

Loss Prevention and Security Companies

Working Together

by Eric D. Echols, CFI

Loss prevention departments often utilize contract security companies to assist in their efforts to control shrink, prevent liability, and protect assets, including the most valued business asset, the employees. Why is this a good idea?

Security guards or security officers (either under contract or as part of proprietary services) are paid to protect property, assets, and people. They are typically uniformed and protect personal or private property by

- maintaining a highly visible presence to deter illegal acts and inappropriate actions or behavior, and
- observing (either directly through patrols or by watching alarm systems or video cameras) for signs of criminal acts, fire or disorder.

Once an issue is identified, the security officer takes the appropriate action and reports the incident to the client, supervisor, and local police departments as deemed necessary. No matter what the specific role of the security officer, the core essence will always be the same: to deter, detect, prevent, observe, and report.

Since September 11, 2001, the use of security officers to assist in many aspects of our nation's security has increased. In addition, the current economic recession makes security more important than ever to combat the increase of internal and external theft. In every business, security officers play an important role to aid in profit enhancement, liability reduction, and an overall perception of safety for the client and its employees and customers.

Why Use Contract Security?

In the past, the security industry was often a sub-standard career field. Today, however, the State offices that regulate security companies are becoming more proactive to ensure that State regulations are upheld in regards to training and licensing. Thanks to these agencies, the perception about security officers is changing to a more positive one.

In Georgia, the agency that oversees the security industry is the Georgia Board of Private Detectives and Security Agencies (GA Board). The GA Board is governed by the Georgia Office of the Secretary of State. The GA Board has mandated that all security officers in Georgia must have 24 hours of classroom training, and 16 hours of additional classroom training if the security officer will be carrying a firearm. Go to the following links to learn more about Georgia's standards:

<http://rules.sos.state.ga.us/docs/509/3/02.pdf>
<http://rules.sos.state.ga.us/docs/509/3/10.pdf>

The greatest advantage that businesses have in using a contract security company is reduced cost. Contracting with a security company means the client pays a single service bill rate and not all of the following:

1. Recruitment and other costs of hiring qualified security officers
2. Training the security officers according to the State and post order requirements
3. Supervision of the security officers to ensure all training is adhered to
4. Insurance that covers the security officers while they are performing their duties
5. Health benefits
6. Workers' compensation costs if a security officer is injured
7. Unemployment benefits if a security officer is terminated
8. Full liability if a security officer acts inappropriately while performing duties

If you use a proprietary security force, the above costs will be a factor. Are there times when the service bill rate for security may exceed a business's budget? Of course there are. However, in most cases these high-cost situations will become a factor when there is a disaster (natural or manmade), when doing business in a recovering high-crime area, and when securing a business without sufficient notice (i.e., same day or under 48 hours). Remember, no security company keeps security officers on a shelf waiting to be pulled off and sent to a site. In these cases, existing security officers fill the site (working at an overtime rate) until quality permanent security officers are hired, trained and uniformed to assume the duties. At times, and depending on the market, this can take up to a week.

More and more businesses, organizations, schools, and government agencies are using contract security to offset cost while still accomplishing their safety and security goals. There are still those that use off-duty police officers; however, this can become an issue because police officers are limited in how many hours they can work off-duty. Another issue with using police officers is that, even though they are wearing their police uniform while performing off-duty work, the police insurance carrier may not cover the police officer in the event of injury while working off-duty. And, let's face it, there are more private security officers available to hire than there are police officers.

What to Look for When Hiring a Security Company

What to look for when hiring a security company will depend on your needs and what duties you want the security officers to perform. You will need to consider the following:

1. What you are protecting
2. What you want to prevent from happening
3. How much protection is needed
4. To what degree that protection is required
5. The reason or cause for the protection
6. Who you want to use to provide the level of protection or deterrence you need

What needs to be protected and **what you want to prevent from happening** are key questions to ask yourself. Security officers can maintain control at ingress and egress points by allowing or preventing access. Security officers can be posted at stationary locations to control entrances and check people entering and leaving the property, control crowds, give directions, accept packages, and discourage misbehavior. Security officers also patrol and inspect property to protect against fire, theft, vandalism, and illegal activity.

