers are frustrated at buyers not supporting them and focussing on a partnership when that is crucial for their own ability to be effective
- Suppliers do sometimes have internal management issues where those responsible for winning contracts are divorced from those who will be managing them sometimes rendering a contract difficult to deliver

- Suppliers accept work that they will struggle to deliver for a variety of reasons but sometimes because of commercial pressures, not all buyers recognise that where this happens they may well not receive the quality of service hoped for
- The procurement process can mitigate against a good relationship. For example cutting prices at the last minute will nearly always mean what is provided will be less, regardless of what is said in interview.

Conclusion

Any improvement in the way security business is done needs to take account of some realities that have rarely been highlighted, not unsurprising given their sensitivity and the lack of attention from researchers. While there are examples of strong relationships that work well and generate benefits, satisfaction and success, there are many where good partnership working continues to struggle, not because those in security are not committed, that appears most often not true, it is more that there are many issues that need to be addressed to optimize the benefits for all parties. The findings provide a reference point for various parts of the industry to consider how its own approach to managing security contracts (of whatever type) can be improved, and to consider what 'traps' need to be identified and avoided.

Section 1. Preface

- 1.1 Buyer-supplier relationships can be complex. In other sectors there is research which suggests how different types of relationships can have a dramatic impact on the success of the contract and the overall impact on client performance. Until now this has remained largely unexamined in the security sector. This report is based on research that takes steps to address this.
- 1.2 This research specifically seeks to learn from broader research about the barriers to effective partnership working. It does so by examining the types of relationships that exist and the factors that influence whether they succeed or fail. The failure to address specific impediments marks a gap in research and one that potentially undermines one of the key components of good security.

Section 2. Reviewing The Literature

- 1.3 There is a wealth of research on buyer-supplier relationships examining a whole range of dimensions especially in the areas of business management, construction, automotive, agriculture, and health sectors. Research on the security sector is scarce. That said many of the observations made have a wider applicability including to the security field. This section summarises some of the key findings particularly on the power dynamic between buyers and suppliers; the factors that develop mutually beneficial buyer supplier relationships; and challenges to them.
- 2.1 A general point that emerges from prior studies is that there is no 'best' type of buyer-supplier relationship. Context is crucial, and whether there has been long-term engagement feature prominently and are often presented as fundamental to business success and in securing a competitive advantage.¹
- 2.2 The way that Buyer-supplier relationships have been classified in the existing literature is by either relationship factors (focusing for example on issues such as cooperation and trust) or power-dependence (focusing on investment in the transaction and the power balance/imbalance between buyers and suppliers)².
- 2.3 While there are numerous typologies, most reference similar key characteristics³:
- Trust
 - Transaction/relationship-specific investment
 - (Inter-)dependence
 - Commitment
 - Long-term oriented/expected continuity
 - Status of the relationship (new versus current)
 - Good information, behaviour and/or communication
- 2.4 Characteristics typically resulting from the relationship include:
- Successfulness
 - Satisfaction

¹ Dyer, J.H., Singh, H., 1998. The Relational View: Cooperative strategy and sources of interorganizational competitive advantage. *The Academy of Management Review* 23, 660–679; Bastl et al., 2012

² Tangpong, C., Michalisin, M.D., Traub, R.D., Melcher, A.J., 2015. A review of buyer-supplier relationship typologies: progress, problems, and future directions. *Jnl of Bus & Indus Marketing* 30, 153–170. <https://doi.org/10.1108/JBIM-10-2012-0193>

³ Lösch, A., Lambert, S., 2007. E-Reverse Auctions Revisited: An Analysis of Context, Buyer-Supplier Relations and Information Behaviour. *The Journal of Supply Chain Management* 43, 47–63.

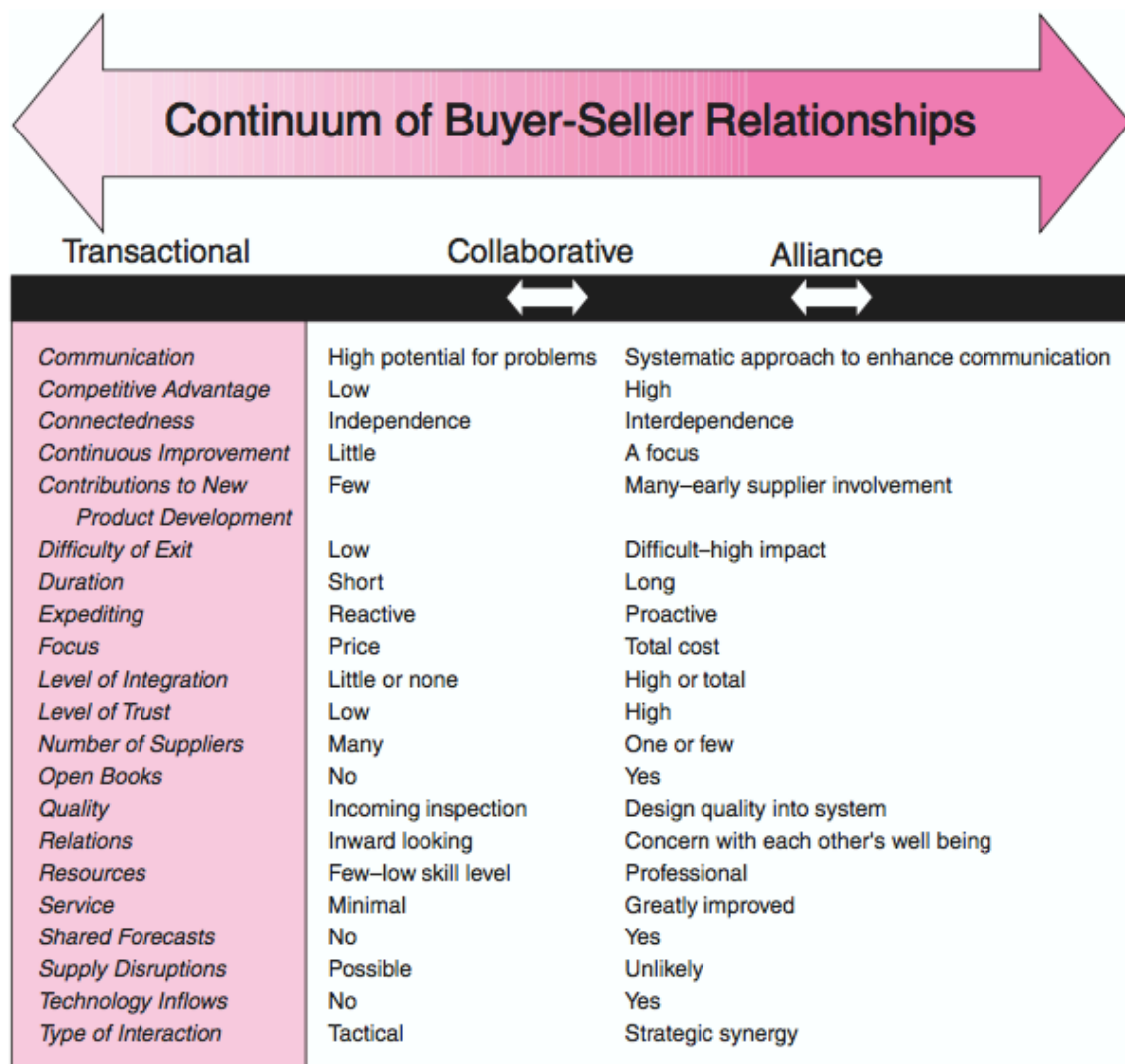
- Low conflict level

2.5 The most common typologies of buyer-supplier relationships referenced by research, with applicability to the security sector are: 1) transactional, collaborative, and alliance relationship (usually presented as a continuum); and 2) cooperative and adversarial relationships (usually understood as juxtaposed). These merit a discussion.

Transactional, Collaborative, and Alliance Relationship Typologies

2.6 Based on the level of involvement between and among buyers and suppliers, Burt et al summarise that many buyer-supplier relationships can be classified along a continuum from transaction (no to low involvement) to collaborative (medium involvement) to alliance (high involvement). Figure 1 show the characteristics of these relationships along the continuum.

Figure 1. The Continuum of Transactional, Collaborative, and Alliance Relationships⁴



Transactional Relationships

2.7 Transactional relationships – are neither positive nor negative; they are purposeful. Most buyer-supplier relationships can be understood as transactional to some degree but there are characteristics that set them apart:

- The focus of the transaction is cost.
- There is little concern for the other party's well-being.
- Each transaction is independent with its own costs and benefits.
- These are closed relationships; data, costings, and forecasts are not shared between parties.

⁴ Burt, D.N., Dobler, D.W., Starling, S., 2003. Buyer-Supplier Relationships, in: World Class Supply Management: The Key to Supply Chain Management. McGraw-Hill/Irwin, pp. 78–102.

- Purchasing time is kept to a minimum. Electronic procurement has become common.
- 2.8 The benefit of these relationships is that they take relatively little energy and effort to enact. They also require a lower skill level to manage.⁵
- 2.9 That said, there are numerous disadvantages of transactional relationships. For instance, compared to other forms, suppliers have the least to lose from unsatisfied buyers, which, therefore, results in buyers often experiencing lower levels of supplier performance. Suppliers in these relationships typically only supply the minimum service required because they recognize that the relationship is based on a priced transaction. The same is true for quality – it is often only as good as it needs to be to fulfil contractual agreements (even if suppliers have the capacity to deliver to a higher quality). As often communication is minimised it can result in consequences (e.g. supply disruptions or delivery problems) and the relationship is characterised by a lack of flexibility which can be problematic in dynamic business environments where market contexts can change speedily.⁶

Collaborative Relationships

- 2.10 In collaborative relationships suppliers are most often subsidiaries or affiliates of the buyer; there is often some form of interdependence.⁷ Buyers typically engage in these long-term relationships with a few select suppliers, with whom they establish high levels of trust.⁸
- 2.11 Compared to transactional relationships, the benefits of these types of relationships include enhanced communication, costs savings, reliable delivery, higher quality, and greater flexibility.⁹

Alliances

- 2.12 Alliance relationships involve a higher level of interdependence and commitment than collaborative relationships. Parties – or rather partners – share a Vision. Contract negotiations are focused on creating favourable outcomes for both parties.¹⁰ They are characterised by openness in all areas: cost, technology, supply-chain, conflict, etc. They are highly flexible and able to adapt to changing conditions.¹¹
- 2.13 What most distinguishes alliance relationships from collaborative ones is the presence of institutional trust which yields a number of benefits:

⁵ Burt et al., 2003

⁶ Burt et al., 2003

⁷ Burt et al., 2003

⁸ Musanga, M.B., Ondari, N.G., Kiswili, N.E., 2015. Buyer-Supplier Relationships and Supplier Responsiveness: A Case of Manufacturing Firms Listed in Nairobi Stock Exchange, Kenya. *International Journal of Economics, Commerce and Management* 3.

⁹ Burt et al., 2003; Musanga et al., 2015

¹⁰ Burt et al., 2003

¹¹ Burt et al., 2003

- Reduction of direct and indirect costs (e.g. labour, machinery, materials, overhead)
- Reduction of time from design to market.
- Improved quality at lower total cost.
- Improved flow of information (e.g. technological capacities)
- High continuity of supply.¹²

Cooperative and Adversarial Relationships

- 2.14 Another conceptualisation of buyer-supplier relationships¹³ is the cooperative and adversarial relationship typology. Cooperative relationships are similar to a combination of the above collaborative and alliance relationships; whereas, adversarial relationships are similar to transactional ones.¹⁴
- 2.15 Cooperative relationships are long-term, equitable, and involve commitment and shared goals. These relationships are characterised by high trust levels where there is frequent interaction.¹⁵ Adversarial relationships are presented as being especially disadvantageous for the supplier as they are short-term with greater potential of being exploited thereby reducing their motivation and commitment to the contract.¹⁶
- 2.16 Cooperative relationships create value beyond what either party can do independently; they therefore present a lower risk for investors.¹⁷ That said recent work has highlighted that many leading buying companies (such as Apple, Boeing, and LG Electronics) are moving away from long-standing cooperative relationships with suppliers towards more adversarial models to spur innovation.¹⁸

Expanded Typology

- 2.17 Due to subtle differences between the cooperative and adversarial typology and the transactional, collaborative, and alliance version, an expanded typology was developed to capture the type of relationship but also its intensity. This defines four types of buyer-supplier relationships:¹⁹
1. **Deep** relationships (collaborative/alliance and cooperative) involve parties being synchronized in their operations. They are highly

¹² Burt et al., 2003

¹³ Tangpong et al., 2015

¹⁴ Kim, Y., Choi, T.Y., 2015. Deep, Sticky, Transient, and Gracious: An Expanded Buyer–Supplier Relationship Typology. *Journal of Supply Chain Management* 51, 61–86.

¹⁵ Choi, T.Y., Wu, Z., 2009. Triads in Supply Networks. *Journal of Supply Chain Management* 45.

¹⁶ Burt et al., 2003

¹⁷ Nyaga, G.N., Whipple, J.M., Lynch, D.F., 2010. Examining supply chain relationships: Do buyer and supplier perspectives on collaborative relationships differ? *Journal of Operations Management* 28, 101–114. <https://doi.org/10.1016/j.jom.2009.07.005>

¹⁸ Kim and Choi, 2015

¹⁹ Kim and Choi, 2015

responsive to one another and equally co-dependent (operationally and strategically).

2. **Sticky** relationships (collaborative/alliance but adversarial) involve a more powerful and a weaker party. They explain that the parties view exchanges as “a necessary evil.” The more powerful party seeks to increase its market advantage in an adversarial way while the weaker party depends on the more powerful party for success.
3. **Transient** relationships (transactional and adversarial) involve short-term and clear exchanges, similar to those in open commodity markets. These exchanges are based on competitive tendering and price negotiations. Price advantage is the main focus and both parties enforce contractual obligations on the other.
4. **Gracious** relationship (transactional but cooperative) involve parties that do not have long-term relationships, but hold each other in high esteem. Exchanges typically occur in a short-term and sporadic but recurring fashion. Both the supplier and the buyer in this relationship have diversified their exchanges, involving (many) other suppliers or buyers.

2.18 There also exist a range of other typologies although they generally bear a resemblance to those discussed so far. While these are not considered in detail here, references are provided²⁰.

What factors make a difference?

Power Dynamics

2.19 The issue of who has power is much discussed not least due to its impact on other issues (e.g. dependency,²¹ commitment to invest, share information²²) and the possibility that exploitative strategies can result from buyers having too much power.²³

²⁰ See for example:

Donaldson, B., O'Toole, T., 2000. Classifying relationship structures: relationship strength in industrial markets. *Journal of Business & Industrial Marketing* 15, 491–506. <https://doi.org/10.1108/0885862001035172>.

