

Demonstrating Value > Measuring Value >

Cost of Loss Due to Security Incidents Elusive

Security Leadership Research Institute / Resolver Research Results

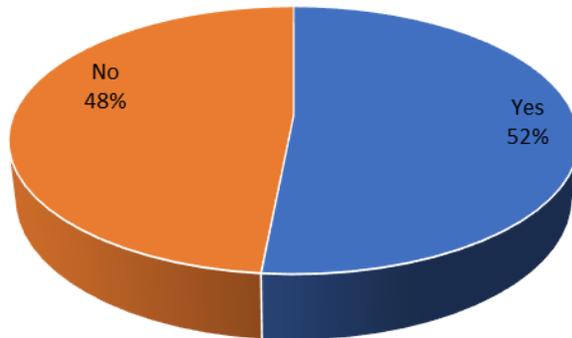
The Security Executive Council's (SEC) Security Leadership Research Institute (SLRI) recently partnered with [Resolver](#) to conduct a survey investigating organizational cost of loss. The goal of the initiative was to collect enough data to find an industry average of cost of loss that includes fraud *and* other types of events such as armed robbery, assault, abuse, product contamination/tampering, and theft. (While the Association of Certified Fraud Examiners tracks cost of loss for occupational fraud, there is currently no public research that includes fraud along with other loss categories.)

Unfortunately, low participation hampered the SLRI's ability to find a reliable, representative average. Some of the most detailed questions were answered by only 24% of respondents. It is possible that security leaders didn't feel comfortable sharing the data the survey requested.

This is disappointing, says Bob Hayes, Managing Director of the SEC. "The security industry lacks the ability to quantify the business impact and results of risk mitigation. One of the SEC's initiatives is to establish a common language and common measurements to support the security industry. Until we get behind this, we are subject to senior management's interpretation and definition of the scope of the problem of loss."

Though the survey couldn't provide the average cost of security-related loss as designed, it still offered some interesting insight into how loss value calculation is being conducted.

Do you capture or calculate incident loss values (monetary figures)?

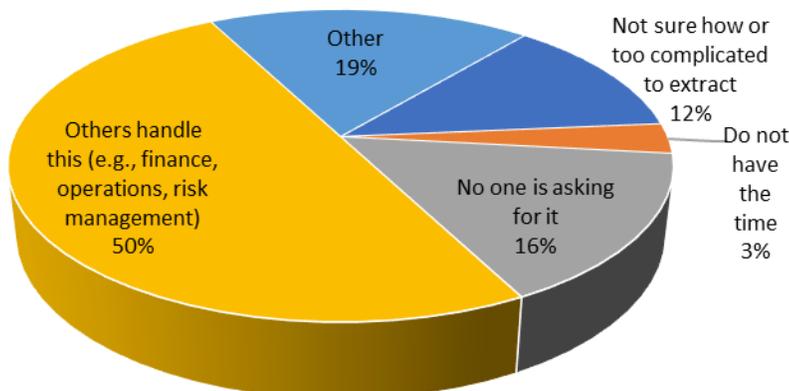


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Only 52% of respondents reported that they capture or calculate incident loss values.

When asked why not, the majority answered that some other function calculates it. The survey did not ask if, in this case, Security is aware of the method of loss quantification, or whether Security has access to the loss data and calculations. Having access to this information can help practitioners inform their security mitigation program decisions.

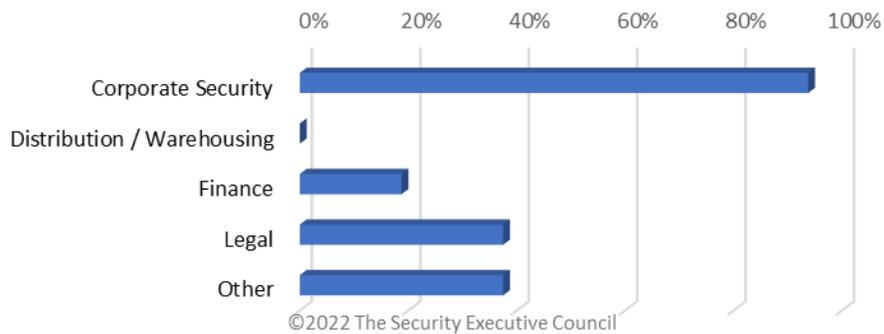
Why do you not capture or calculate incident loss values?



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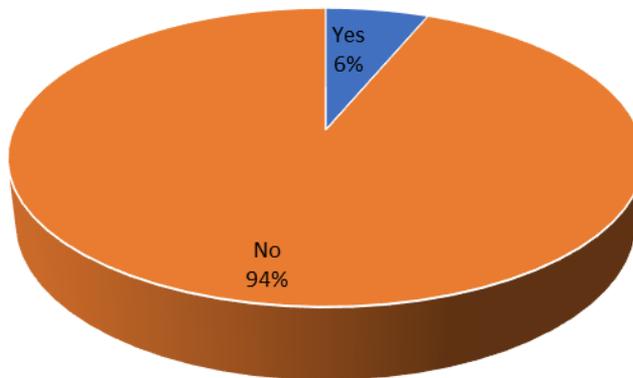
That said, Corporate Security is still by far the most likely function to investigate loss, which appears to imply that the function that could most likely take responsibility for both loss recovery and loss prevention is not keeping track of the monetary/business value of those activities.

Please select the function(s)/department(s) that investigate these cases (if you have a dedicated loss prevention group, select who they report into)



In that same vein, results only 6% of respondents reported that they calculate loss avoidance figures.

Do you calculate a loss avoidance figure?



Are you calculating cost of loss or loss avoidance for your organization? We would like to hear from you if so. Contact us at contact@secleader.com.

Visit the Security Executive Council web site to view more resources in the [Demonstrating Value: Measuring Value](#) series.

About the Security Executive Council

The SEC is the leading research and advisory firm focused on corporate security risk mitigation solutions. Having worked with hundreds of companies and organizations we have witnessed the proven practices that produce the most positive transformation. Our subject matter experts have deep expertise in all aspects of security risk mitigation strategy; they collaborate with security leaders to transform security programs into more capable and valued centers of excellence. Watch our [3-minute video](#) to learn more.

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