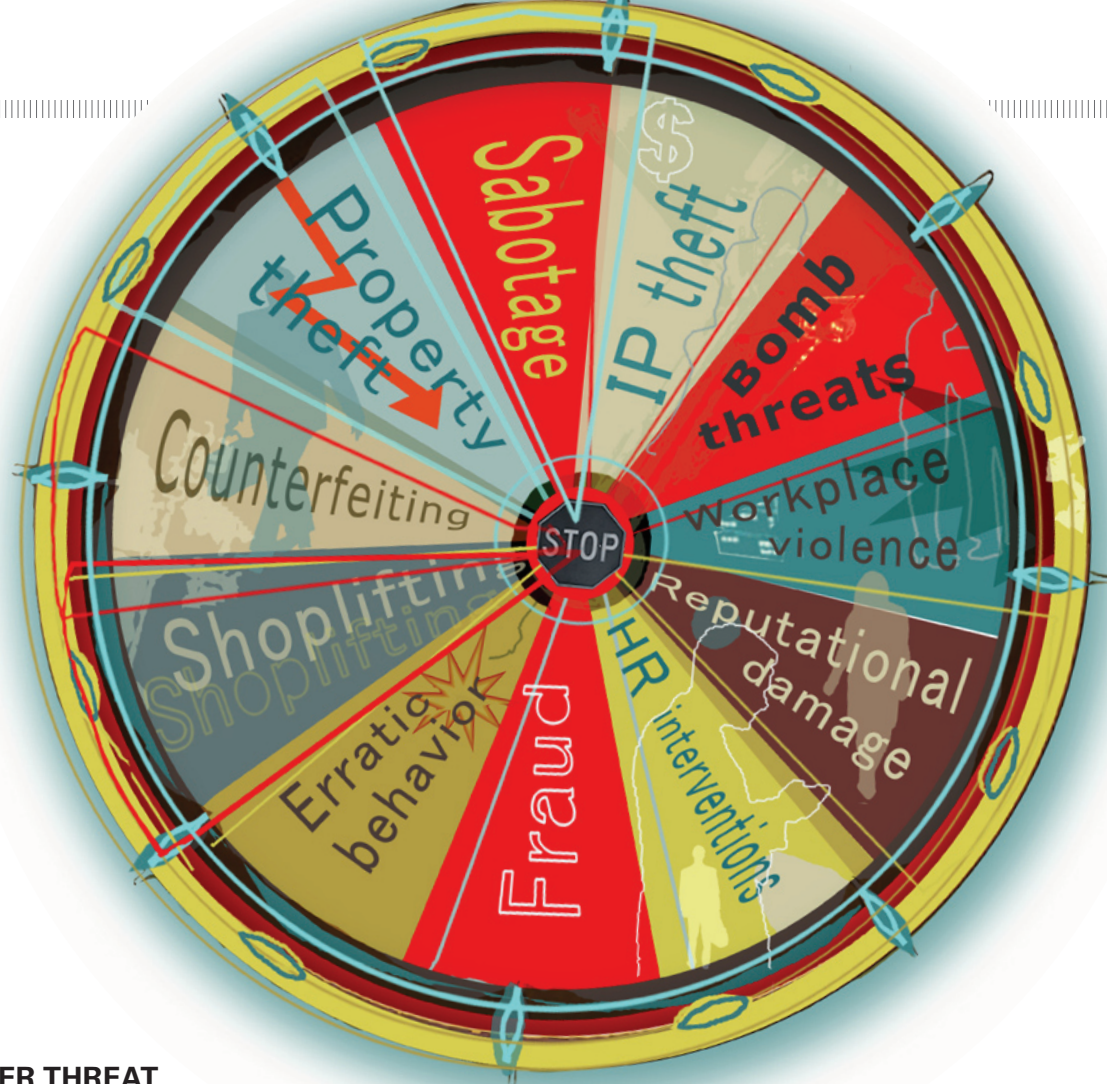


# Security Alert

When the economy's down – and budgets are stressed – the threat level rises.

| by George K. Campbell and Richard A. Lefler



Budget cuts for 2010 fiscal year (2009-2010) are only slightly greater than for the previous year (2008-2009).