Lejeune, M.A., Yakova, N., 2005. On characterizing the 4 C's in supply chain management. *Journal of Operations Management* 23, 81–100. <https://doi.org/10.1016/j.jom.2004.09.004>

Clauß, T., 2012. The Influence of the Type of Relationship on the Generation of Innovations in Buyer–Supplier Collaborations. *Creativity and Innovation Management* 21, 388–411.

See, Tangpong, C., Michalisin, M.D., Melcher, A.J., 2008. Toward a Typology of Buyer–Supplier Relationships: A Study of the Computer Industry. *Decision Sciences* 39, 571–593. <https://doi.org/10.1111/j.1540-5915.2008.00203.x>; Tangpong, et al, 2015.

Möllering, G., 2003. A typology of supplier relations: from determinism to pluralism in inter-firm empirical research. *Journal of Purchasing and Supply Management* 9, 31–41. [https://doi.org/10.1016/S0969-7012\(02\)00031-X](https://doi.org/10.1016/S0969-7012(02)00031-X)

²¹ Clauß, 2012

²² Cox, A., Lonsdale, C., Watson, G., 2001. The Role of Incentives in Buyer-Supplier Relationships: Industrial Cases from a UK Study. The University of Birmingham, CBSP, Birmingham Business School.

²³ Caniëls and Gelderman, 2007

- 2.20 Buyers are generally the most powerful²⁴ even in alliance type relationships²⁵ and the influence exerted is defined as reflecting the classic carrot (rewarding supplier behaviour) or stick (punishing or threatening to punish supplier behaviour) analogy.²⁶
- 2.21 Although it is more common for suppliers to be dependent on buyers, this is not always the case.²⁷ The key factors that are thought to influence dependency on the other party include²⁸:
- Logistical indispensability (for buyers)/ financial magnitude (for suppliers)
 - Need for the buyer/supplier's technological expertise
 - Availability of alternative buyers/suppliers
 - Cost of switching to another buyer/supplier
- 2.22 There is one other key aspect here and that concerns the extent to which the supplier perceives the buyer as an expert. If the buyer is perceived as an expert in their field there is a greater measurable benefit for the supplier to be involved.

Trust

- 2.23 In buyer-supplier relationships, trust is defined as: "the belief that the other partner is honest and sincere and will not deliberately damage the relationship."²⁹ In simple terms it involves interpersonal and institutional elements.³⁰
- 2.24 Interpersonal trust is the trust that a representative from one party places in its contact from the other party.³¹ Institutional trust is the level of trust that the party as a whole places in the other.³² Figure 2 shows how the level of trust varies for the transactional, collaborative, and alliance typology.

²⁴ Frödell, M., Josephson, P.E., 2009. Perceived Constraints when Establishing and Maintaining Contractor-Supplier Relations in Construction. *Construction Management*, Chalmers University of Technology.

²⁵ Mukherji, A., Francis, J.D., 2008. Mutual adaptation in buyer-supplier relationships. *Journal of Business Research* 61, 154–161. <https://doi.org/10.1016/j.jbusres.2007.06.008>

²⁶ Clauß, 2012

²⁷ For a discussion, see, Gulati, R. and Sytch, M. (2007) Dependence Asymmetry and Joint Dependence in Interorganizational Relationships: Effects of Embeddedness on a Manufacturer's Performance in Procurement Relationships. *Administrative Science Quarterly*, 52, 1, pp 32-69.

²⁸ Caniels, M.C.J., Gelderman, C.J., 2007. Power and interdependence in buyer supplier relationships: A purchasing portfolio approach. *Industrial Marketing Management* 36, 219 – 229.

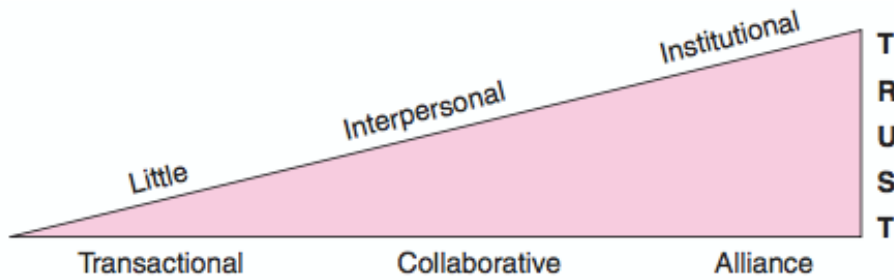
²⁹ Claro, D.P., Borin de Oliveira Clarol, P., Zylbersztajn, D., 2005. Relationship marketing strategies: when buyer and supplier follow different strategies to achieve performance. *Brazilian Administration Review* 2.

³⁰ Akrou, H., Fall Diallo, M., Akrou, W., Chandon, J.-L., 2016. Affective trust in buyer-seller relationships: a two-dimensional scale Abstract. *Journal of Business & Industrial Marketing* 31, 260–273.

³¹ For a discussion linking the concept of trust to the 'psychological contract', such as exists between employer and employee, see: Fenton-Jones, R. (1999) *After Outsourcing: Managing Tripartite Business Relationships*. MBA These, University of Bath.

³² Burt et al., 2003

Figure 2 Trust in Transactional, Collaborative, and Alliance Relationships³³



2.25 Institutional trust develops, over time,³⁴ and from interpersonal trust and integrity. A joined up approach is based on shared aims, collectively achieved, incorporating both informal and formal agreements.³⁵ It can be established by each part taking steps for senior management to establish personal relationships with each other. Just as the presence of trust is viewed as a key positive, so logically its absence can lead to serious problems.³⁶

2.26 Trust, effective communication and a desire to work together are considered key components of sustainable competitive advantage.³⁷ In short, trust is key.³⁸

Attraction and cost

2.27 This involves supplier attractiveness as perceived by the buyer and vice versa. Highly attractive buyers and suppliers are more likely to be successful.³⁹

2.28 Crucially cost plays a key role here, even in alliance relationships. In any type though the key is weighing any short-term cost savings against long-term gains,⁴⁰ albeit this is a challenge. Alliances require

³³ Burt et al., 2003

³⁴ It has been noted that maintaining these requires commitment and careful management. See, Arno Meyer, Wesley Niemann, Theuns Kotzé (2017) [Exploring the dark side of interpersonal relationships between buyers and suppliers of logistics services](#), *Acta Commercii*, Vol.17, 1, January, pp. 1-12.

³⁵ Burt et al., 2003

³⁶ For an interesting discussion in the area of marketing, see a special issue: Arnott, D. and Wilson, D. (2007) Trust - Current Thinking and Future Research: Current Thinking and Future Research. *Journal of Marketing*, Special Issue, 41, 9-10, pp. 979-1240.

³⁷ Musanga, M.B., Ondari, N.G., Kiswili, N.E., 2015. Buyer-Supplier Relationships and Supplier Responsiveness: A Case of Manufacturing Firms Listed in Nairobi Stock Exchange, Kenya. *International Journal of Economics, Commerce and Management* 3.

³⁸ Fynes, B., Voss, C., 2002. The moderating effect of buyer-supplier relationships on quality practices and performance. *International Journal of Operations & Production Management* 22, 589-613. <https://doi.org/10.1108/01443570210427640>

³⁹ Tanskanen, K., Aminoff, A., 2015. Buyer and supplier attractiveness in a strategic relationship — A dyadic multiple-case study. *Industrial Marketing Management* 50, 128-141. <https://doi.org/10.1016/j.indmarman.2015.04.011>

⁴⁰ Frödel and Josephson, 2009

higher levels of investment both in infrastructure and in human capital.⁴¹

- 2.29 Opportunism too can have a great impact on buyer-supplier relationships. When an opportunity to reduce costs presents itself parties can jump on these opportunities in a way that undermines their relations with each other, with adverse consequences for levels of trust and cooperation.⁴²

Communication

- 2.30 Communication relates to beneficial buyer-supplier relationships in three ways: 1) communication between parties; 2) supplier responsiveness to buyer needs; and 3) clear goods/services exchange specifications.⁴³ Effective communication is a pre-determinant of trust⁴⁴ and central to building confidence between the parties.⁴⁵ It involves high quality and timely information exchanges and any conflicts are resolved through open, respectful dialogue, with a range of benefits:

- Improved good/service quality
- Reduced response time
- Reduced cost
- Decrease in opportunistic behaviour
- Streamlined operations.⁴⁶

Cooperation (and Supplier Integration)

- 2.31 Cooperation involves flexibility and joint action. Flexibility refers to the ability of parties to accommodate their responses to fluctuations in market realities. Joint action involves parties engaging in planning and problem solving together.⁴⁷ It means knowledge is not just shared but integrated earlier; shortens project timelines; reduces costs; generates innovation;⁴⁸ and improves effectiveness.⁴⁹ That said, to do well and not least when it incorporates supplier integration demands focussed management time.⁵⁰

⁴¹ Juntunen, J., Juntunen, M., Autere, V., 2012. Outsourcing strategies of the security sector through acquisition procedures. *International Journal of Physical Distribution & Logistics Management* 42, 931–947. <https://doi.org/10.1108/09600031211281439>

⁴² Hawkins, T., Knipper, M.G., Strutton, D., 2009. Opportunism in Buyer–Supplier Relations: New Insights from Quantitative Synthesis. *Journal of Marketing Channels* 16, 43–75. <https://doi.org/10.1080/10466690802147961>

⁴³ Burt et al., 2003; Musanga et al., 2015

⁴⁴ Bönnte, W., 2008. Inter-firm trust in buyer-supplier relations: Are knowledge spillovers and geographical proximity relevant? *Journal of Economic Behavior & Organization* 67, 855–870; Burt et al., 2003

⁴⁵ Bastl et al., 2012.

⁴⁶ Bastl et al., 2012

⁴⁷ Claro, D.P., Borin de Oliveira Clarol, P., Zylbersztajn, D., 2005. Relationship marketing strategies: when buyer and supplier follow different strategies to achieve performance. *Brazilian Administration Review* 2.

⁴⁸ Musanga et al., 2015

⁴⁹ Clauß, 2012

⁵⁰ Burt et al., 2003

- 2.32 In practice it is difficult to establish cooperation and supplier integration effectively. They require a high degree of attention to detail and for parties to have shared/common goals, needs, and capabilities. As a result, many ventures do not live up to expectations.⁵¹
- 2.33 Further, the benefits of supplier integration are challenged by some who argue that collaborating with suppliers means controlling them, and thereby limiting creativity and innovation.⁵²

Challenges in Forming and Sustaining Effective Relationships

- 2.34 There are many impediments to establishing good relationships, or more constructively put, many opportunities to manage them to best effect. Fit to context and how well it is managed are crucial.⁵³ The extent to which employees are engaged with their company and comfortable with its aims matters too; when they are reticent it can undermine efforts to generate meaningful partnerships.⁵⁴
- 2.35 Strategies for managing relationship differ by industry.⁵⁵ This is inevitable, after all there are different products, company approaches and cultures, whether a service or product, and whether the relationship is covered by an ethical code (such as between a solicitor and a client which can generate a concern about professionalism).⁵⁶ Allied to this is the reality that organisations can be complex and so relationships can be too.⁵⁷
- 2.36 Most existing typologies focus on the relational side of buyer-supplier relationships and do not explain or predict supplier or buyer firm performance. As such, the typologies are limited in their ability to be useful for those in management roles engaging in buyer and supplier relationships.⁵⁸
- 2.37 At least part of the problem is what are described as 'opportunistic' behaviours by suppliers. These amount to dishonesty in contracts by

⁵¹ Clauß, 2012

⁵² Martinsuo, M., Ahola, T., 2012. Supplier integration in complex delivery projects: Comparison between different buyer-supplier relationships - ScienceDirect. *International Journal of Project Management* 28, 107–116.

⁵³ See, for example, Bensaou, M. (1999) *Sloan Management Review*. 40.4, Summer, p35.

⁵⁴ Lawson, B, Peterson, K. Cousins, P. and Hadfield, R. (2009) Knowledge Sharing and Interorganizational product Development Teams: the effect of formal and informal socialization mechanisms. *The Journal of Product Innovation Management*. 26, 2, pp. 156-172.

⁵⁵ For example, see a comparison of the metal-mechanics industry, food industry and furniture industry in Brazil: Daniel Battaglia, Cristiano D. Schimith, Marcelo A. Marciano, Sandro A. M. Bittencourt Letícia Diese, Miriam Borchardt, Giancarlo M. Pereira (2015) Value Added Elements According to Buyer Companies in a B2B Context. *Brazilian Administrative Review*, 12, 3, <http://dx.doi.org/10.1590/1807-7692bar2015150005>.

⁵⁶ Flood, J. (2016) Corporate lawyer-client relationships: bankers, lawyers, clients and enduring connections. *Legal Ethics*, 19, 1, pp 76-96.

<http://dx.doi.org.ezproxy4.lib.le.ac.uk/10.1080/1460728x.2016.1187452>

⁵⁷ De Lange, D., Armanios, Daniel Delgado-Ceballos, Javier ; Sandhu, Sukhbir (2016) From Foe to Friend. *Business & Society*, 55, 8, pp.1197-1228.

⁵⁸ Tangpong et al., 2015

avoiding agreed duties, or undertaking work carelessly.⁵⁹ All of which underlines the need to evaluate suppliers carefully.⁶⁰

- 2.38 At another level the extent to which the service being contracted is business critical sets a context. Security can sometimes be seen in this way. Clearly where security, rightly or wrongly, is perceived as unimportant its work and that of its stakeholders can be devalued.⁶¹ Similarly, the expertise of security suppliers is important too, not least where they are defined as experts or important or offering a skill or input that is considered valuable (not least when it supports day to day operations).⁶² Certainly information security has been found to be the bedrock of trust building when information technology is being outsourced.⁶³
- 2.39 There are key components of a partnership that have found to be crucial, for example, business understanding, commitment, communication and top management support.⁶⁴

Summary

- 2.40 There is a range of useful categorisations of the types of relationships that exist that summarise the level of commitment and interaction, and the balance of power within the buyer-supplier relationship. Alongside this sit a number of key characteristics that can have an impact, such as trust, communication, power, attraction and cost.
- 2.41 The review also raised a number of key points. First, there is no best type of relationship, rather the context will largely determine which relationship will be most relevant. This is pertinent to security which covers a wide array of products and services and great variation in quality and performance within any given 'type' of security. Further the overall importance of the purchase within the respective organisations is significant, again something that has long been a sticking point in security.
- 2.42 The typologies described suggest that generally the more that both parties are willing to invest in the relationship, the more likely they are to reap mutual benefits. While these may be aspirational for those that want to move away from a procurement model that values cost over

⁵⁹ Wathne, K. H., & Heide, J. B. (2000). Opportunism in interfirm relationships: Forms, outcomes and solutions. *Journal of Marketing*, 64, 4, 36 – 51.

