



GOING GLOBAL

G4S International Accounts Division's MARC SHAPIRO discusses the security issues facing businesses as they grow internationally

THERE COMES A time, in every globally-expanding business, when it is necessary – in the long-term interests of the enterprise – for its senior management to pause and ask some fundamental questions.

What worked well in the early stages of a company's development may no longer be the right formula to carry it into the future as it expands out to new territories.

It is essential that this evaluation includes security services – how they are sourced in other countries and the guidelines that are in place for their procurement.

There are many options and considerations but, in our experience, taking a holistic approach usually produces the best outcome.

Done properly and compared to the traditional procurement process, this broader vision should

improve service levels, reduce risks, ensure standards are maintained across borders and increase return on investment.

Let us examine some of the issues that face corporate security and purchasing departments in creating a global request for proposal (RFP) that meets an organisation's goals of cost-effectively protecting its assets and people:

Satisfying stakeholders

Corporate security expects the supplier to deliver the highest quality of service, together with accountability, standardisation and a single point of contact. That's difficult to achieve when businesses use a different security provider in each of the countries in which they have operations.

Procurement, on the other hand, will typically be looking to meet security and safety requirements at →

GLOBAL CASE STUDY I Made to measure security

WHEN A MANUFACTURER of measuring instruments began seeking a global security solutions provider in 2008 it found that most were asking the wrong questions and responding in the same old fashion. They just focused on the organisation's current scope of work, hoping they'd be the lowest bidder.

What this forward-thinking manufacturer wanted, instead, was someone who understood its business objectives.

After listening to its sourcing team, G4S encouraged the firm to forego the traditional procurement process and take a holistic, transparent approach instead. In this way, G4S was able to demonstrate that by utilising risk-based site assessments, during and after the procurement process, it would be able to drive service level improvements and achieve additional cost savings. These would not have been part of the standard procurement process for a global security initiative.

The contract provided for a dedicated account management team of four security professionals and a gain share plan which provided the platform for delivering an aggressive cost-reduction programme within the first few months.

As a result, the manufacturer was able to achieve savings of over 13 per cent by trusting G4S to implement prudent cost-saving security measures by re-engineering the manned security staffing model with a view to integrating security technology into one total solution.

By allowing G4S to take a different, innovative approach, rather than just bidding on the status quo, this global manufacturer is now meeting its security goals across 18 sites in nine countries as well as managing its expenditure in a more transparent way.



the lowest possible cost, and will continue to look for even greater savings throughout the term of the contract.

At the same time, each country facility will want to ensure that any decision to change the incumbent security supplier does not have a negative impact on its operations, either in terms of performance or cost.

Finding the right balance is a challenge, and as an organisation extends its global reach it becomes increasingly complex. For example, in a service-based procurement, how do you benchmark the process? How do you ensure that all suppliers achieve the same standard without making huge demands on your own

corporate resources? And how do you handle issues raised by different country laws and regulations?

Looking beyond the present

Besides, getting all the above elements right is just a starting point. You may have satisfied the needs of your current security infrastructure, but what about the future? Chances are, many of your facilities and the security providers who protect them will be functioning in a traditional way "because it's how we've always done it".

What is needed, however, is a security strategy that looks beyond the present and is ready and able to change in line with business developments as well as technological advances in security. To embrace change smoothly, you require security providers who can innovate successfully, which in turn gives rise to another challenge: how do you leverage their experience and lessons they have learned across all of your operations?

Global businesses cannot afford to stand still any more than they can afford to allow security standards to vary from one facility or country to another. What many businesses fail to realise is that with expansion their risks may have shifted – or be about to change – but their security response may not have done so.

The way forward

Those global organisations which choose to manage all aspects of sourcing their international security providers need to have a clear understanding of the existing security infrastructure, working hours and job categories. In order to avoid vendors who may low-ball their estimates in order to secure a contract, existing minimum wage rates should be stipulated within the RFP.

Similarly, you should specify the minimum levels of holidays, vacation hours, health insurance, training hours and employment screening that you are willing to accept. In this way, you will level the playing field for all vendors and make the evaluation process much easier.

