



Issue: COVID-19 and Security Cost-Cutting Measures

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Where this issue fits in the phases of the pandemic: Hot spots, flare ups, next waves

Economic impacts of COVID-19 are already manifesting themselves in the wake of this pandemic. In addition to the record number of employees filing for unemployment, companies will undoubtedly be pursuing cost-cutting measures over the next 24 months (and likely beyond). Effective cost-saving strategies have never been in higher demand.

While the main emphasis of COVID-19 is, and must remain, mitigating the virus, senior business leaders must also focus on keeping the company economically viable; this entails implementing measures to reduce its expenses and improve profitability.

The following information is provided for senior security leaders to start drafting cost-reduction and cost avoidance plans. Leaders must strike a balance between slashing costs and implementing a responsible plan that reduces the effectiveness of some security measures while maintaining the absolute minimum standards necessary to protect people, property, and company brand. This exercise will no doubt challenge even the most seasoned leaders to determine the level of risk that is acceptable for their company. These are not easy choices. Consideration should be given to the following:

Labor: Most security organizations' budgets are comprised of salaries. Staff must understand that the overriding goals are to avoid layoffs while maintaining your budgetary constraints. Experience has shown that employees are conformable remaining employed while the following are implemented:

- Challenge current staff by giving them "stretch assignments".
- Outsource non-critical responsibilities that can be done cheaper and to a determined standard.
- Consider temporary and/or part-time workers to defray paying overtime hours for 24x7 staff.
- Freeze all open requisitions and salary increases.
- Eliminate overtime and halt bonuses.
- Offer severance packages, reduced work hours, furloughs, and extended leaves.
- Transfer security staff to other departments within the company to leverage their institutional knowledge.
- Request service providers give you a 20-40% net staff reduction plan that leverages technology.
- Consider adopting a 12 versus 8-hour shift model. This will incur some amount of built-in over time (for example using an alternating 36-48 hours week to week schedule) but will save on additional head count and for proprietary staff, the fully loaded cost of benefits.

Non-Labor: Security upgrades, projects, and general improvements will need to be considered, analyzed, and prioritized, such as:

- Cancel all non-mission critical projects, upgrades, and travel.
- Delay preventative maintenance initiatives and defer non-critical upgrades.
- Place access control technology at doors in lieu of staff.

- Retail/restaurant - remove cash and merchandise from stores. Deposit cash. Donate perishables/merchandise with expiration dates.
- Set up a separate cost center to log all costs related to COVID-19 response and recovery expenses in order to leverage all business disruption insurance options.
- Leverage available government business relief options immediately when available.
- Invest in more education and training of the wider employee population and create a network of “security champions” as a force multiplier to supplement security staff and increase capabilities.

Capital Investments in Favor of Expense Reduction: Evaluate project opportunities where capital investment could lead to reduction of expense through implementation, centralization and technology enhancements such as:

- Brainstorming with industry peers and implement security solutions with a return on investment in 1-4 years.
- Upgrading to a GSOC and closing local SOCs.
- Automation of visitor lobbies and registration processes.
- Reducing manned checkpoints in favor of license plate recognition technology.
- Patrolling exterior with drones versus staff.

By taking these proactive steps, the senior business leader can implement and plan for the orderly adjustments of security capabilities provided, demonstrate the rational of increased capital expenditures, while maintaining lean and sufficient levels of security during these unprecedented times.

Contact us if you need assistance in COVID-19 strategic planning, response or recovery at contact@seclader.com