⁶⁰ Arthur Ahimbisibwe (2014) The Influence of Contractual Governance Mechanisms, Buyer–Supplier Trust, and Supplier Opportunistic Behavior on Supplier Performance. *Journal of African Business*, 15, 2. <http://dx.doi.org.ezproxy4.lib.le.ac.uk/10.1080/15228916.2014.920610>.

⁶¹ Condon, R. (2011) How to mitigate the security risks of outsourcing. *Computing Weekly*, December.

⁶² See, McDonald, B. (2014) Attackers kept at bay by secure relationships; A company at the forefront of making IT work for major organisations explains why understanding the client's desire for sound network security is vital, writes. *The Times*, Dec 2, p.17.

⁶³ Abdul Jaleel K. Shittu (2012) Information security and mutual trust as determining factors for information technology outsourcing success. *African Journal of Business Management*, 6, 1, 1 November.

⁶⁴ EOoi, E. Abdul Halim, Hasliza, Ramayah, T. (2013) [The effects of partnership quality on business process outsourcing success in Malaysia: key users perspective](#). *Service Business*, 7, 2, pp.227-253.

quality, it is important to note that previous research highlights that these 'closer' relationships can have their drawbacks too – they require a lot of investment and management. They are difficult to achieve in the first place and can create high levels of dependence and control which can ultimately be limiting.

Section 3. Perspectives on Buyer-Supplier Relationships

The sample

- 3.1 A survey of security professionals of both buyers/customers and suppliers, as well as other relevant security experts, was conducted, in order to get a sense of how buyer-supplier relationships function in the security sector. The survey findings highlight trends which were then explored in more depth in a set of one to one telephone interviews. The findings discussed are based on 511 respondents who started the survey⁶⁵.
- 3.2 Various statements were posed which respondents were invited to indicate their level of agreement/disagreement with.
- 3.3 Within the overall sample of respondents, responses were categorised as buyers (and separately intermediaries acting on behalf of buyers), suppliers or other security expert, to allow for comparison to determine whether views on key issues differed in accordance with the professionals role. Included are only those issues that were statistically significant, evidencing a relationship between the variables (i.e. not occurring by chance).
- 3.4 Just over half of the respondents (51%, n=263) identified themselves as suppliers (e.g. Director, Manager or Consultant at an organisation that supplies security goods and/or services to corporate organisations); while nearly a third (30%, n=155) indicated they were a buyer/customer (e.g. a Security Manager in a corporate organisation with in-house and/or contracted security), although a further 5% (n=25) classified themselves as an intermediary acting on behalf of a buyer/customer (e.g. property management, facilities management or other intermediary who contract security on behalf of a customer).⁶⁶
- 3.5 The remaining respondents were other security experts (e.g. academic, regulator etc.) at 10% (n=50) of respondents, or other interested party (e.g. law enforcement, has been both a buyer/customer and a supplier, etc.) at 4% (n=18). Table 1 displays these roles.

Table 1: Breakdown of respondents by role % (n=511)

Role	%	N
Supplier	51%	263

⁶⁵ The number of responses to each question varies as some respondents dropped out part way through and some chose not to answer certain questions. The lowest number of responses was for any given question was 399.

⁶⁶ It is unknown to what extent this reflects practice across the security sector. Determining this would be insightful.

Buyer/Customer	30%	35%	180
Intermediary action on behalf of a buyer/customer	5%		
Other security expert/interested party	14%		68

3.6 Respondents worked for organisations that are operational in a wide variety of sectors. Three fifths of the respondents worked for organisations based in the UK (62%, n=317). A full breakdown of both sector and country is provided in Appendix 3 – Additional Data Tables.

3.7 All of the topics covered are condensed and summarised below within two main categories – desired characteristics and inhibitors, followed by some other considerations. Full data tables for each set of questions can be found in Appendix 3 – Additional Data Tables.

Desired Characteristics

3.8 Based on the scores awarded by respondents for a range of characteristics it was clear that there are a number of factors that when they are present are considered of most value to the buyer-supplier relationship in security. Rated most highly (as ‘important’ or ‘very important’) were:

- establishing mutual trust (93%)⁶⁷
- effective communication (92%)
- being able to resolve conflicts easily (90%)
- flexibility (87%)
- sharing objectives (83%)⁶⁸,
- developing a relationship over time (84% agreed or strongly agreed)⁶⁹
- having mutual aims (82%)⁷⁰ and aligned ethos (81%)⁷¹
- senior management in buying company prioritising security (81%)

3.9 When these figures were broken down by role (i.e. whether the respondent is a supplier, buyer or intermediary acting on behalf of a buyer), not all showed statistically significant results, but most did and were rated very similarly regardless of role suggesting buyers and suppliers largely value the same characteristics for developing a strong relationship.

3.10 Also rated fairly highly was the idea of being dependent on each other (79% important or very important), and the sentiment that greater priority afforded to security by the buyer organisation strengthens the

⁶⁷ 96% of Suppliers rated important or very important, 93% of Buyers and 86% of Intermediaries.

⁶⁸ 87% of Intermediaries rated important or very important, 84% of Suppliers and 83% of Buyers.

⁶⁹ 49% of Suppliers ‘strongly’ agreed, compared with 40% of Buyers and 35% of Intermediaries.

⁷⁰ 86% of Intermediaries rated important or very important, 84% of Suppliers and 81% of Buyers.

⁷¹ 83% of Suppliers rated important or very important, 82% of Intermediaries and 81% of Buyers.

relationship (74% agreed or strongly agreed) although this was more commonly expressed by suppliers⁷².

- 3.11 Thinking back to the literature these are all notions that do not exist in the more basic transactional relationship type, suggesting that the majority of buyers and suppliers prefer to work closely with one another – a deeper collaborative type relationship style is sought after.
- 3.12 Also valued, albeit less than the factors listed above, was senior management in the buyer company embracing suppliers (67% rated this as important or very important)⁷³. Two thirds (66%) agreed or strongly agreed that an expert buyer is vital to a successful relationship⁷⁴, and a similar proportion (65%) heralded the importance of suppliers prioritising client needs over contractual obligations. A little less (58%) felt that incentives for good performance were important or very important.
- 3.13 The least important characteristics for a strong relationship were using penalty clauses for poor performance (48% important or very important) - unsurprisingly least valued by suppliers⁷⁵, and having leaders with compatible personalities which 45% rated as important or very important⁷⁶.

Inhibitors

- 3.14 A number of statements were proposed within the survey to understand the frequency with which some potential barriers to the relationship arise. The findings are organised below in to five main themes – cost, power, respect, commitment and suitability.

Cost

- 3.15 Perhaps unsurprisingly issues connected with financial considerations emerged as the factor respondents were most likely to view as posing a barrier to the buyer-supplier relationship. Nearly three quarters (74%) felt that buyers are ‘frequently’ or ‘always’ too focused on price over quality. It is not surprising that this view was far more common among suppliers than buyers, however the responses of intermediaries were much more on a par with suppliers than buyers⁷⁷, which adds some further weight behind this criticism. A little less, but still close to two thirds (63%) agreed or strongly agreed that most relationships are

⁷² 41% of Suppliers ‘strongly’ agreed, compared with 30% of Intermediaries and 28% of Buyers.

⁷³ 59% of Buyers rated important or very important, compared with 70% of Intermediaries and 72% of Suppliers.

⁷⁴ 80% of Intermediaries agreed or strongly agreed, compared with 70% of Buyers and 60% of Suppliers.

⁷⁵ 57% of Intermediaries rated important or very important, compared with 52% of Buyers and 40% of Suppliers.

⁷⁶ 68% of Intermediaries rated important or very important, compared with 44% of Buyers and 38% of Suppliers.

⁷⁷ 88% of Suppliers indicated ‘always’ or ‘frequently’ and 75% of Intermediaries, compared with 46% of Buyers.

undermined by financial considerations and similarly that contracts were frequently or always being awarded at a price that is too low. Again this was indicated more commonly by suppliers but this time the response of intermediaries was much more on a par with buyers than suppliers⁷⁸ suggesting to some extent a fundamental difference between buyers and suppliers may exist in their perception of what a realistic price is. There was less concern that suppliers are too focused on profit over contractual obligations – considered to occur frequently or always by less than half of the respondents (47%) and predictably both buyers and intermediaries were more likely to take this view than Suppliers⁷⁹

Power

- 3.16 Issues relating to power and control also featured relatively highly in terms of posing a barrier to the buyer-supplier relationship. It is worth thinking further about the balance of power in security and the implications of any imbalance, since more than two thirds (70%) agreed or strongly agreed that the buyer has more power than the supplier (and of course more suppliers felt this than buyers or intermediaries⁸⁰), and more than half (57%) agreed or strongly agreed that too much control of suppliers undermines their ability to be innovative. The issue of power is considered in further detail in the next chapter.
- 3.17 Related to this, the procurement process (typically determined by the buyer organisation) was viewed by nearly two thirds (63%) as not geared up to generating good partnerships.

Respect

- 3.18 Factors related to the esteem buyers and suppliers hold each other in, did come across as potential barriers to the relationship, but less so than cost or power. There was suggestion that both undervalue each others' expertise and this was more commonly agreed or strongly agreed with in respect to buyers undervaluing suppliers (59%) than suppliers undervaluing buyers (46%) and perhaps it goes without saying that the former was felt far more strongly among suppliers and the latter was more likely to find agreement from buyers and intermediaries⁸¹.
- 3.19 However, a tendency for buyers to take suppliers for granted scored lower with just under 2 in 5 (39%) believing this to occur frequently or always, although suppliers more commonly held this view⁸².

⁷⁸ 74% of Suppliers indicated 'always' or 'frequently', compared with 55% of Intermediaries and 48% of Buyers.

⁷⁹ 60% of Intermediaries and 58% of Buyers indicated 'always' or 'frequently', compared with 39% of Buyers.

⁸⁰ 36% of Suppliers 'strongly' agreed, compared with 26% of Intermediaries and 17% of Buyers.

⁸¹ On buyers undervalue the expertise of suppliers: 42% of Suppliers 'strongly' agreed, compared with 16% of Buyers and 9% of Intermediaries.

On suppliers undervalue the expertise of buyers: 61% of Intermediaries and 58% of Buyers agreed or strongly agreed, compared with 36% of Suppliers.

⁸² 41% of Suppliers indicated 'frequently', compared with 25% of Buyers and 25% of Intermediaries.

Commitment

- 3.20 Some of the aspects covered by the survey address factors that reflect the commitment and effort each side is willing to contribute in the relationship.
- 3.21 It was notable that half the sample (50%) agreed or strongly agreed that senior management in the respective buyer and supplier companies typically have little relationship with each other when executing the contract. The impact a lack of nurturing at a high level may have is worthy of further exploration, indeed we return to this topic in the next chapter.
- 3.22 Close to half (45%) felt that underestimation of how difficult it is to build a good partnership occurred frequently or always, and interestingly this was flagged more by intermediaries than suppliers or buyers⁸³.
- 3.23 The same amount (45%) believed that frequently or always, buyers do not invest sufficiently in the relationship (and unsurprisingly this view was more common among suppliers⁸⁴). A similar proportion (41%) felt that frequently or always suppliers win the contract and then under deliver.
- 3.24 But overall respondents did not perceive there to be a general lack of commitment – only a fifth (20%) felt this occurred frequently or always⁸⁵. This would suggest that the intention is there, but various realities and difficulties get in the way.

Suitability

- 3.25 It is reassuring to note that finding suitable organisations to work with was a relatively minor concern and further that this was viewed equally in regard to finding both suitable buyer and supplier organisations – less than a quarter (23%) felt that buyers were frequently or always unable to find good suppliers and the same proportion (23%) felt that suppliers were frequently or always unable to find good buyers.

Other considerations

- 3.26 There were a number of statements explored within the survey designed to understand other issues that may be significant aside from the key characteristics of the relationship and the barriers to achieving those.
- 3.27 It was notable that a high proportion (76%) of respondents agreed or strongly agreed that every buyer-supplier relationship for every contract is unique. In light of the findings in the literature, that there is no ‘best’

⁸³ 35% of Intermediaries indicated ‘frequently’, compared with 20% of Suppliers and 11% of Buyers.

⁸⁴ 51% of Suppliers indicated ‘frequently’, compared with 30% of Intermediaries and 27% of Buyers.

⁸⁵ 35% of Intermediaries indicated ‘frequently’, compared with 20% of Suppliers and 11% of Buyers.

type of buyer supplier relationship and that context is key, the fact that security contracts are largely viewed as unique would suggest variation is needed in the type of relationship held and we should not be searching for one 'perfect' example.

3.28 It was also interesting to note the level of agreement with the suggestion that it is easier to develop a mutually beneficial relationship when contracting a security service than a security product (52% agreed or strongly agreed) – something more commonly felt among intermediaries than buyers or suppliers⁸⁶. It would be useful to identify what it is about contracting security services that makes this easier and what the implications of this are, indeed this is considered further subsequently.

3.29 Current trends were also considered to better understand perception of their impact (or not) on the relationship. We asked whether the following would have a positive, negative or no impact:

- Convergence in the security sector⁸⁷
- Enterprise Security Risk Management (ESRM)
- Concerns about the terrorist threat
- Bundling of security services
- The generally difficult economic climate

3.30 The first four were viewed by a majority as positive to the relationship – and more commonly Convergence (71%) than ESRM (64%), concerns about the terrorist threat (61%) and bundling (50%). The remaining sample (i.e. those that did not view each as positive) most commonly viewed their impact as neutral, with the exception of bundling which was viewed as a negative by more than a quarter (26%). One comment that perhaps helps to explain the score is as follows:

Bundled service usage can work but is also a factor that can be detrimental to the relationship if one element of the bundle is consistently not performing.

(Buyer/Customer)

3.31 The generally difficult economic climate was most commonly viewed as a negative (46%) indeed, less than a quarter (23%) felt this was a positive. The following provides an example of the concern held:

The biggest issue here is wages, they are climbing fast over the last few years due to recruitment issues, minimum wage increases etc the problem is the staff haven't got any better so now they are well overpaid

⁸⁶ 65% of Intermediaries agreed or strongly agreed, compared with 49% of Buyers and 49% of Suppliers.