At the same time, however, you should invite bidders to recommend alternatives that they feel could sustain the service levels and reduce costs.

If you intend to align all of your organisation's sites under a single global frame agreement, be sure this can be done in a reasonable period of time by capturing the contract termination dates for current contracts and reviewing their cancellation provisions.

GLOBAL CASE STUDY 2

Exploring a new approach

ONE OF THE world's super-major oil and gas companies is partnering with G4S to provide security solutions at its worldwide facilities, beginning in the Europe, Middle East and Africa, and Asia Pacific regions.

Initially, it wanted to reduce costs by decreasing margins on existing contracts in exchange for increased volume of new business under a global agreement.

Instead, G4S proposed a total cost-of-ownership approach that it believed would make a long-term difference in establishing a true partnership, in return for both the existing and new business.

A global master frame agreement was put in place which included a profit-enhancing mechanism for over-achieving against a set of defined key performance indicators and a shared savings plan was implemented.

Reasonable criteria were established which outlined a guaranteed cost reduction or payback programme and a simple principle for award: achieving the same or lower costs at the site level.

G4S conducted on-going assessments across hundreds of sites to stimulate innovation through re-engineering of security measures, wherever possible. Opportunities that were investigated and offered for implementation included the deployment of security equipment to augment or replace posts; improved processes and procedures; reduced and/or changed staffing models (fewer but better quality security personnel); adjusted schedules to reduce overtime and provide additional outsourcing of other functions or ancillary services.

A dedicated global account manager was assigned who works closely with the G4S International Accounts Division and the customer to drive the mobilisation effort and manage this large global account.

By implementing a true partnership approach, both G4S and our large oil and gas customer have taken steps to ensure a long-term mutually-beneficial business relationship in which both parties can achieve their individual and mutual business objectives – providing solutions that protect the security of their facilities and safety of their global workforce while meeting our mutual cost-reduction programme commitments sensibly.

Partnership solutions

If you are to achieve your goal of decreasing costs without compromising on the quality of your overall security programme, the sourcing of a global security solutions provider should be seen as a partnership, not as a commodity.

You need to be sure that your chosen partner understands your value drivers, shares your vision and can help you achieve your objectives. One way of determining this is to be less prescriptive about your needs and, instead, to share the security challenges and problems you face.

The most efficient way of doing this and maintaining the required standards is to seek a vendor whose geographic footprint enables it to handle the majority of your locations worldwide through their direct operations rather than by subcontracting.

Your RFP should also elicit which security providers have an effective global account management programme in place and can provide a global account manager as a single point-of-contact. This individual should function well at both the strategic and operational levels and be empowered to act across the businesses.

You can eliminate the need to negotiate multiple contracts for various countries individually by outsourcing to a vendor who has the ability to provide a global framework agreement. This should incorporate commercial terms, key performance indicators (KPIs), invoicing and legal language in order to gain a level of standardisation across the operations. It can then be supplemented by local-to-local addenda, allowing adjustments to reflect differences in regulations, rates and scope of work.

Lastly, you should seek security partners who are looking for long-term involvement. A global agreement should be viewed as at least a five-to-seven-year commitment. The level of commitment can also be determined by a vendor's willingness to enter into a risk-and-reward programme based on contract performance. Over-achieving against contracted KPIs will increase a vendor's profit, whilst under-achievement will have

the opposite effect. This helps motivate your global security partner and is a win-win situation for you.

You should also be looking for suppliers with the capability of providing solutions that extend far beyond manned security, such as executive protection, risk management consultancy, investigations, video analytics and the ability to integrate security technology and equipment, service and maintenance on a global basis.

As well as streamlining your corporate security management, such integration should be capable of delivering greater cost savings through reduction of losses and a safer more secure environment in which your business can succeed.

We know from our own experience and from those of major global businesses who have tried different ways of outsourcing their security in multiple countries that taking a common holistic, transparent approach is likely to produce the best and most dynamic solution. ■

