

Measuring the value of security officers

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By **Mike Goodman**

Do retail companies measure the value of security officers? How do they justify their expenditure on guarding? Do contractors genuinely work in partnership with clients to improve the latter's security and reduce losses? To begin *Security Management Today's* series of articles in support of our Best Value for Business Campaign, Mike Goodman asks for answers to these fundamental questions in a bid to confirm his own suspicions that retailers are not measuring the true worth of their security service.

With a few exceptions, retailers are not really measuring the value of their security service. Expenditure is often based purely on the belief that the client organisation needs officers to protect staff and stock. Officers are given little direction. Generally, they are deployed to stand by the front door in the belief that this will provide a secure environment. Clients do not feel that security companies harbour the resources, knowledge, ability or desire to work to reduce losses. In the UK, research to date on the guarding industry has generally centred on understanding what the security officer's role is, what they actually do and the history and growth of the industry. There has been precious little written about how to improve the role, and how it might come to be valued.

The growth of the guarding sector has certainly been spectacular – from a few thousand individuals back in the 1950s to 300,000-plus officers come last year. Prior to the enforcement of Security Industry Authority ([SIA](#)) licensing in March 2006, that growth had been unregulated, and the quality of training inconsistent to say the very least.

For some time, I'd believed that if you look after your security officers and train them in skills such as loss prevention, they will have a greater impact in their working environment and add measurable value to their role and the client company as a whole. The \$64,000 question was: 'Could this be demonstrated and proven in a controlled, yet impartial retail environment in experimental conditions?'

Thanks to the commitment of Chris Fieldhouse – managing director of Advance Retail and Supply Chain Solutions – and the co-operation of Phil Wilson (head of operational support for retail protection at J Sainsbury plc), I completed my MSc dissertation at Leicester University that evaluated the effect of training security officers in loss prevention skills.

The results were encouraging, perhaps surprising. Phil Wilson commented: "The work undertaken by Mike and his team proved beyond doubt that the genuine engagement of these key colleagues delivers a mutual benefit to both the officer and our stores. These findings have enabled Sainsbury's Profit Protection Team to formulate a robust strategy and maximise its investment contract in guarding. We are now working with all of our suppliers using this methodology, and reaping the benefits that affords us."

Some of the outcomes have been:

- lower levels of till losses;
- significantly increased detection of crime;
- improvements in overall stock losses;
- reduction in officer turnover;
- improvements in service levels;
- motivated officers who are proactive in security issues, communicate well with management and staff and who provide a service valued by all store managers across the trial outlets.

A measurable approach?

Sainsbury's chose one 'area' – in South London – in which to conduct the trial. 12 stores were involved. To ensure the data could be scientifically validated, the retailer also selected two control regions, each with similar levels of stock loss. The retailer supplied confidential information that measured stock losses, till losses and security incidents in both the trial and control stores, and subsequently yielded the same information at the end of the trial in order that effective measurements could be completed.

The retailer's regional manager agreed to the project being launched via a managers' meeting. This afforded me the opportunity to help store managers understand the procedures involved. The importance of their involvement was stressed again and again, while the managers were also encouraged to talk to each security officer regularly and work closely with them to ensure that they had a good understanding of each store's shrinkage concerns. Each manager also completed a questionnaire both before and after the trial in order to measure the effectiveness of their security officers.

Working closely with Skills for Security, I then designed and delivered a loss prevention training course for all officers taking part in the trial. This course was bespoke for Sainsbury's supermarkets, and was devised after spending many hours in store to grasp an understanding of the particular issues involved for the client.

The course included:

- details of improvements and changes to patrolling techniques;
- an understanding of vulnerable areas and their importance;
- giving officers an understanding of the key elements of Sainsbury's procedures;
- training officers on understanding and interpreting store data, and how to work with managers to make improvements;
- understanding the key drivers of stock loss, and how officers might make an impact here;
- recognising criminals and their actions;

- basic communication and management skills training.

Targets set for security officers

After each security officer was trained, they then completed a test to measure what they had learned. Only two officers failed to achieve the 75% pass mark (they subsequently received further training). It transpired that the main issue was a language difficulty (understanding the questions and writing in English).

There followed a number of visits to the officers, either by myself or the customer services manager, to continue with their training and build on their knowledge. Targets were set for each officer, and visit records maintained and shared with the store manager. It was vital to build on the officers' confidence, while at the same time reinforcing the skills they had learned.

It was also important to have the same approach in all stores. With the help of Sainsbury's, a daily checklist was designed that prompted officers to complete certain tasks and record their findings.

For the first time, officers became involved in instigating safety checks, patrolling the perimeter of the store, patrolling and checking in the warehouse, proactive daily reviews of CCTV footage from the previous day and reviewing store loss data. Managers met regularly with each officer to review progress and set new actions for the following week.

Security incidents unmasked

The level of retail crime in the UK contributes significantly to unknown loss. Professor Joshua Bamfield recently estimated that there are a total of ten million shop-based offences committed each year. This is a serious issue, and one that must be tackled by using officers more proactively, by training them to use more indirect vision and to look around while carrying out their duties, using observation techniques to the full.