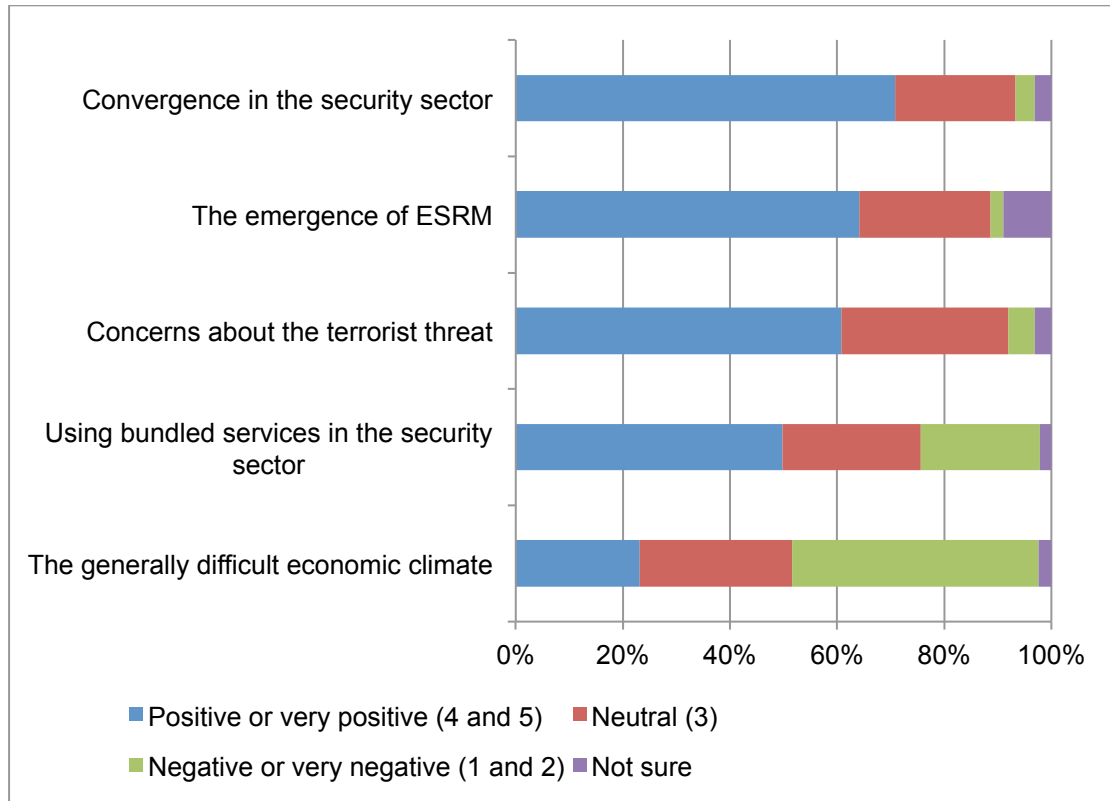
⁸⁷ i.e. formal cooperation between different types of security such as physical and information security.

(even towards legal minimums) which makes us question the whole industries suitability.

(Buyer/Customer)

3.32 Figure 3 illustrates these findings.

Figure 3: Respondents' views on the impact of current trends on the buyer-supplier relationships % (n=413-415)



Summary

3.33 The picture beginning to emerge from the findings is that there is intention among buyers and suppliers to work closely and collaboratively and most were united in viewing: trust, good communication, aligned aims, objectives and ethos, and affording appropriate priority to security; as the most important characteristics of a buyer-supplier relationship. The existence of suitable companies to work with was not a significant concern – so both the intention and generally speaking, the skills, seem to be present.

3.34 However it was also evident that barriers to the relationship arise somewhat commonly, suggesting that a good buyer-supplier relationship in security is hard to achieve. Particularly and unsurprisingly – issues around cost were seen as detrimental, but also an imbalance of power, and to a lesser extent a tendency to undervalue one another's capabilities.

3.35 It was also apparent that to some extent more blame for undermining the relationship is placed with buyer organisations, since they are seen

as in control – they are the decision maker when it comes to the procurement processes used (deemed by some as not conducive to good partnerships), and they determine what level of quality they are willing/able to pay for (even intermediaries acting for buyers sided with suppliers taking the view that buyers are more focused on cost over quality), and the overall value at which the contract is awarded. However, while suppliers were more likely to agree with criticism of buyers and vice versa, there were notable proportions that recognised the shortcomings among their own role/perspective, suggesting a level of self-awareness that both could make changes to improve the relationship. We now turn to the interview findings to add more depth to these initial insights from the survey.

Section 4. The realities of the Buyer-Supplier relationship: in their own words

Introduction

- 4.1 Interviews were conducted with 40 professionals (20 buyers and 20 suppliers) and an additional group discussion with a small group of suppliers from one organisation. The purpose was to understand the realities of the buyer-supplier relationship – what it looks like including what enables it and what practices create problems that if overcome could strengthen the relationship. On the whole buyers and suppliers had largely similar views, although there were some differences in the issues that they identified as being significant. Both were self critical as well as constructive in their thoughts about the key barriers to working collaboratively.

Setting the context

What makes a good relationship?

- 4.2 When asked what characteristics signify a good relationship both buyers and suppliers were closely aligned, and their responses largely reflected the survey findings. Here words such as 'honesty', 'transparency', 'integrity' and 'trust' featured prominently. This was noted to be important in security, both because of the importance of the purchase and because of the level of dependence on each other (i.e. for the buyer to provide the correct information and the supplier to provide the right solution) to get a good result. For example:

One overriding one, honesty. I say that over anything else, I have had situations where guarding companies over-promised and had they had the integrity to tell me, we could have managed that.

(Head of Security and Business Continuity, Education)

I think the big one is trust. In terms of building trust it is frequent contact, taking time to understand the others' perspective in terms of both what really capable of delivering to you, and not trying to sell and deliver things they don't need or want, and deliver at an acceptable price.

(Former Head of Corporate Security now Risk Manager for a supplier)

Trust is very important. The word gets banded around but integrity and trust are hugely important ... there's a lot riding on it.

(Managing Director, Technical security supplier)

... transparency and honesty are the two fundamentals – you've got those that provide ... trying to sell a need that doesn't always match up with the need of an organisation

... this is the solution rather than oversubscribe or trying to retro fit.

(Global Head of Risk, Security & Crisis Management, Food producer)

I think what you need is honesty and transparency and a level of trust ... Understand the industry challenges. Why is the buyer doing what they are doing? If you don't know what they want how can you support that?

(Industry Liaison – Architecture & engineering)

- 4.3 Some emphasised that personalities were important. Where people had a good rapport, where they 'got on', it greatly eased the process. Linked to this was the importance of communication and particularly 'listening skills'. One interviewee introduced another component, referring to the need for suppliers to treat their own staff well and others noted that how the job was done was just as important as what was done, albeit the latter is easier to insert into a contract.

Is security distinct?

- 4.4 Whether the buyer-supplier relationship is different in security than other sectors was also explored. There was a fairly even split that thought it was not distinct and those that thought it was. Those who thought it was not distinct reasoned that when procuring, a suitable service or product at good value was always the objective and that key characteristics such as honesty apply across the board:

Not in my opinion. You are looking at value and if you are getting good value you continue whatever the line ... But no different in security compared to others.

Divisional Loss Prevention Manager, Merchant trade

I would say no. If you are providing a service you need to be open and honest and that applies across the services.

Deputy Security Manager, Education

- 4.5 Those that did view the relationship as distinct highlighted a number of interesting issues. One raised more so by buyers was that the difficulty of measuring the value and success of security but the relatively high cost, resulted in a more complex relationship, for example:

If things don't happen it is good, but the university can wonder why we need to spend on security if there's no problem ... it is because security ensure it stays that way. It's different to caterers – food is good or bad There's no end state to security – it just runs.

Security Manager, Education

Good question ... one reason you need transparency in that security is a more difficult sell in the buyer's organisation than most other procured services and equipment. More importance (is placed) on innovation and equipment – generally more expensive than a

comparable function in another department ... a cost, not an investment.

Global Head of Risk, Security & Crisis Management, Food producer

- 4.6 Similarly there was a sense in which security is a different type of service and there was a reference here to the point that it is less tangible than other services:

Yes, it means something different to everybody. Your perspective can be different to everyone else's. It is often intangible but not always.

Vice President Security, Security technology supplier

I know what cleaning is and I know how to clean, or for that matter cook. In security because it is about the risk appetite of the customer and the different approaches that you have to learn specific to their needs it is different, all the more so as you then have to carry out duties in a stressful situation, and you have to deliver.

Security entrepreneur (formerly security director with supplier)

- 4.7 It was also suggested that in security the stakes are high and the consequences were greater when security went wrong, meaning there is more riding on the relationship and getting things right:

The main difference is the consequences of getting it wrong. In other services, financial services, if it goes wrong the company goes bankrupt, here in security they die, that makes it different.

Head of Security and Business Continuity, Education

They could pop to Sainsbury's in half an hour and buy a couple of hundred toilet rolls. If security is wrong its not so easy to fix – I can't nip down to Sainsbury's in 30 minutes ... Different level of consequence.

Security Advisor, Energy

The responsibility you give these people with information, physical security and your response to crisis and first Aid, is off the scale. You don't give that to a cleaner or restaurant people. So, quite a lot, huge.

Global Head of Security, Finance and services

- 4.8 Interestingly differences in the buyer-supplier relationship when procuring technology and systems as opposed to manned guarding were also flagged with some suppliers suggesting the latter is generally perceived less favourably and therefore buyers are harder to engage:

I think it's the value that they place on it – within security – say hardware, cameras, access control – I find buyers much more interested in the scope, spec versus a manned security solution where they presume it's a body. The emphasis placed on other things like hardware, key holding and alarm response where you are in control of buildings and some of their infrastructure they seem to be

more keen to engage more fully. The turn of phrase here – have we got a guard in this store or onsite. Quite impersonal.

Managing Director 2, Security supplier

... in manned guarding, I don't think the suppliers help themselves, we don't help customers understand the added value that can be bought ...we don't do enough as a security industry to help a customer understand how that experience can make a difference to security in their organisation ... Systems ... treated as someone who knows his onions – assumption that he has those skills. Isn't the same in manned guarding.

Former Managing Director, Security supplier

- 4.9 It was also suggested that the issues of pursuing the lowest price and the potential for a power imbalance (discussed in further detail below) are present in other sectors but are magnified in the security sector:

I think the key is always the buyer wants the lowest price ... It is more common in security to go on price.

Management Consultant, to security companies

For some reason, the buyer seems to have a lot more power than in other industries. Collectively the buyers have a lot more power. Complete imbalance compared with other sectors.

Consultant, to Corporate security

Is there a 'type' of relationship in security?

- 4.10 Turning now to the 'type' of relationship that security professionals achieve, it was clear that the whole gamut – from purely transactional, to collaborative, to a true alliance are present, but that this varied widely depending on the service or product procured, and the context in which it was being delivered. For the most part though, the security industry appears to be commonly working towards collaborative relationships – that are long term, with mutual benefits. The key here was to be in an on-going dialogue, and where collaboration was based on a mutual commitment to developing good practice. Indeed, the commitment to good practice and close working, outlined in an earlier section, were largely signed up to by interviewees. That ideal though was challenged by a range of impediments most of which have not been documented in studies of the security sector before. The remainder of this section therefore focuses on identifying the problems that impede buyers and suppliers establishing a good relationship with one another.

Barriers to good buyer/supplier relationships

- 4.11 A number of issues were raised – some by both groups, others by only buyers or suppliers. Six main themes emerged which are considered below to help identify what needs to be overcome to strengthen the

relationship between buyers and suppliers and ultimately benefit the success of the contract.

The scope

- 4.12 A key issue, mentioned by many interviewees, was that a good relationship was premised on the buyer setting out the requirements clearly, and then the supplier taking the time to understand them. Buyers recognised however that they were not always clear:

They are unable to define what the problem is.

(Former Head of Corporate Security now Risk manager for a supplier)

Because we don't understand the business well enough; goes back to the honest conversation ... Security manager and ops manager often jack of all trades unless chosen to specialise whereas those from the vendor are master of that trade ... They know about their product and we probably don't know what we are asking for – sometimes get what we asked for but not what we really want.

(Security Services, Education)

... generally corporate security don't have a strategy and go from one day to another fire fighting. Also the people leading security are not skilled, they often don't have the academic underpinning, this alongside poor support from the organisation and being preoccupied with fire fighting as I say.

(Director Corporate Security, Car manufacturing)

- 4.13 Suppliers also highlighted that organisations often don't get the best security or even optimise their spend because, to put it bluntly, they are ill-informed about their own needs. For example:

Knowledge is a start – on both sides ... There's no point doing it half-hearted ... The knowledge of a buyer knowing what he wants helps greatly. I say, treat us no different to any other contractor on site – roofer, bricklayer. You know what you want and the standard you require ... It is about clearly defining the scope – some big companies do – some know what they want. But some leave it to you.

(Director, Security supplier)

In reality it depends on the client and how much they know. Some are very clear about what they want and some not at all. Technology is changing and fast and so they can be out of date quickly.

(Head of Risk & Design, Systems integrator)

They need a true understanding of what they are purchasing, and even some understanding of the industry. We want partnerships, we don't want the old

school idea of you are the contractor you get on with it and be treated as third class.

(Operations Director 2, security supplier)

I would say knowledge of the security industry and of course our product is key. If they have some insight into future solutions that is good. We need more of a partnership so that we can understand what they will need down the road.

(Vice President Security, Security technology supplier)

- 4.14 The inability to understand and articulate their own needs was in part because some security managers were dependent on colleagues in their organisation to help define risks and they were not all good at this, one interviewee provided an example of an issue that was not originally defined as a security risk but in fact turned out to be just that:

Customers are bad at articulating problems and not good at going back to basics to understand what is creating them ... (a business unit) said that the real problem was hand dryers in the toilet, if the workers can't wash their hands they walk off site. I said but could we give them paper towels? No, they said. Further discussion revealed the problem was about hand dryers losing power, and the most valuable asset was their generator. Now this was outside their company walls. So they were saying hand dryers in the toilets was the problem but we needed to look back through the process and we find out that it is the need to protect the generator.

(Former Head of Corporate Security now Risk manager for a supplier)

- 4.15 One of the key ways in which suppliers felt that they could develop a good relationship was to ensure they establish a rapport with the security and/or operations team; the people most likely to understand what the security requirements are.
- 4.16 There are a number of dimensions to the ramifications here. When a buyer does not understand its own needs, or misunderstands them, it is unlikely to get the best fit or at least it becomes a matter of chance. Moreover, the supplier is in danger of never making the client happy because what it wants is not sufficiently specific. Crucially not only does it make it difficult to cost effectively, it plays into the hands of those who are focused on price rather than quality:

In some situations – one of the big differences when people see technology as just an item and not the value and compliance it will bring beyond what they perceive it to be – they may just benchmark on cost whereas the assessment should go way beyond that. Some have too high expectations but if the relationship is trust based they can be managed. If just a procurement exercise – the vendor has no control – so just cost driven.

(Industry Liaison – Architecture & engineering)

This is the case of the customer who does not understand what it is he is saying. For the supplier this is difficult, what is the value of management? We need to argue security is different. A guard is not just standing there, when something goes wrong you are employing them for the right response. If you buy insurance it will pay out to cover loss, if you buy security as insurance it does not guarantee something won't go wrong and nor will you get anything back and that is the value proposition.

