

Are Your Metrics Connected to Top Management's Agenda?

By George Campbell

An interesting article from the January/February issue of *Financial Executive* magazine was sent to me recently. It was written by Ken Daly, the President and CEO of the National Association of Corporate Directors (NACD), the nation's largest member-based organization for corporate board directors. Those are the guys who sit in judgment of your CEO's performance, so what they are thinking should be on our radar.

The article, entitled "*Corporate Performance Metrics to Top Board Agendas*," focuses a lens on the priorities of corporate boards and, as such, should be instructive for security management's agenda. Daly writes, "Why corporate performance metrics? Because they link corporate strategy and corporate performance — traditionally the top two issues for directors by far. . . Strategy is about the future, performance is about the past, and metrics align the two."

Daly goes on to point out that corporate oversight is an increasingly difficult challenge given the complexity of the governance environment and the sea of numbers often put at the center of the boardroom table. These challenges have spawned scores of financial and non-financial metrics, but which ones provide the quality and priority essential to their informed oversight and direction?

There are, of course, the usual suspects in the financial realm — profits, margins, cash flow, earnings, ROI, revenue growth — which have come under increasing scrutiny during these economic times. But it is the non-financial board metrics that should really inform our decisions on which security metrics we target for reporting up.

Daly identifies 18 categories of measurable value drivers for the enterprise. Let me comment on several that I believe have relevance for our input:

- **Competition/market share:** A security program that is effectively aligned with business strategy will bring tools and capabilities to the table that protect shareholder assets and customer confidence.
- **Culture and tone at the top:** In my book, these corporate characteristics signify intolerance of misconduct and an established role for an integrity-based security program.
- **Environment, Health and Safety:** A clearly-established set of mission responsibilities for many security organizations. Even in the more traditional settings, "safety" may be translated to a safe and secure work environment which absolutely resides within corporate security's aegis.
- **Legal/Regulatory compliance:** Avoidance of sanctionable defects and litigation for any number of workplace security assurances is within our scope of risk mitigation accountabilities.



"Why corporate performance metrics? Because they link corporate strategy and performance, traditionally the top two issues for directors by far," Daly writes.

- **Logistic capabilities:** We have a clear role in the safe, secure travel of executives and staff as well as significant elements within the scope of business continuity programming.

- **Ethics:** We are the ethics gatekeeper, with our background check and due diligence examination programs, and we contribute significantly to the identification of ethical shortcomings in our internal investigations.

- **Reputation:** Security breaches, advertised flaws in key safeguards or internal controls, and failure to protect shareholder assets all negatively impact our reputation in the marketplace.

- **Risk management:** If we are not an integral element in the enterprise risk management strategy, we likely are failing in several of the scorecard areas noted above. Risk is why we have a job.

There is no question that both boards and senior executives are increasingly engaged in driving the need for, and evaluation of, a variety of key performance indicators — metrics that matter. Our unique perch provides rich and relevant input to that scoreboard.

The question for us in our roles in the governance infrastructure is how we can most reliably use this unique experience and data to formulate and present metrics that provide a more robust picture of enterprise risk. ■

George Campbell is emeritus faculty of the Security Executive Council and former CSO of Fidelity Investments. His book, Measures and Metrics in Corporate Security, may be purchased through the Security Executive Council Web site. The Security Executive Council is an innovative problem-solving research and services organization that works with Tier 1 Security Leaders™ to reduce risk and add to corporate profitability in the process. A faculty of more than 100 experienced security executives provides strategy, insight and proven practices that cannot be found anywhere else. Through its pioneering approach of Collective Knowledge™, the Council serves all aspects of the security community. To learn about becoming involved, e-mail contact@seclleader.com or visit www.securityexecutivecouncil.com/?sourceCode=std. The information in this article is copyrighted by the Security Executive Council and reprinted with permission. All rights reserved.