At the end of the four-month trial, all stores showed a significant increase in levels of reported security incidents. For some stores, incidents dramatically increased by over 700%. There was no doubt that the improvements arose as a direct result of the way the security officers carried out their duties. If similar results could be achieved in all stores, the benefits of reducing unknown losses and funds received from civil recovery would more than justify the employment (and deployment) of security officers.

The research did not accurately value recovered stock and civil recovery, but this is a simple equation for all retailers to use as part of the value benefit. The important point is the accuracy of the data collected.

During the trial, officers reported a number of internal incidents to store managers that, in their opinion, would not have been uncovered without prior training (including a number of incidents where procedures had not been correctly followed by staff).

Tackling losses from the till

Part of the initiative entailed training security officers in a proactive method of 'till

patrolling', educating them in how the till operates and what to look for. This might be obvious to most of us, but the officers had never been encouraged to understand the till operation or actively patrol the till area.

Many of the officers were now also attending their store's weekly till loss prevention meeting. It was not the intention to catch thieving staff, but to make the environment secure and one in which it would be less likely that staff would steal.

It was important to measure till losses accurately and to disregard results that would be compensated the following month. Ten of the 12 stores showed an improving trend and, overall, there was a significant decrease in losses against an increase in the control stores.

This was a surprising result, demonstrating convincingly that losses can be reduced by training security officers and making an area more secure. Interestingly, the store which had always achieved the best results also improved during this period.

The effect the security officers had on till losses was both measurable and tangible. There is no reason why these improvements could not be repeated in other stores. The savings made were substantial, and could be used as a measurable Key Performance Indicator (KPI).

Unknown stock losses

The third quantitative measurement was unknown stock losses. The level of unknown losses reported in the UK was between £1.43 billion and £3 billion (figures taken from, respectively, the British Retail Consortium's annual Retail Crime Survey and the European Retail Theft Barometer). Measuring the effect officers had on this was more challenging, as there were a number of issues to consider, including: stock-take timing, changes of management, Christmas trading and the time lag effect of any initiative put forward.

Although seven stores did show an improvement, when all stores were compared there was no overall betterment. However, given the improvements in detected security incidents, unknown losses were likely to improve over a longer period of time.

Although controversial, I would argue that it's possible to measure security officers' effectiveness at reducing unknown losses over a complete stock cycle.

At the time of the trial, Sainsbury's used service level performance/attendance and security officer turnover as two key measurable targets. It was important that Sainsbury's could see an improvement in both of these areas.

Service level performance varies in the industry, being dependent on the service provider, the type of work involved and the client. It is the one issue that store managers are most emotional about. What they want is a guard, and no excuse is good enough. Their service can vary from 70% to 100%.

At the time, Advance was supplying an average service level at the trial stores of 94.92%. Within four weeks this had improved by 3%, averaging out at 98.08%.

The research found that officers showed a new pride in their role and did not want to let their store down. One customer services manager commented: "Before the initiative, if officers could not work their shift, they would ring in at the last minute or just not turn up, at times making it difficult to find a replacement. Since the training, they now give us more notice, try to find someone to cover their shift and then inform the Control Room. It has certainly helped our service levels."

Officer retention rates examined

Turnover of officers in the industry is a major concern. Chris Fieldhouse stated: "Although Advance's officer turnover is well below the national average, it's still too high. We want to help in reducing it."

Initially, it was a surprise to see a significant reduction in officer turnover during the trial. When I talked to officers it became obvious why – they felt particularly valued by their store manager who, perhaps for the first time in some instances, was regularly talking to them. They also enjoyed their new responsibilities, and were truly motivated to make improvements in their stores.

During the trial, turnover reduced by 60% compared to Advance's national average. Fieldhouse added: "If we could replicate this result across our business, over a longer period of time, I'm confident we could make substantial improvements which would be clearly seen by our clients. Our internal framework would be supported significantly, resulting in overall benefits for both retailers and the business."

A further benefit was the motivated performance of the officers, some of whom found promotion through the initiatives (thus further enhancing their productivity and service levels, and helping to offer stability and consistency in a fast-moving environment that is subject to continual change).

Advance realises the importance of providing career progression for its officers, and now has in place an enhanced structured progression path for all staff. The contractor recognises there will be a skills and personnel shortage in the not-too-distant future and, in order to attract the right calibre of individual to support this shortfall, is keen to offer a good career path to attract the best possible candidates from a shrinking labour market.

Offering loss prevention services

When the trial stores were selected by Sainsbury's, no allowance was made for the quality, experience or ability of the security officers 'in residence'. It was important to establish that if the initiative were to be rolled-out in all stores, could all officers meet the standards required?

Each officer's ability was closely monitored. A conclusion was drawn that, although all officers improved their performance, two were not able to reach the necessary standard. These officers were able to move to a pure security guarding role, and were duly replaced by other retail officers.

The key characteristics required of officers were an ability to understand English, exhibit an average intelligence and show interest in the role. These are the minimum attributes any guarding company or client would expect when recruiting new officers.