(Security entrepreneur - formerly security director with supplier)

- 4.17 And a much ignored point is that when buyers don't understand their needs they run the risk of paying more. This was especially the case with interviewees who spoke about technology, where for example they were asked to install technology they knew to be unsuitable and get paid for that, and then again when it doesn't work and they are called to install what they originally recommended and get paid again:

Sometimes we have to do what we have been told. Now we may know it won't work and we may open dialogue and they say do it. This happens when you are detached from the client. In these cases we say as per design and not done with our recommendation. So we will do it, operate the site and then we find a year later it is wrong and they do what we say and it makes money for us, for doing it wrong and for doing it again, but this is not where we want to be. We want to say to client can we use you as a reference and build for the long term.

(Head of Risk & Design, Systems integrator)

- 4.18 When the foundation on which the agreement is built is not fit for purpose it cannot serve as a reference point and can have a debilitating impact. One interviewee thought this may be intentional:

Possibly doing a dis-service to customers – but I think a lot of tender documents are deliberately nebulous so that somewhere down the stream they can beat you up so I think it suits buyers to be vague.

(Consultant, to Corporate security)

- 4.19 Other suppliers underscored the importance here by highlighting how it sought, with each contract, to ensure the requirements were understood and implemented:

Everything comes to the legal aspects – all the contractual requirements. We are organising at least 3 or 4 reviews to ensure everyone understands the terms and they are well defined – all of that.

(Operations Manager, Supplier of physical security)

In terms of security there is the assignment instruction – each one – a survey is carried out on what the security issues are for the client and the AIs are written based on

that survey, best practice and agreed with the client and those are designed and the officer has to follow them. If they don't then action is taken.

(Management Consultant, to security companies)

- 4.20 As well as a lack of clarity about the scope of requirements, interviewees identified the barrier caused when buyers and suppliers are not realistic about the costs associated with meeting the scope. One issue was that buyers were not always realistic about the quality they could achieve for a particular price:

Any company is driven by what they can afford to pay. Making sure you have the conversation so you are tuned in is key. If you want x we have to charge y, then if you can't afford y we will need to modify x.

(Operations Director 3, security supplier)

Wanting too much for too little ... Bottom line is that everyone will work to get what they can for as low as possible.

(Global Head of Risk, Security & Crisis Management, Food producer)

They are under pressure from a financial perspective to save money and achieve the best value – that's a large part of it.

(Regional Security Portfolio Manager, ICT)

Are you going to be able to get what you are looking for if you keep drilling on price? ... They need to make a profit too. You can't keep screwing the supplier.

(Divisional Loss Prevention Manager, Merchant trade)

Often the penalties are quite punitive – we are screwed to the deck at the time of tendering because of the competitive environment and immediately followed by penalties if they don't get what they thing they've bought.

(Former Managing Director, Security supplier)

I think in and around meetings you need to understand expectations. You have a meeting and you need to be able to set a pricing expectation because if you are buying and want the latest and greatest you need to understand price.

(Vice President Security, Security technology supplier)

- 4.21 The problems that then result were articulated by an interviewee in the following way:

When they ask you to reduce the price at last minute that can be hard. You do business plans on paper, and it is all too easy to modify each bit to make it work and then you can find yourself where it won't work. Keeping chipping away at items affects the overall contract and you can't get away from that. Half a per cent can make the difference to winning and losing, so we tend to just do it. And that can be success or failure and you spend the

*next year trying to make things add up ... 10% of clients I would say come to us at the end and say can you reduce your price.*⁸⁸

(Chief Executive Officer, security personnel supplier)

- 4.22 Being unrealistic about pricing could also be exacerbated by suppliers willing to accept work at a low value to win the contract. Many suppliers noted, directly and indirectly, that the pressure to win business, that includes new clients while retaining existing ones was considerable:

There is also a fear element – no one wants to lose a contract – so low margin horrible stuff – people are striving to retain turnover – security managers are ... scared to stand up to a customer and say they are wrong.

Former Managing Director, Security supplier

- 4.23 Buyers were clearly not against suppliers offering a cheap price, but the lack of realism concerned some buyers because of the potential impact on their ability to deliver:

One of the things we encounter is some vendors want to win our business because of the brand – it looks good on their portfolio so they come in at low margins and pay rates ... So having them be realistic – they need to make money – they can be reluctant to charge what they are worth ... We are fortunate – to be cash rich and we can spend what we need to get what we want.

(Regional Security Portfolio Manager, ICT)

It just had not been thought about. So we said you need to go back and quote again, all four were too low, they could not possibly do it. One even worked for us. I mean if we agreed it would just cause us problems, if we agreed too low a price we would face problems later. Sites varied so much, the average would just not work it needed a price per location. We ended up being prescriptive and so we gave them guidance.

(Divisional Loss Prevention Manager, Merchant trade)

- 4.24 One of the problems with driving costs too low, was that suppliers may under deliver without that being noticed, that is why, some buyers contended, they were able to operate a financially unfavourable contract:

⁸⁸ See additional observations on this issue in Appendix 2.

I think sometimes ... that they probably know they can get away with that for a while – probably go all out to begin with, then take their foot off the gas and get away with that for a while. Our cctv company had been doing that for about 3 years. Only since I've taken it over and put more pressure on – (they have) not been fulfilling 2 maintenance visits per year – I think they will be shocked when the contract goes out to tender.

(Security Manager, Education)

- 4.25 It is not the only reason of course, an explanation considered favourable was when they offered a competitive price because they valued them as a client, although that similarly carries no guarantee it will be delivered effectively:

Depending on the client, a loss may be good for their portfolio overall ... On the other side, maybe accept they won't deliver the right product – they know it won't be great but we will get paid – meet obligations, client probably won't know, we've done what we are asked to do.

(Global Head of Risk, Security & Crisis Management, Food producer)

In my experience, they fear losing an opportunity to get a foot in the door and increase the spend over time. Some see benefit in a contract because of who it is even if they incur a loss. In my view getting a foot in the door this way is acceptable as long as the quality is good over time. It is the same as when they treat you as a loss leader, this is fine with me so long as the service is good.

(Director Corporate Security, Car manufacturing)

In the commercial world generating revenue is key. They cannot price right because they underestimate what is required, some say once we get a foot in the door we can negotiate more stuff, so different philosophies ... there is a thing about ethics and about reputational damage.

(Former Head of Corporate Security now Risk manager for a supplier)

- 4.26 Suppliers may decide to take a contract that is not profitable because they sense a commercial advantage. For example, they may want to enter a new area of activity, one where they don't have a track record, and view winning the contract as a stepping stone to a new range of clients. There were other reasons offered too:

The more turnover, the lower the cost of management and overheads etc per hour of work that you have run.

(Former Managing Director, Security supplier)

Could be a marketing tool to add value to the business in other ways rather than the net margin ... even though you may say a contract makes a small loss, may do ok, but as a contribution factor financially, may contribute to the

business overhead. When it's added in to the business mix it may not look so bad.

(Managing Director 2, Security supplier)

Sometimes a vanity project. Sometimes just to beat/weaken the competition ... and then possibly will try and eek up prices over time.

(Managing Director, Technical security supplier)

- 4.27 That said some suppliers admitted the drive to generate income can undermine performance:

I think the idea is to win the job – don't look at profit, just price (later they) realise they are not making any money and then that forces them to use underhand practices like only paying 45 minutes per hour and telling them they are on a break for 15 minutes in every hour but that they can't leave the site.

(Director, Security supplier)

It is either non compliant or a loss leader, now will they cut corners to make the contract profitable, so what does that mean? A delayed payment to guards. So if you accept a low margin contract there will be an impact. The supplier management team may change, and come with a different philosophy, then you have a different problem.

(Managing Partner, Security consultancy)

- 4.28 It would be surprising in any analysis of buyers and suppliers in a competitive market if there were not differences of views about establishing costs. The point suppliers made here was that the approach to costing made establishing a good relationship by supplying a good service difficult:

I went through a tender this time last year – quite a big one – we were there at the end – one of 2 companies, thought we'd done well, only to be told in final meeting to take 1.8% out of the final bid which would mean we would make a loss, so we had to walk away from it. After everything – just down to numbers.

(Managing Director 2, Security supplier)

People are embarrassed on both sides to declare what is going on, the client thinks you are screwing me over. Whereby if people just accept that we are all out to make money to be sustainable and no one should be ashamed of that then we have a starting point we can agree on.

(Operations Director 3, security supplier)

- 4.29 One interviewee outlined the difficulties that can result if the costing model is not right the loser could be either party:

There is a constant driver to over deliver. Really we are tasked to make as much as we can, we are in the business to make money but also deliver a service. We

declare margins (we) will over do that sometimes to look good and the client may lose. There again we do get contract creep, we agree say to patrol an area and they want us to do half a mile more.

(Operations Director 3, security supplier)

The Power

- 4.30 There were a number of issues raised in relation to who holds decision making power within the procurement process and the impact this had on the buyer-supplier relationship. The first was the significance of the role of the procurement department – procurement is seen at times as being too prominent in the process and in some respects holding more power than security, despite them lacking an understanding of security:

For me the key is getting to meet the operations people rather than procurement, they understand security intimately, whereas procurement is driven by the cost. Operations to operations is a more satisfying way of building relationship and business. Tendering is run by procurement ... there is a huge emphasis on price and procurement switch me off I must say, because they lack knowledge on security and risk and how security works and what you are striving to do. It may not be core but it adds value, but operations are often not involved, could be workload or the ways things are done.

(Security Operations Director, FM supplier)

15 years ago, you were dealing with heads of security and it was service based. Now with the change the vast majority of tenders are governed by procurement (and they) don't necessarily understand the end project.

(Managing Director 2, Security supplier)

Security don't make decisions, procurement do that ... Procurement are in charge of buying in 90% of our global clients. Security may have an internal veto but that is an afterthought.

(Global Security Director, Security supplier)

My peer group? 70% are on the ball, 30% dictated to too much by the procurement department and they don't have an overall say.

(Head of Security, Financial services)

- 4.31 Linked to this, is the issue that security departments face internal pressures. In short their power to define what is needed can be undermined not just by their own lack of status in the organisation but by broader company commitments to cost cutting. The challenge of achieving a desired security spend was a big one. Some buyers admitted here that their own company was where the barrier starts:

The first one I am afraid tends to be your own company. You will go to your own director ... and you will ask for x

but be asked to deliver on three quarters of x. You get what you pay for, for £12 an hour you get a good guard and for £8 not a good one, if you pay peanuts you get monkeys, not nice but true.

(Head of Security and Business Continuity, Education)

... the challenge is 1, if I go to the CSO and say we can help you but it will cost, most often they don't have budgets. 2 they don't want to go to their boss and say we are doing something wrong, they are not going to do that, people responsible for running security are going to protect themselves. 3. Security operations has a reporting line that is not security, it can be legal which is not too bad, HR not good, sometimes property services and they look at it as a utility rather than a professional function. Above that middle to senior layer if it does get to the CEO or CFO they say I will have someone to look at it, and that person won't be a security expert and you are back where you started.

(Former Head of Corporate Security now Risk manager for a supplier)

Not easy we are not all masters of our budget and there is pressure from the organisation and sometimes we live to regret that we get a deal. We then have to manage and fulfilling things can be challenging. You need to be informed then you know you can't screw the vendor, you won't get anything done that way. It isn't procurement it is higher up in the organisation.

(Global Head of Security Risk, Banking)

I think again from the security side there are unrealistic expectations ... they want to show I can do more with less too, just like other business units, so I will squeeze the supplier to make myself look good ... You should always require your supplier to sharpen the pencil but don't make them regret the relationship.

(Director of Global Security, Health and hygiene)

- 4.32 A further facet of the issue of power was that buyers generally recognised that they had more power than suppliers in the relationship. For some though there was a tendency to see this as a weakness in the suppliers' approach rather than a direct fault of the buyer in not taking steps to remedy it:

I think the vendors could do a better job of telling us where we get it wrong without worrying about upsetting us. I can save you money – let me tell you why – allowing them that space so they can be imaginative may change our ideas.

(Security Services, Education)

- 4.33 One interviewee felt that it was something that needed to be worked at:

Now I am a client I say please tell me, if we have a mistake, let's rectify it and try not to make it happen again. I find if you make the effort to put something in place that works better. I always liked the openness. I have tried to instil that here. If a supplier says I was aware of that then why not tell me?

(Deputy Security Manager, Education)

- 4.34 In essence the concern here is that the supplier is so concerned about retaining business it is not able to contribute meaningfully to discussions about security, fearing the consequences:

I've always thought that it should be a partnership ... best relationship is where it is equal ... We have several like that. Also several where it is one way – the buyer holds all the cards as it were.

(Sales Director, Security manufacturer)

For some reason, the buyer seems to have a lot more power than in other industries. Collectively the buyers have a lot more power. Complete imbalance compared with other sectors.

(Consultant, to Corporate security)

- 4.35 The key issue though is how to establish a more equitable approach. There was reference to setting out the expectations and encouraging dialogue based on appreciating each others' limitations and feeling comfortable raising these:

I spell it out to everyone I work with early on. I will tell you what I don't like about your company and I expect you to do the same for me, so we have a mutual understanding of where we are. Best thing – welcome the negative feedback from them too as being very useful in terms of systems. It builds that relationship.

(Security Services, Education)

The contracts that ran really well were ... (where) its run without threat or fear on either side, a more open relationship. In-house manager happy to listen to advice and recommendations but so is supplier inclined to change the way they work without feeling the contract is at risk.

(Former Managing Director, Security supplier)

Skills

- 4.36 In a number of different ways the knowledge and skillsets of those involved in the buyer-supplier relationship were significant – the relevant expertise of both buyers and suppliers are considered here further.
- 4.37 One issue raised, predominantly among buyers themselves, was that security professionals within buyer organisations may not have

acquired the specific knowledge to be able to procure well and a number of interviewees believed the reason behind this was that the types of people recruited into corporate security roles was so varied, and that sometimes important work was left to junior people:

... Much depends on if they have an academic or operational head of security. If they have recruited from say the military or police well that is different from university educated managers who are more likely to look at the facts and makes reasoned assessments based on the whole landscape and set against objectives.

(Global Security Director, Security supplier)

Lack of understanding from the client side ... many are ex army or police and some are fantastic, but there is a lack of understanding ... Many clients don't know what to expect.

(Deputy Security Manager, Education)

Could be that you don't have much experience, say you have had a senior role in Government or in a service, a Colonel or something, say in the catering corps, but you come in as senior from another discipline with skills and vision but without the nitty gritty of understanding suppliers ... Procurement is really a project and if you have not had that experience this might be perceived tedious and time consuming and because you are not that informed it may result in some unrealistic expectations.

(Global Head of Security Risk, Banking)

I think there are a lot of people in the security industry that should not be here. There are people in senior roles – senior police, ex special forces with no training in security. They convince companies they understand security. I'm ex forces but went through all the security service training ... People that don't care enough but also people that don't know what they are doing in this industry.