How much protection you need or how much you want to deter or prevent from occurring is very important when making your decision. Normally this decision is based on the issues you are having, the **reason or cause for the protection**. Is the issue robberies, shoplifting, or employee theft? Is there a workplace violence issue caused by threats made by an employee, customer, etc., or a hostile working environment caused by downsizing and/or terminations? There may be one issue driving this decision or a combination of issues. Based on the issues, the frequency of their occurrence, and the time of day or day of week they typically occur, you can determine how many security officers you will need and the hours of coverage that will be needed.

The **degree of protection** will come in four forms:

1. Unarmed security officers
2. Armed security officers
3. Undercover operative(s)
4. Off-duty police officer(s)

Of course, I am only speaking in terms of personnel. We all know there are other forms of protection, including locks, alarms, EAS, CCTV, gates, security film windows, and so on. No matter what degree of protection you choose, remember that the cost will differ, which may affect your budget. Often, businesses do not budget effectively for reactionary issues, and security officers are utilized when a need comes up, making us reactionary in most cases. Certainly, businesses that continually use security officers maintain a budget to do so; however, based on trends, that budget is usually lower than the actual cost. The result is that a business does not receive the degree of performance, professionalism, and appearance they expect and need to have in order to accomplish the task.

Deciding **who you want to use to provide protection** is not an easy choice.

1. First, you need to ask yourself, "Does this company honestly know our business?" For example, if you are in retail (soft lines, hard lines, specialty, discount, and grocery), does the security company truly understand what causes shrink or spoilage? Does the security company understand how the role of the security officer can be used as an extension of a Loss Prevention Department?
2. Second, you want to know if the security company trains its employees according to State regulations, and you should receive proof of the training. Inquire about what level of background checks are conducted on security officers; what you should look for is that the company does not just do a background check using a data supplier but also does a

fingerprint check. After all, you want the people who will be handling security for your business to be of the same caliber as someone you would hire yourself.

3. Third, when it comes to hiring a security company, it doesn't matter if the company is large or small. There are pros and cons for each. Keep in mind that larger companies have many of the same issues as smaller ones, and the customer service actually may be better with a smaller company where you are not lost among a large number of clients.

No single security company covers the nation; even companies that call themselves "national" subcontract to other companies to provide coverage in areas where they do not have a local office. If considering a company that does subcontract, you want to make sure that the security company is going down only one tier in "subbing" the work to another security company. For example, the security company that you hire to provide security services may sub the work to another security company (tier one), which is fine, but then that security company (tier one) may sub it to another security company (tier two), which should not be acceptable. This is where problems begin with lack of communication of post orders, billing, and many other necessities. Ideally, you want to hire a security company that will take responsibility for subbing the work to another security company and manage that relationship as if the subcontractor were a part of the loss prevention team in terms of spot checks, surprise store visits, security checklists, and security audits.

As a business, it is your duty to ensure that you have adequate and reasonable security for employees, clients, visitors and guests when they come to your business. Under Premises Liability, the property owner is negligent when an invitee is injured by a criminal act on the property. Keep in mind that adequate security could also mean proper lighting, hardware and alarms. However, if a violent criminal act is foreseen by the business based on history, the market area, CAP Index Scores, or even news media, then adequate security should include a security officer. If you are contemplating using uniformed security officers in your business, it is to your advantage to use a contract security company because it is bonded and insured to cover any liability issues. The security company is responsible for the interviews, hiring, training, and terminations of the security officers. You will have greater control of hours, appearance, and replacement, meaning that if you want to cut hours or cut a security officer that is not the right match for your business, it can be done without human resource issues.

The attitude of any security company you hire should be, "You are the client and we are here to serve you!"

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