Part of the research involved the development of understanding as to why loss prevention services weren't being offered to retailers. I decided to complete a structured random sample of SIA Approved Contractors to ascertain whether or not they offered a service via their web sites. Of the 24 security suppliers offering retail services randomly sampled, only one made a point of offering loss prevention. A further company mentioned it.

This may go some way towards explaining why loss prevention services are not being offered to clients. The lack of supply is difficult to comprehend when you consider that one common reason officers are provided is to protect people and stock.

The research also considered the new training requirements for door supervisors and retail security officers. A door supervisor receives very different training to a retail security officer, but once they have a licence, they can operate on any retail site.

It was recommended that all transferring door supervisors be given a minimum of one day of 'retail' conversion training. This has now been adopted by some companies (including Advance Retail). It's also suggested that the Regulator ought to revisit this issue.

'Re-enforcement' training in place

Chris Fieldhouse stated: "We have created a 're-enforcement' training programme to ensure that every officer is fully conversant with all required training, including client-specific elements and civil recovery."

He continued: "Most of our clients require officers to carry out arrests – this means a full understanding of the Police and Criminal Evidence Act, etc is necessary. More and more of our clients demand an end-to-end service offering which may include store detectives, investigators and compliance checks, etc. Basic training as a door supervisor or static/patrol officer will not give you an understanding of shrinkage, stock loss and the retail environment in general."

Training officers on loss prevention and proactive security methods led to a substantial improvement in service and reduced losses in the selected stores. These methods can be transferred to other supply chain areas, including distribution centres, providing officers with the skills to proactively patrol, protect stock and reduce potential losses.

During the research limited observations were made at distribution centres, where there was a distinct lack of checklists and routine disciplines resulting in retailers losing 'perceived' in-store stock before it even finds its way into a given store.

A huge opportunity is being lost on combating this element of shrink because of poor compliance. This can be easily corrected by applying the right levels of training and education for each security operative.

The managers' questionnaire: how positively are the 'new' officers perceived by the client base?

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1. Is the officer proactive in terms of loss prevention?

Managers recorded a 75% improvement here, attributing this to training, support, targets given to officers and their change of attitude.

2. Is the officer aware of store losses, and does he/she assist in reducing them?

Although the actual unknown losses measured during the trial did not show an improvement, managers were impressed with the officers' desire and knowledge to assist in reducing such losses. The survey recorded a 119% improvement in awareness of store losses, and a 46% improvement in security officers' ability to reduce stock losses.

3. Are security officers adding value in tackling till losses?

This showed an 80% improvement, with 11 stores recording improved net losses during the trial. Managers are now involving officers at till-focused meetings, and sharing all data.

4. Is the security officer an overt deterrent to potential thieves?

Overall, there was a 30% improvement, with managers rating the service 'satisfactory' prior to the training and 'very good' or 'excellent' afterwards.

5. Does the officer communicate effectively with management?

By helping security officers to understand basic management skills and the rudiments of loss prevention, they were then able to communicate more effectively with managers. There was a measured 55% improvement here. However, it was recognised that some officers were still struggling and would need extra assistance.

6. Is the officer a valuable member of the store team?

Managers rated officers as valuable members of the store team, recording a 45% improvement.

7. Have the officers raised security awareness in your store?

Managers believed that officers had consistently helped to raise security awareness in their stores and significantly improved overall security, with many officers attending staff meetings and helping staff to understand how they could help improve security. Managers were also impressed with the way in which officers carried out their duties, and with their personal commitment to the manager and store.

Overall, these results – taken together with the quantitative data – demonstrate that by training officers on loss prevention there is a measurable improvement in their performance that adds value to the security guarding role and justifies client expenditure.

Best Value for Business: an industry-wide strategy

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Although security is typically viewed as a drain on the bottom line, there are many ways in which it can – and often does – add value to the host business. Modern security

management should envision security as integral to ALL activities within the organisation, and not as a separate function ‘living life on the edge’, writes Brian Sims. The value of security can be loosely categorised into hard and soft benefits. Hard benefits pertain to the quantifiable aspects of security, and can usually be described in financial terminology. Soft benefits are equally important, but are somewhat more qualitative. They describe the more intangible benefits of security.

Ultimately, the security sector desperately needs to develop a strategy – both internally and externally-led – that will cement its rightful place at the top of the organisational agenda. That strategy must be holistic, take account of each and every threat to all organisational processes and be completely aligned with corporate objectives.

The Best Value for Business Campaign is borne of the Security Research Initiative, a three-year programme of study focusing on research to improve understanding of the security sector.

Devised by Perpetuity Research and Consultancy International and Security Management Today (SMT), and supported by the British Security Industry Association, ASIS International’s UK Chapter 208 and The Security Institute, our editorial campaign has two main aims: to highlight the role of security sector professionals in enhancing the value of the organisations for whom they work, and to change the perception of the security sector so that it’s seen as a business enabler and enhancer rather than a ‘necessary evil’ that drains profits.

As such, Security Management Today is now carrying a range of articles concentrating on the true value of security to the business.

Postscript :

Mike Goodman is an independent consultant to Advance Retail and Supply Chain Solutions, working with many retailers to identify areas of improvement relating to shrinkage and stock loss