(Security Advisor, Energy)

The risks on our side is that we outsource what we don't want to think about and I just expect people to do it for me. Someone at a junior level can do it. Guilty as charged ... Often here to be honest strong supplier relationship management gets left to someone who knows about technology and not seriously good relationship people.

(Partner, Client services)

- 4.38 The multitude of skills required to navigate the procurement process and the need to understand fully how suppliers need to work, were also significant here:

I have never been given any personal training, it is more than just about being clear, it includes negotiation skills,

management, and I have never gone through any commercial training. I have seen where people have been put in front of suppliers and not got a good financial deal for their organisation and that is down to their organisation failing to respond to training needs.

(Divisional Loss Prevention Manager, Merchant trade)

We were not perfect, we missed things, not critical, but we did miss things.

(Director of Global Security, Health and hygiene)

If you have not got a strong enough corporate lead in security they give it to procurement then they buy the cheapest. You need to be commercially aware otherwise you can be overrun.

(Global Head of Security, Finance and services)

- 4.39 One specific outcome where buyers lacked knowledge was, as noted above, that they may have unrealistic expectations – and both buyers and suppliers felt this was true of some buyers:

Buyers have unrealistic expectation around costs mostly. They have a strange idea that they can get top quality officers for bottom dollar. You would not have good people for beans.

(Head of Security and Business Continuity, Education)

- 4.40 Within buyer organisations it was often noted that procurement professionals lack security expertise which can result in an emphasis on cost over quality. However, a number of interviewees cited the benefits of recognising the strengths and knowledge that procurement do bring to the process and of forging a strong relationship with them to create a better understanding of security needs:

The rush to lowest price probably exits with purchasing people but you have to invest in the relationship with them. The key role you must play is you need to get them involved so they are able to understand what you need and why.

(Director Corporate Security, Car manufacturing)

I have seen it happen and procurement runs the show and the next thing you have is a master service agreement you have not seen and so on. So internally you need a good rapport with the procurement team. They will ask good questions, what is you want, how do you want things done and so on? What is the universe of vendors you are dealing with? Procurement may know some companies ... Get procurement on the same side and that adds value.

(Director of Global Security, Health and hygiene)

Procurement definitely gives you structure and process ... procurement keeps it all going.

(Focus Group Discussion, 11-4-18)

We have a review next week, procurement is driving the process and on the whole it works and the security lead is not so involved. Historically procurement was the blocker, and smashed us to pieces. You would never see them for three years. Now they appear in quarterly reviews and bring an understanding and I think it does work better ... I invite procurement as well to develop relationships.

(Operations Director 2, security supplier)

- 4.41 One issue is worth highlighting here, that buyers felt that those with the best expertise in assessing suppliers were those who had once worked as a supplier:

So in understanding suppliers those who worked in security are by far the best. That is an advantage because you understand the financials. You can as a result be more sympathetic because you understand how difficult it is to cover at short notice, so I have sympathy there. But by contrast I am cynical on costings because I understand the tricks and I look at uniforms because I know they cost in one thing, so many shirts and shoes, and the poor sod on the frontline does not get that, so I am over that like a rash. Also they can pro rata the licence as if were an annual fee and we know it lasts three years. So I am every suppliers' nightmare on that basis, I say no to these tricks.

(Head of Security and Business Continuity, Education)

I might be tempted as provider to say to the client on your existing team, has anyone worked in security service as contractor? Because that person will advise you what goes well and what does not, and that person has done it before. It may give both sides ideas on a contract that is doable.

(Global Head of Security Risk, Banking)

- 4.42 It was also highlighted that within the supplier organisation, there was a lack of skill among some, but in relation to providing the right solution. Although they are experts in their product and/or service, a common lament of buyers was that suppliers too often tried to sell them and persuade them of the value of what they had to offer rather than tailor it to meet specific needs:

Suppliers don't think about how their product integrates into solutions that are there ... They give me something so that I can identify theft in self scan, but what is the expectation of the end user experience? Not enough thinking goes on colleague and customer experience and how that product will be used.

(Retail Risk Manager, Retail - food)

It is often a case of, yes we want your business and I will tell you what you want to hear, rather than saying you don't know what you are talking about. Sell sell sell.

(Director Global Profit Protection & Investigations, design and manufacturing)

- 4.43 One striking finding made by suppliers was their critical reflections on their own inadequate accountability issues which prioritised winning contracts over the quality, a criticism typically in the past aimed mostly at buyers:

We have to watch business development people our end who want to win the contract, it is a culture in our company too. I have to watch them, I read the submissions, and I check the costing. Those in business development assert pressure on financial people and I have to unpick all that and ensure that when we bid that we can win and deliver it. You tend to think of this as something clients do but suppliers do this too. The business development staff will win a contract and then disappear, and we have had to go to clients and say we have sold this under price. We don't always learn our lessons. The win it and worry later attitude is dangerous.

(Security Operations Director, FM supplier)

Yes internal business teams can be an issue, we had problems. Ops were rough and ready and left with whatever was sold and then (I) have to think how can I deliver that? We have changed.

(Operations Director 2, security supplier)

Bid teams can go beyond what has been agreed to, that is quite common and it is a problem. Then we are charged with implementing a solution that was not in the bid, that bid teams have not come clean with what was negotiated and they have not passed the deal on properly. So we in operations are not getting told what the final element of the contract is ... so whatever is agreed is not re-priced accordingly and then you have to claw back margin via vagueness or greyness. Sometimes buyers reduce price and not ... the scope and so you have to reclaim the margin, and that is not a good start.

(Operations Director 3, security supplier)

Yes we make promises, the ops team have to sign off but the ops team are strained. After we win the contract the promises become less of a priority and we have failed. The emphasis on the sale and then after that it can fall down ... One thing I know I do, we certainly through the bid stage, keep operations aware so they are more than aware what we are promising. But then comes the reality, once we start other things get in the way.

(Focus Group Discussion, 11-4-18)

- 4.44 One final area in which a lack of skills and expertise were significant was in relation to actually managing the contract once agreed. There were plenty of positive experiences of very good management practices, but this was not universal. There was a range of comments about the different ways in which security managers failed to effectively manage the contracts:

There is no training in managing a supplier. My way is via experience, but the guy from the army going into security, is there training? No. I spoke to a lady recently and she is in facilities including security and she was having problems and I advised her what she needs to do and she was grateful because she does not understand it.

(Deputy Security Manager, Education)

You need someone who knows what they are doing to manage it. I was quite shocked I was doing it and others hadn't – others assumed it had been done – it is a bit shoddy really.

(Security Manager, Education)

I think once a bid is done and dusted it then comes down to relationships – managing KPIs – is it tick box or are they interested? Not many follow it through from awarding the bid unless they have that a head of security in post with a vested interest – driven by reduction in losses.

(Managing Director 2, Security supplier)

- 4.45 One of the key concerns was that this would result in suppliers under delivering, but some also highlighted that a hands-off approach by the buyer could mean that suppliers are not given the opportunity to remedy issues until it was too late and then impose punitive measures. Poor implementation and management can also result in a service that simply isn't fit for purpose:

With end user – 95% of time do not ever check they got what they were sold. (they) rarely complain that it is not what you showed me in the demonstration. Actually when I zoom in it is just pixels ... (we worked with an) IT supplier – we gave them a lot of advice and they went to (a well known IT provider) and whilst on paper the product was similar, it didn't work. They came back and said you were right, can I pay you £10,000 to optimise the servers and make it work? I said no, it's not in my interest commercially to have (someone else's) CCTV system that works brilliantly. When you get the next site, come to me.

(Sales Director, Security manufacturer)

- 4.46 It was thought to be particularly problematic both for the buyer-supplier relationship but also the overall success of the contract, when the person managing the contract was a non-security person, it was thought that when security are not engaged, good security is compromised:

Certainly in some areas – some locations – if a contract is managed by a facilities team – they may specialise in M&E or catering without security expertise – sometimes security is an add on – quite a lot of the time they don't have the knowledge.

(Regional Security Portfolio Manager, ICT)

We don't always have a relationship with the client, the industry is built on having contractors at arms length. We in security often work via main contractors and project teams. People running the project may not know about security at all because they are a design and build project team. So often we come in late, security has not been properly built in, things have changed and we can't speak to the client, get anywhere near the client.

(Head of Risk & Design, Systems integrator)

Yes, personally there is a lot that are FM led, now they have 75 different hats and security is one, and they don't understand the process and procedures so there is an issue there.

(Head of Risk & Design, Systems integrator)

- 4.47 Or those that most know about security are sometimes side-lined. The head of security for one company never got involved in any aspects of managing suppliers; it was all left to procurement and line managers since he positioned his role as being something different. One interviewee made this point:

A lot have the expertise internally, but don't choose to use it.

(Consultant, to Corporate security)

- 4.48 And this was not without consequences, a number of suppliers said that they not only decided to avoid clients who were weak at management but proactively determined to walk away from a contract. For example:

I have just got rid of a client, and from a prestigious company. I met the security lead there and explained the problem, we were losing money and could not do the job for the price. I spent a lot of time explaining that we need another £225,000 I think it was. I don't think he believed I would pull out. But after six months of failing to convince him I did just that. He asked me to be part of the re-tender but I declined, I had spent enough time on that and he did not believe me then.

(Operations Director 2, security supplier)

- 4.49 The ability of the suppliers to manage delivery of the contract from their side also received some criticism, one interviewee argued the point this way:

One issue I have with security suppliers, very few have expertise in the subject in which they say they have, security. I am depressed that area managers don't have a security certificate from the Security Institute or the ASIS CPP, and you can hold your breath for a long time before anyone says yes. So for those who say they are expert you find they don't have people trained in security. How many have professional qualifications in the area in which they are experts? It is depressing.

(Head of Security and Business Continuity, Education)

Communication

- 4.50 Buyers admitted that often their companies and sometimes they themselves lacked the necessary communication skills or the commitment to communicating effectively, and discussions here focussed on different parts of the process. For example:

When I started I was told by the procurement team, 80% of our vendors are useless ... I went out and talked to them all to ask how we work, how we communicate, and I found we hadn't told a lot of them what we wanted and how we wanted it. We had just given them the contract and left them to get on with it. So we created more of a partnership – go to their business, understand their issues. We do detailed monthly and quarterly reviews to look at the business delivery. We set an annual journey plan and review that against our requirements and ensure they match up. The key is communication and engagement. Constant review.

(Regional Security Portfolio Manager, ICT)

Number one is being open about what you don't know ... what you want and what you want it to do. Clear about what you don't know. Ensure the supplier knows you're open to discussion around that, (you) need a process for questions.

(Global Head of Risk, Security & Crisis Management, Food producer)

We have had a couple of decisions that went wrong. I think the issue was at our end because we did not make it clear or we have given the tender and we think that everything was agreed, and then we have found that something was not agreed or changes not communicated well. It is just obvious, really it is just good communication.

(Divisional Loss Prevention Manager, Merchant trade)

- 4.51 Some emphasised the need for this to be a priority recognising that a relationship between buyers and suppliers was based on effective communication:

The procurement process. There needs to be a willingness on both parties to take time for each other. I make a point of never turning down – if someone wants to come and talk to me – always say yes – because if I call them there would be that service back. We could do more in networking between both parts of the industry. Outside of the trade show environment. I'm not sure that enables that relationship.

(Security Services, Education)

Make it clear what you need, want and expect, any vagueness leads to unrealistic demands and that is unhelpful.

(Global Head of Security Risk, Banking)

... without a relationship and mutual respect and understanding you won't get the right service. It goes beyond the cold contract, there needs to be a healthy positive relationship, and I am not talking about taking them for lunch now and then, but really understanding what drives that security company to provide its service and what drives the client company interest in security. There needs to be regular lines of communication.

(Global Head of Security Risk, Banking)

- 4.52 One more point worth emphasising here, was the perceived value of on-going dialogue and interaction with suppliers – and not just those they have a current contract with:

We stress to suppliers, if you have not got a commodity and a service we need today then keep in touch so that you can enter when you do and when we have a need. Suppliers engage at tender time but at no other time, it looks like they want to get our money in the short term but not work with us in the longer time ... A phone call every couple of months, a general email about what is happening in our business, if suppliers show they can understand our business and how security is affected they are doing the right thing ... communications that are short and regular are more likely to be the best.

(Director Corporate Security, Car manufacturing)

- 4.53 One of the major causes of poor or infrequent communication was the availability of time. Even with quite major investments a lack of time to build up the level of rapport that is necessary was a highlighted issue. This can be the fault of either party, and results from one or the other or both parties not recognising the crucial role that devoting time plays in good security or not prioritising this sufficiently. Some examples of comments made here include:

Time – it is one of the main barriers from both. Everything can be organised properly but most of the time, people have busy schedules and therefore little time to catch up

and discuss in depth and agree requirements – that can make things very volatile.

(Operations Manager, Supplier of physical security)

The contracts that ran really well were – time is an important factor to develop trust and understanding.

(Former Managing Director, Security supplier)

Alignment

- 4.54 Interviewees spoke about the problems that can and were caused by a personality clash or incompatible personalities. As one supplier argued, it 'will largely come down to personalities', another said, 'relationship breakdowns occur because of friction on personalities' and of course this issue relates back to the need for good communication.
- 4.55 Another key issue highlighted was the difficulties caused when there is a lack of alignment between organisations. This could take a number of forms but of specific importance here was the culture of each:

Cultural alignment is key. We need to understand what they are about ... We won a contract recently and I had watched them and they were into diversity and had the same approach to Health and Safety as us. What they were doing matched with our own culture.

(Operations Director 3, security supplier)

If I was a buyer I would spend time with the supplier at their premises, meeting their people and understanding their culture. If you haven't got a cultural fit, it's a waste of time ... Right down the food chain – understanding what we do for our people, does that fit with their culture, aspirations?

(Managing Director 2, Security supplier)

Corruption

- 4.56 A structural issue referred to by two supplier interviewees was the impediments to good security and ultimately to trust in suppliers caused by corrupt practices:

Also there (are) still criminal organised gangs in our industry that give perks to suppliers so that undermines genuine suppliers.

(Director, Security supplier)

I think it is more difficult, the market changed for the better in some ways; historically there were more brown envelopes changing hands, I don't think that is so common, I am not saying never I am not that naive.

(Focus Group Discussion, 11-4-18)

- 4.57 This issue however is complex. On the one hand, getting too close can impede independence, but on the other many potential barriers could

be overcome by a closer relationship, but there can be a fear of overstepping the boundaries into unprofessional conduct:

We probably do 2 or 3 global conferences a year with vendors where we speak or are invited by them ... Some people are scared of accepting a cup of coffee.

(Director Global Profit Protection & Investigations, Design and manufacturing)

4.58 The issue of corruption is an important one, and merits more research.

Summarising points

4.59 While many interviewees had examples of how the relationship worked well for them, it was evident that difficulties are not unusual and the insights provided begin to get at the very heart of what makes good security practice a challenge; it is much less the theory and more the realities of practice.