16.8%

15.4%

... but the percentage of firms calling in larger...

52.5%

19%

... and many are reporting increases in:

WORKPLACE VIOLENCE

45%

PROPERTY THEFT

44%

FRAUD

43%

WORKPLACE VIOLENCE

27%

IP THEFT

19%

COUNTERFEITING

7%

SOURCE: SECURITY EXECUTIVE COUNCIL

## COST-SAVING OPPORTUNITIES

Some security responsibilities scale up or down with the economy. Here are a few ways to do more with less:

\$\$\$ Cut back on protective services, since overseas travel is down and fewer “employees at risk” are abroad. (But multinationals should note that some countries may become more dangerous as economic conditions increase the chances of civil unrest.)

\$\$\$ Conduct fewer preemployment background screenings. With hiring slowed or frozen, fewer are needed. However, downturns produce more cases of embellished credentials or concealed substance abuse and financial problems. If your recession strategy includes more work with contractors and outsourcers, you should demand background reports on those who will service your account.

\$\$\$ Automate certain tasks. For example, security guards at entrances can be replaced by electronic access technology. Capital investment in such projects provides tax advantages and reduces long-term operating costs – and vendors are motivated to price technology and services to sell.

\$\$\$ Find internal clients who are willing to fund programs that security will then manage for them.

**SINCE THE RECESSION SET IN,** many shifts have occurred in the enterprise risk environment; some threats are rising, while others are falling. Security budgets are being cut deeply and pervasively – though not always in ways responsive to these fluctuations. Security directors must do more with less while helping their businesses clearly understand the shifting threats and ensuring that the most urgent priorities are addressed. For that reason alone, adopting an enterprise risk perspective as a recession coping strategy is itself an urgent priority.

The goal of enterprise risk management is to track, quantify, and analyze these shifting thresholds of risk throughout an organization. Security is then responsible for mitigating threats to employees and other stakeholders, facilities, and assets both tangible and intangible – including the value of reputation and brand.



## THE INSIDER THREAT

As businesses resort to layoffs and other cost-cutting measures, employee discontent rises, and the so-called insider threat level grows. Insider threats have historically accounted for the majority of economic losses incurred by business. Insiders do damage primarily through theft, fraud, and the violation of intellectual property protection policies.

**SOLUTION** Embrace transparency, quell rumors, and communicate candidly to reduce levels of discontent. Engage with employees; be alert to threat cues.



## INFORMATION AT RISK

The ease with which employees can steal information by downloading it onto USB flash drives puts confidential business assets at risk. When layoffs loom (or rumors of layoffs circulate), data siphoning rises. **SOLUTION** Recommunicate policies that prohibit the misappropriation of corporate data. Some IT departments make it impossible to attach storage devices to computers without their assistance and either filter outgoing e-mail for large attachments or prohibit attachments outright.

Eva Tatcheva

## ERRATIC BEHAVIOR

Businesses should be alert to indicators of disturbance, from signs of depression or agitation to displays of anger and aggressiveness or even full-blown workplace violence (more than 27% of respondents report increased rates of violence).

**SOLUTION** Focus on behaviors that have been identified as predictive of an escalation to violence, and intervene early.



## PRODUCT PROTECTION

As consumers continue to covet products they can't afford, the market will find ways to satisfy demand. Manufacturers of consumer goods will probably see a rise in product diversion and counterfeiting; retailers will face a surge in organized professional shoplifting.

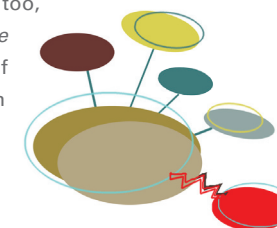
**SOLUTION** Keep an eye on auction sites for a spike in “bargain” goods that may be counterfeit or stolen. Don't economize on loss-prevention programs.



## THE WEAKEST-LINK EFFECT

As the economy declines, small businesses, too, are under pressure to cut costs. The *Fortune* 500 need to worry about a falling standard of security among the “*Fortune* 50,000” – which include your suppliers, customers, or outsourcing providers. Business ecosystems share vulnerabilities virally, so your supply chain's weakest links will affect you.

**SOLUTION** Investigate the resilience of security beyond your own walls.



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