4.60 At its core is the finding that often buyers lack insight on what their needs are. This in part reflects the complexity of security; there are many available solutions. But it is also a nod to the role security experts play in organisations where they lack control over and sometimes even significant influence over security spend. Suppliers conceded that at times they have inadequate controls over those who bid for the work, leaving operational staff with challenges that are sometimes going to impact on the contract for as long as it lasts in its initial form.

4.61 Interviewees spoke of the pressures that come with operating in a competitive market, and the negative implications on practice. This could compromise quality, lead to under-delivery and could ultimately lead to dissatisfaction all round.

4.62 Some noted that expertise was lacking and this at times encompassed procuring the right thing, delivering it effectively and managing delivery. The difficulties that arise when there is a lack of communication and more fundamentally failing to invest time and effort in the relationship were also apparent. The final section attempts to bring these points together and make some observations about the key factors that can serve to undermine good security.

Section 5. Discussion

- 5.1 This report has sought to get to the very heart of what the buyer-supplier relationship looks like in the security sector and crucially what undermines it. It moves beyond the 'how to' toolkits to highlight insights, from those involved, on the barriers that exist. It identified many good practices but its focus was on areas where there are problems and there are many, some endemic to the way business is conducted.
- 5.2 The first part of this report set out the various models for buyer and supplier relationships, indeed understanding what 'types' exist is an important precursor to exploring if and how these apply to security. The reality that there is no 'best' type of relationship and that context is key, was certainly reflected in our findings in relation to security. It is evident that so vast is the reach of security services that elements of each 'type' of relationship exist across and often within sectors. The perception sometimes made that products can lend themselves more to transactional relationships is often an over simplification in security where maintenance agreements and the integration of products and technology with services is commonplace. It was positive to see that the sector on the whole is committed to achieving the type of relationship most likely to reap mutual benefits, there is a desire to work closely, but it was also evident that a high level of commitment to the relationship and to making security work best is crucial.
- 5.3 Our overall aim though has been to look at the dynamics of the buyer-suppliers relationship in security, not this time, to develop a 'how to do it better guide'⁸⁹ although hopefully that will be a consequence. Rather the focus here has been to better understand the qualitative aspects of what makes things work or not work. We unsurprisingly encountered a wide variety of views.
- 5.4 A striking finding, commonly lamented by suppliers but also recognised by buyers, is that organisations are often not fully au fait with their own requirements. One key consequence of this is that buyers end up with an inappropriate response and may sometimes end up paying more. Buyers noted the difficulties include them often not being in charge of their budget or having sufficient strategic influence to impact the buying decisions. Some buyers felt they and/or their peers lacked skills sets to generate the most from suppliers.
- 5.5 Worse still, the procurement process, where a non-security expert often takes the lead, fuels the danger that the appointed supplier is not the best and so price wins over quality. Clearly where an organisation has

⁸⁹ For relevant toolkits see for example:

Perpetuity Research (2011) *Procuring Security Toolkit*, Leicester: PRCI –

<https://perpetuityresearch.com/136/sri-procuring-security-toolkit/>

SIA (2017) *Do you buy security?* <https://www.sia.homeoffice.gov.uk/Pages/publications.aspx>

a restricted budget that is one thing, but it is more than that; it is about operating a process that lacks the rigour to determine the most efficient match between the supplier service and company needs.

- 5.6 There was much criticism of the role of some procurement practices here. While this sometimes took the form that they were too focussed on price to the detriment of everything else, more specifically it highlighted a concern that procurement professionals lacked sufficient expertise to make a judgement about what was best – making a low price an attractive option. It can mean risks not being properly identified and mitigated and even in the buyers incurring additional costs to correct errors, let alone the inherent cost of having inadequate security in the first place.
- 5.7 These problems were considered acute when procurement had more power than internal experts and once again highlights the crucial importance of the role and standing of the security lead in an organisation in buying good security. Security buyers noted that one of the key tasks for them was to build a relationship with procurement. So being good at relationship building with procurement professionals is key to getting the right security supplier and thereby laying a good foundation for a relationship with them. Relationship building it seems is a bad thing to be bad at and the procurement process is just the start of the relationship not the end of it and it needs to be recognised for that.
- 5.8 A power imbalance was also deemed significant in a different way, power rests with buyers and where that means suppliers are not able to meaningfully engage in dialogue about strategy and tactics it undermines good security. Buyers need to play a role here in recognising the implications and setting a good context for discussions.
- 5.9 Another striking finding is that suppliers admit that the pressure to win business can sometimes override economic logic. This is not necessarily about taking on a loss leader because for example the client brand is valuable or because the volume of work will be complimentary and provide some economies of scale. Many saw logic in this. Rather there were two key points here. The first is that in the drive to win a contract suppliers can feel forced to agree to conditions that will ultimately undermine its ability to deliver. Second, and in a different way, teams responsible for bidding for contracts that were divorced from operations and were therefore blinded by operational realities or chose to ignore them because they were judged – and bonused - on winning contracts. This raises important questions about how suppliers' structure their businesses and incentivise and manage their staff. It also adds another dimension to the mantra of buyer beware. For suppliers there appears much to commend that they differentiate on their ability to deliver attributes such as trust; honesty and transparency although all of these are hard to demonstrate in a procurement exercise.

- 5.10 Even more so there were concerns about how the buying process was managed. This was partly about each side being able to justify claims it was making. This was sometimes, but not always about costs, and the requirement that clients sometimes made at the last minute to reduce the price undermined negotiations that had taken place about service delivery. In short the mantra was, if you are going to pay less you are going to get less, regardless of the promises made in the sometimes brutal negotiation process.
- 5.11 A lack of alignment between the culture of the organisations and simply not devoting enough time to understand cultures and preferred ways of working also sometimes played their part. And while corrupt practices are not in the UK at least, commonplace, the perception is that they do seemingly exist. These undermine fairness and tarnish the reputation of the sector generally. On the other hand, a fear of being seen as too close can inhibit more collaborative working.
- 5.12 These points serve to highlight that while there were many examples of good practice – including a positive role procurement sometimes plays in providing expertise in overseeing suppliers – often suppliers were left to be managed by either distracted or less than competent internal security people, or others who lacked any security insight at all, such as generalists common in FM set-ups (although again some of these personnel were praised for their competence).
- 5.13 Both parties highlighted the value of communicating effectively and in so doing highlighted the gap in skillsets needed, on both sides, to manage contracts. Buyers emphasised that there was much to be gained by more regular forms of interaction between the two on an on-going basis. In other words not just between contracted buyers and suppliers but also between buyers and suppliers generally. There are limits here of course but it is more than the occasional meet over coffee, extending to proactive engagement via different ways of meeting and keeping in touch. When it comes to engagement buyers clearly have expectations, but it is important to remember suppliers do too.
- 5.14 The study on which this report is based, sought to better understand the realities of the relationship between buyers and suppliers, rarely the subject of research, certainly as far as security is concerned. What this work has shown is that any improvement in the way security business is done needs to take account of some realities that are often not headlines, not unsurprisingly given their sensitivity.
- 5.15 This study provides a foundation on which others will hopefully build. In many ways it reinforces previous SRI studies which have highlighted the implications of a corporate security sector that is undervalued, and therefore, by association, a supplier sector too (since the ability of the former plays a pivotal role in determining the effectiveness of the

latter). The route to generating more engagement for security from its many stakeholders, is to sell its many benefits, which extend way beyond providing good security. Meanwhile, the aim of good partnership working continues to be challenging, not because those in security are not committed, that appears most often not true. Nor does it relate to the intangibility of security – including managing the scope for unexpected events - the problems here must not be confined to the ‘too hard’ box. There are many issues that need to be addressed to get it right and they have rarely been highlighted. Hopefully this report is a stepping stone to rectifying that.

Appendix 1 - Bibliography

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Appendix 2 - Ideas for improvement

The aim of this project was to explore the dynamics of the client and supplier arrangements. It was not to develop a 'How to' kit. In fact that isn't necessary. What a discussion of the barriers is shown is that they are largely because established good practice was not carried out.

That said, in the interviews a number of ideas and suggestions were proffered on how improvements can be made. We present some of the key ones here, in the interviewees' words, to add a tactical slant to the more academic review that has taken place, not necessarily because, as authors, we feel they should be followed, more because our interviewees did and they are therefore presented for consideration. They are not so much new ideas, more often they confirm points that are discussed often but perhaps not considered enough.

Buyers' suggestions

It will be interesting to see what difference GDPR makes. It certainly changes the risk assessment. We now have additional responsibility for protecting data and who we choose as suppliers matters more, they are often on the inside and often hold our data. The fines are really serious. This is not just security suppliers but the security of our data in many different areas of the business. It adds a new thinking about protecting privacy and therefore about security.

Partner, Client services

For me a security strategy is old, it is for me much more about a colleague welfare strategy, and that should be the driver ... I can spend money on profit protection, but it won't return the investment that we are prepared to accept ... Our shrinkage is 1.5% which is good but the sales are so high and the loss is so low, and I can't be eaten up by the costs of risks, so colleague welfare will make a real difference with an element of security.

Retail Risk Manager, Retail (food)

I think clear communication on the statement of work is crucial. If you sit down with the vendor or business partner as I prefer to call them, and develop a statement of work together there is that process alone which helps in establishing a relationship as well as a good relationship.

Director of Global Security, Health and hygiene

I have had some good account managers ... and some work hard but don't get it, and some when things go wrong some take hold of a situation and resolve it to my satisfaction. I have things cascaded to bosses I am not looking for that, I need confidence when I am not on site

that they understand what they are doing and they are providing the best service they can.

Divisional Loss Prevention Manager, Merchant trade

I think suppliers can be more proactive, webinars .. I do go to fairs and have a chance to look and they are well attended. I am looking for something different, something eye catching.

Intelligence lead, Client services

Some of the trade shows are good for ideas, through word of mouth across the industry and in other retailers. We find out the time wasters. I get a lot of approaches, Linked-in is a way, direct mail, I get recommendations. If I look at the security industry, I have three chosen integrators and as part of their contract I want them to bring to me what is happening in their industry, not their products, I mean new products. They know my stores and my issues so bring relevant stuff in and we make a point of doing that and we look outside of that too, including US and Europe.

Retail Risk Manager, Retail (food)

Suppliers' suggestions

One of the key elements is being able to explain the technology in a way that the end user understands. I think that is the key. You can blast with technology but (the client) may not grasp what you are saying ...The key to selling is trying to be on the same wavelength as who you are selling to ... (it is) always useful to have more knowledge than who you are talking to.

Sales Director, Security manufacturer

Buyers don't like to be sold to. They want to be educated to make smart decisions themselves. So dialogue is key. Last thing you want is someone jumping all over you. A lot of buyers – they want people to listen – not something we can be that good at – we like talking rather than listening to what they want.

Industry Liaison – Architecture & engineering

The approved contractor scheme pushes you in the direction ... you can show your potential customers your scores and how your clients rate you in terms of the quality of your service.

Management Consultant, to security companies

The procurement behaviour also can impact. If you have a buyer who is going to tender and wants a multi vendor relationship, and the company wants them in say two locations, five to you and five to a competitor, and says we will beat both of you up and comparing, and then scrabbling around, this is not good for anyone, there can

be no trust there. Constructive multi supplier relationships is an opportunity. So if the buyer says I am getting to work with both of you, neither of you is getting each other's business, I am using you both, and you will each get the same or a fair share and I just want a good service. Now that can build trust. Often anyway if buyer behaviour is negative they are not comparing apples with apples, that is not good. If you say if you won't do this I will give it to them, well there is no trust there.

Managing Partner, Security consultancy

We have to get tenders back in say 2 weeks and it is too short, and we discuss how do we do that? I mean get you the response in a fortnight. It depends on the value, the scale, amount of work and amount of questions they tender. They put out a tender and then bummer off on holiday, communication during the process is not always good. We as a business are at the point of turning opportunities down. We use to take the approach the more mud we sling at the wall the better the hit rate, more hit the target, now we focus on the target. Time frames are unrealistic. That is a major factor.

Focus Group Discussion, 11-4-18

Generally if people were more willing, if they were to have a coffee and chat with us that would be so helpful. We would ask for maybe half an hour .. if you do build up a rapport and you are willing to have engagement then it can be 2 hours. Everyone is so much busier, and restructures have had an impact, one person doing a job that was done by three people, so workloads make it hard. Once tender process is started then we don't typically get a one to one. About 1% in these cases I would say.

Focus Group Discussion, 11-4-18

I won't supply a server unless I know how many cameras to record on it or how long. If they say we want a computer with 6 hard drives we will supply but we won't guarantee it, because we don't know if it is suitable for what we need. Expensive bit of kit – if you do this, you can do that. If thinking about future expansion try this. We always provide alternatives in every quote so they can see what else they could get. Communication is key in the relationship – to supplying the right product. A lot of people that buy on price alone only do it one or twice before they learn to regret cutting corners.

Sales Director, Security manufacturer

In some instances its buyer power that they are trying to exert because they know that someone is going to take it on ... We don't help ourselves at times. We don't stand up to customers – the whole environment isn't right ...

with manned guarding the buyer asks for a breakdown of every element of an hours pay – how much of that is holiday, pay, sickness, NI, uniform, training, management overhead – have to give them every line – but not that simple – can't say what is management overhead – depends on the income – not a static figure. Figure you give one year may be different to another year – and then they think you were trying to rip them up. A level of scrutiny that is unreasonable. Industry would be better if customers accepted a price based on outcomes. Let us manage it. As a supplier take a holistic approach and try and maintain margin. Not many industries where a high quality security officer, 5 years, known by everyone, does a good job – played the same as a new recruit just of the plane from Ghana ... We don't have the ability to motivate experienced people where you can't reward with promotion (if not suited to management) – that flexibility is not there – how we are able to spend the quoted value of the contract. I could have run contracts better without changing the charge rate if I had flexibility within that charge rate without being held to account on every single costing. That might be where some of the unreasonableness comes from in guarding – customer may say happy not to have any training costs, take it out – and you know you can't deliver for that price when it is taken out.

Former Managing Director, Security supplier

Corporate security people are not always good at managing contracts with outsourced security and don't want to manage budgets and not the ins and outs and it can be complicated. I think the answer is more opportunity for account managers to work together. It can be open book. There needs to be more transparency. A fair margin is 6% to 8% profit; 2%-5% overhead. Then we could say this is what security costs and then add (a) margin. Let's make it transparent. Sometimes my boss will look at opportunities and will put a bid in for 5% and then think, well let's take a punt at 8%. Some contracts we may think there is more risk, and we always need to add the overhead. If we could identify what are the risks and consult the buyer and then discuss compromise and they accept risks and we accept we must manage them and within that we agree what the costs are that is ideal. Security changes day by day so in my view how can you have a consistent cost throughout the year without allowing for fluctuation for risk and threat over time? Transparency takes away the stigma that we are trying to rip them off.

Security Operations Director, FM supplier

Here is a question they often ask, what will be different on day one. The answer is that management will be there, they will be in different uniforms and so on. But what I then say, the key question I would like to answer is what will be different on 91st day, by then we will have conducted a review, engagement, worked with people, looked at health and safety, training, that is what I think is really key.

Operations Director 2, security supplier

(If you are undercut on price) ... Give (your) end user questions to go to your competition with. Key is show the end user you have enough knowledge and to ensure they have enough knowledge to make an informed decision

Sales Director, Security manufacturer

Technology people are looking at it to bring down costs. Say remote monitoring, then you can deploy resources where needed. That is using technology to make response cheaper. It is Ok with me, it brings down our turnover, but in terms of delivering a service to what a company needs that is ideal, the better you understand what a company needs and deliver that, the more sustainable it is.

Chief Executive Officer, security personnel supplier

The key is why have you called us or contacted us, what are you after? Get them through that and remember get to the true why, as there may not be trust yet and they may not know.

Vice President Security, Security technology supplier

You need trust from the customer that I will sort it. How you build trust is by solving the problem, having an open discussion saying I can't do this, avoid a blame culture, build a shared understanding, and that may mean you may have to cover up for the customer. It maybe you are not told what you should have done. But you get on to it. You have to believe the other person is not going to shaft you. We have not been open in the past and this has caused some real problems, so we come out and say that and that causes us more problems. You have to be open and honest but that is only possible if they don't want to whack you around the head.

Security entrepreneur (formerly security director with supplier)

Three types of contract.

1. Input based we get told 540 hours please, or 3 guards here and two there, these patrols please, very prescriptive. It is just about providing a labour force.

2. Output, this is moving more to where we will secure premises for a fixed fee, and how we do that is down to us. Now that really grates with internal security teams and they want to be in control, and under this model this is

delegated to the sub contractor and we tell them what to do, this puts power in the hands of the contractor.

3. Outcome, we will judge the effectiveness of security on how happy the employees are with their security at work. The client will do a monthly survey on how secure they feel and that is our scorecard. We get scored on that, so not on security as such. It is more on are our safety needs being met?

Output we can make more money.

Global Security Director, Security supplier

The only other thing is that the relationship needs better design. We need to be clear what happens after year 1 and year 2 and how we can adjust costs when things change? Say costs for living age have increased, our costs increase by 5,4% and then you have to negotiate and where it works best is where we can say if this increases then will be able to be refunded, so we can alter charge rate automatically. So where everyone understands where this can apply from the beginning is good.

Chief Executive Officer, security personnel supplier

It is not always obvious, we need to do research into the company and understand a lot more from the website as you get a lot of info there and you can learn from who they operate with and what others say.

Operations Director 3, security supplier

Appendix 3 – Additional Data Tables

Table 2: Main sectors that respondents' organisations are operational in % (n=511)

Country	N	%
Retail	156	30.5%
Public Admin, Other Services, Government	153	29.9%
Education	147	28.8%
Manufacturing	129	25.2%
Property	129	25.2%
Construction	116	22.7%
Transport	108	21.1%
Health	103	20.2%
Finance	102	20.0%
Energy	97	19.0%
Other	84	16.4%
Production	83	16.2%
Post & Telecommunications	78	15.3%
Leisure & the Night Time Economy	77	15.1%
Hotel & Catering	70	13.7%
ICT	65	12.7%
Wholesale	56	11.0%
Motor Trades	53	10.4%
Mining, Quarrying & Utilities	49	9.6%
Agriculture	25	4.9%

Table 3: Country where the respondent's organisation is based (n=511)

Country	N	%
UK	317	62%
USA	38	7%
Australia	19	4%
Global	14	3%
Germany	9	2%
Canada	7	1%
Netherlands	7	1%

Romania	7	1%
Switzerland	5	1%
United Arab Emirates	5	1%
Belgium	4	0.8%
France	4	0.8%
Turkey	4	0.8%
Brazil	3	0.6%
South Africa	3	0.6%
Ireland	2	0.4%
Kenya	2	0.4%
Mexico	2	0.4%
Mexico	2	0.4%
Norway	2	0.4%
Oman	2	0.4%
Pakistan	2	0.4%
Spain	2	0.4%
Sweden	2	0.4%
Africa - 23 Countries	1	0.2%
China	1	0.2%
Czech Republic	1	0.2%
EGYPT	1	0.2%
Finland	1	0.2%
Greece	1	0.2%
Guyana	1	0.2%
Hong Kong	1	0.2%
India	1	0.2%
Iraq	1	0.2%
Iraq, Afghanistan, South Sudan, Mali	1	0.2%
Israel	1	0.2%
Jordan	1	0.2%
Kosovo	1	0.2%
Kuwait	1	0.2%
Libya	1	0.2%
Macedonia	1	0.2%

Malawi	1	0.2%
Middle East	1	0.2%
Morocco	1	0.2%
Nepal	1	0.2%
New Zealand	1	0.2%
Nigeria	1	0.2%
Nigeria and West Africa	1	0.2%
Portugal	1	0.2%
Unspecified	1	0.2%
Saudi Arabia	1	0.2%
Serbia	1	0.2%
Singapore	1	0.2%
Slovenia	1	0.2%
Somalia	1	0.2%
South Sudan	1	0.2%
Tanzania	1	0.2%
West Africa	1	0.2%
West and East Africa	1	0.2%
Zimbabwe	1	0.2%

Table 4: Level of agreement (agree or strongly agree) with statements about the buyer-supplier relationship in security (n=454-457)

Statement	N	%
The best buyer-supplier relationships are achieved over time	385	84%
The buyer-supplier relationship for every contract is unique	343	75%
The greater priority a buying organisation affords to security, the more successful the buyer-supplier relationship	336	74%
In a typical buyer-supplier relationship the buyer has more power than the supplier	319	70%
Procurement processes are not geared up to generating good partnerships	290	64%
Buyers undervalue the expertise amongst security suppliers	267	59%

It is easier to develop a mutually beneficial relationship when contracting a security service than a security product	238	52%
Suppliers undervalue the expertise amongst security buyers	208	46%

Table 5: Characteristics deemed important (important or very important) for establishing a good buyer-supplier relationship (n=425-428)

Statement	N	%
There is mutual trust	399	93%
They communicate effectively	394	92%
They resolve conflict easily	383	90%
Both parties are flexible	374	87%
They share objectives	354	83%
The buyer and supplier have mutual aims	350	82%
The senior management in buying company prioritises security	346	81%
The buyer and supplier's ethos are aligned	343	81%
Buyers and suppliers are dependent on each other	336	79%
The senior management in buying company embrace suppliers	287	67%
The relationship is a longstanding one	280	65%
Suppliers prioritise client needs over contractual obligations	279	65%
Incentives are offered for good performance	250	58%
Penalty clauses are imposed for poor performance	204	48%
They each have leaders with compatible personalities	189	45%

Always or frequently

Table 6: How often (frequently or always) the following factors pose a barrier to achieving a mutually beneficial relationship (n=401-406)

Statement	N	%
Buyers are too focused on price over quality	297	74%
Contracts awarded at a price that is too low	254	63%
Suppliers are too focused on profit over contractual obligations	192	47%
Buyers just don't invest sufficiently in the relationship	182	45%

Both buyers and suppliers underestimate just how difficult it is to build a good partnership	182	45%
Suppliers win the contract and then under deliver	164	41%
Buyers tend to take suppliers for granted	160	39%
Suppliers just can't find good buyers	93	23%
Buyers just can't find good suppliers	92	23%
Buyer-supplier relationships are characterised by a lack of commitment on both sides	80	20%

Table 7: Level of agreement (agree or strongly agree) with the following statements on the performance of a good buyer-supplier relationship (n=399-400)

Statement	N	%
An expert buyer is vital to a successful relationship	265	66%
Most relationships are undermined by financial considerations	250	63%
Too much control of suppliers undermines their ability to be innovative	229	57%
Senior management in the respective buyer and supplier companies typically have little relationship with each other	198	50%

Appendix 4 - Methodology and sample

The approach

The study involved a review of existing literature on buyer-supplier relationships. Security related literature on this topic is scant and therefore largely draws on findings from other sectors to inform what characteristics are likely to be significant. This was used to identify key issues and themes to explore with research participants from the security industry.

The review of the literature was followed by two main approaches: an online survey on security professional views on the buyer-supplier relationship to understand what factors influence the relationship; and extensive discussions including semi-structured interviews with a range of security professionals to gain a more in-depth understanding of the topic. Both approaches sought the views of security experts from a range of roles, but specifically those involved in buying security and those involved in supplying security therefore covering both key perspectives.

Survey

The survey addressed four key areas – the characteristics of buyer-supplier relationships, establishing a good relationship, the impact of current trends/factors on the relationship, barriers to a mutually beneficial relationship, and performance of a buyer-supplier relationship.

For the security profession, there is no defined population listed or recorded anywhere. The sample was, therefore, self-recruited. This means that no claims can be made about its representativeness. Attempts were made to publicise the survey widely, including via participants from previous research who had elected to be contacted for future research; links in the Perpetuity newsletter and social media; security press; announcements made at conferences and other security events; and personal contact with a range of organisations who were informed about the survey and invited to publicise it and pass on the details to their members, these included:

- ASIS (UK Chapter)
- ASIS International
- Security Institute (Syl)
- British Security Industry Association (BSIA)
- SIA
- NSI
- Professional Security Magazine
- Risk UK

We cannot be sure of the manner in which adverts were disseminated by these groups, but their contribution greatly enhanced the reach of our survey.

The survey ran from 12th February 2018 to 30th March 2018.

Survey participants

A total of 511 replies were received although not every respondent completed every question in the survey. The data was analysed using SPSS. The data is categorical; therefore, it is not possible to assess the normality of data. It is important that this is borne in mind.

In all, 51% were Suppliers, 30% Buyers, 5% Intermediaries acting on behalf of a buyer and 14% were other security experts. The respondents worked for companies operating in wide variety of sectors. About three fifths of the sample said they worked for an organisation based in the UK (62%) those who worked overseas did so on all continents although mostly Europe and the Americas.

One-to-one interviews

The approach in this work was to identify a wide range of individuals to help understand which factors are beneficial and which are detrimental to the buyer-supplier relationship. A snowball sampling strategy was used. This involves using contacts and word-of-mouth to identify relevant people to take part. In fact, primarily two distinct routes were used; personal contacts and contacts of personal contacts; and individuals who volunteered to offer more details after taking part in the survey.

Obtaining the sample in this way allows for potentially more valuable responses as those taking part are more likely to be knowledgeable about the research. The interviews typically lasted thirty to sixty minutes and semi-structured interview schedules were used. The schedules were based on the information taken from the literature review as well as previous research. An advantage of a semi-structured schedule is that it gives the flexibility for interviewers to probe the issues raised.

During the course of the research we attended many talks, and engaged in many conversations directly related to this study. These are often not included in discussions of methodology but they can provide an invaluable source of information. In addition we formally interviewed 40 professionals - 20 who work as buyers and 20 who supply security and conducted a group discussion with a small group of suppliers from one organisation.

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 13 years 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 focused on police views on private security, tackling cyber crime – the role of private security, the broader benefits of security, aspiring to Excellence, 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. More information on the SRI is available at: www.perpetuityresearch.com/security-research-initiative/

About the Authors

Professor Martin Gill

Professor Martin Gill is a criminologist and Director of Perpetuity Research which started life as a spin out company from the University of Leicester. He holds honorary/visiting Chairs at the Universities of Leicester and London. Martin has been actively involved in a range of studies relating to different aspects of business crime including, the causes of false burglar alarms, why fraudsters steal, the effectiveness of CCTV, the victims of identity fraud, how companies protect their brand image, the generators of illicit markets and stolen goods, to name but a few. Martin has been extensively involved with evaluation research and with the offender's perspective looking at how they target certain people and premises and aim to circumvent security measures. He has published 14 books including the second edition of the 'Handbook of Security' which was published in July 2014. Martin is a Fellow of The Security Institute, a member of the Company of Security Professionals (and a Freeman of the City of London), he is a member of the both ASIS International Research Council and the Academic and Training Programs Committee and a Trustee of the ASIS Foundation. In 2002 the ASIS Security Foundation made a 'citation for distinguished service' in 'recognition of his significant contribution to the security profession'. In 2009 he was one of the country's top 5 most quoted criminologists. In 2010 he was recognised by the BSIA with a special award for 'outstanding service to the security sector'. In 2015 he was nominated and shortlisted for the Imbert Prize at the Association of Security Consultants. In 2016 IFSEC placed him in the top five most influential fire and security experts in the world. In the same year he was admitted to the Charter of Security Professionals. He is the founder of the Outstanding Security Performance Awards – the OSPAs - (www.theospas.com).

Charlotte Howell

Charlotte Howell joined Perpetuity in January 2009, and is currently the Research Manager – responsible for managing the delivery of research contracts, and our team of research staff. She also managed the Secured Environments scheme run by Perpetuity Research on behalf of Police CPI. Charlotte is an accomplished project manager with experience of working with a range of clients including businesses, associations, police forces, government organisations and charities. Charlotte's knowledge and experience spans the range of our areas of expertise – including crime prevention and community safety, security research, and the social aspects of health research. Charlotte is also actively involved in delivering fieldwork and has consulted with a range of individuals, including stakeholders (such as individuals from the police, local authorities, service commissioners and staff), offenders (both in prison and in the community) and clients accessing services (such as drug and alcohol treatment services, domestic abuse services and support services for sex workers). Charlotte is adept at quantitative analysis and has a wealth of experience analysing survey responses, client data and performance/outcomes data.

Prior to working for Perpetuity, Charlotte graduated from the University of the West of England with a first class LLB (Hons) in Law. Following this she received an MSc in Criminology from the University of Leicester. After graduating, Charlotte worked for the Leicester Criminal Justice Drugs Team, analysing and reporting on Class A drug misuse and treatment information, to maintain and improve performance.

Caitlyn McGeer

Caitlyn works as a Researcher, having joined Perpetuity Research after earning an MSc in Criminology and Criminal Justice from the University of Oxford with distinction. During her MSc, Caitlyn focused on criminal justice monitoring and evaluation protocol, cultivating an expertise in quantitative platforms such as SPSS and GIS. Caitlyn is equally skilled in qualitative methodology: interview, ethnographic, and visual methods. Caitlyn is currently completing a DPhil in Criminology at the University of Oxford.

Caitlyn has extensive research experience in both domestic and international projects, specifically focusing on facilitating strategic public sector development and the establishment of the rule of law. Beyond academia, her professional background has centred on public-sector communications, risk management, and project development, coupled with advocacy and campaigning capacities. She is a communications specialist and an intuitive project manager.

Caitlyn has worked with community development initiatives in Ecuador, Ghana, and Guatemala.



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