

Choosing a security contractor – it shouldn't just be a matter of price

By Chris Delaney*

Security is a serious business, and customers need to understand exactly what they are getting.

Choosing on price alone can be disastrous. What value do you put on the protection of your family, property or employees? Would you buy a car without first deciding on exactly what you are going to use it for? can it do the job? Is it mechanically sound? Is it what the seller says it is?

Some things to consider when choosing a Security Contractor.

Never act too quickly. Give yourself plenty of time. Get several proposals and then select a reputable business with a sound track record to handle your security requirements.

Here are the key issues to review in detail when selecting a security contractor:

Security Licensing

In all States and Territories private security businesses are required to hold a license to offer security services. Ensure that the security contractor is duly licensed by viewing the license and seeking a guarantee that only appropriately trained licensed employees will carry out the service. Check that the security provider is a member of a Security Industry Association (like ASIAL) that requires members to observe an industry code of conduct and high standards of corporate governance, provides opportunities for training and development and assists with dispute resolution.

Security Providers that have undergone independent audits will be able to prove that they comply with business and security legislation and operate through good corporate governance. Many ASIAL members have successfully passed a stringent audit process. Likewise, if using the services of a security monitoring centre, make sure that they have been certified to the Australian Standard AS2201.2:2004 (Intruder Alarm Systems – Monitoring Centres).

Insurance

Examine the insurance cover of the security contractor. They should hold adequate cover for the service they are providing. Ask for certificates of currency for the following policies:

- Public Liability. The higher the coverage the better.
- Workers Compensation Insurance.
- Comprehensive motor vehicle Insurance (where appropriate).
- Professional Indemnity
- Liability coverage for any special activities such as "Cash in Transit" or Crowd Control.
- Personal Sickness or Injury Insurance (Sole Traders).

Reputation

A security contractor's reputation should be examined to ensure that the company has maintained a trustworthy and dependable reputation. Check with your local Police or department of Fair Trading or Consumer Affairs to be sure you have chosen a reputable company.

Bona Fide References

References can be helpful in identifying quality and reputable security contractors. (Like references for prospective employees you'll never see a bad one!) Always check the references by making a follow up phone call to both current and past customers. Ask questions that allow you to determine that the security contractor can provide you with quality service, professionally delivered by well trained, licensed guards.

A Professionally Managed Business

In the current employment market there is a shortage of suitable candidates for security guards. By managing professionally, providing good pay conditions and appropriate levels of training good guards will stay with their employer. Ask about staff and management length of service, staff turnover and qualifications of the management team.

Ensure that you discuss your requirements directly with the security

company management. Ask about staff supervision and how management assess and control the quality of the work.

Confirm the process for keeping records, incident books, reports and the like and for replacing absent or unsatisfactory guards. You should receive a copy of every report filed by your guard.

Training, Qualifications

All proposals should identify the minimum qualifications required for the work to be undertaken (including, where appropriate the level of licensing). They should explain the levels of training and experience of personnel that will be used, as well as ensuring that the guard can communicate effectively both verbally and in writing. Security contractors that provide additional education and training to their employees should be favoured.

Staffing

It is important to be aware of the staffing issues currently affecting the industry and that many working in the security industry are casuals. This may affect the security contractor's ability to provide the same guard(s) on every occasion. You should discuss this with the contractor to ensure that you are provided with guards who understand their responsibilities thoroughly on your work.

You should also confirm whether the contractor intends to use direct employees or subcontractors (or both) to provide the security service. If subcontractors are to be used you will want to be sure they too are appropriate for the work.

All staff providing security services should undergo a familiarisation or induction on to the site.

Standard Operating Procedures (SOPs)

SOPs detail all requirements of job performance at your site including the standard of security services, security guard behaviour and special requirements or restrictions, such as prohibition from using customer computers, phones etc. Also check that the security contractor has codes of behaviour, an employee

handbook and professional policies and procedures for their business. This may include a fitness for Work Policy relating to alcohol and other drugs.

Reporting

Consider exactly what reporting processes you require. You may want regular incident reports or even special reports from time to time. This should be discussed and agreed with the security contractor to ensure all reporting flows smoothly once the contract starts.

Consistent and thorough written communication is an important output of contract security services and is an important management control mechanism you have over security services and costs.

Proposals in Writing

Expect the security contractor to provide a clear, detailed written proposal. The proposal should address the specific security needs at your site and demonstrate that the security contractor has carefully reviewed and considered your needs.

The proposal should also provide a detailed costing of the services to be provided.

The following matters should be addressed and the appropriate supporting documentation should be produced:

- Details of wages to be paid to guards

assigned to your site, including on-costs and the industrial instrument (Award or Agreement) under which the guards are engaged.

- The method or trigger for guard pay increases and necessary adjustments to the contract.
- Billing or Invoicing periods. Whether Weekly, Monthly etc. What ever is convenient for both parties.
- Will it be a flat monthly rate or a uniform hourly rate.
- What if any additional charges may be implemented and on what basis.
- Recognise that your security contractor must make a profit in order to stay in business, continue to train staff and grow.

Proposals that depend on the lowest price to gain the work should be scrutinised very carefully. You do not want your security contractor to go out of business during the contract, have high staff turnover or problems with regulators. If a contractor cannot make a reasonable profit out of the contract with you, chances are that at some point the service will fail.

Written Contract

In Australia more arrangements are in place through a “hand shake” than by written contract. There are significant benefits for both the customer and the security contractor in having a written

contract. The contract details the rights and responsibilities of both parties and ensures that the contractor will meet your needs.

The following matters, as a minimum, should be included in a written contract

- The contractor guaranteeing the work and indemnifying the customer in defined circumstances.
- The circumstances, which may bring about a price increase.
- The right to terminate the agreement in certain circumstances including notice periods.
- The process for dealing with disputes over work, charges etc.
- The details of services to be provided and standards to be applied.
- Fairness to the contractor and adequate control to the client.

Getting it right is not easy, it does take time and consideration, however it is so important that you get the right security contractor and maintain a good working relationship.

If you apply the above criteria and avoid decisions based purely on price you will be better placed to make the right choice.

Note: The information provided above is for convenient reference only. ASIAL and Chris Delaney & Associates Pty Ltd provide this information on the basis that it is not to be relied upon in any or all cases, as the circumstances in each matter are specific. Accordingly, we provide this information for general reference only, but we advise you to take no action without prior reference to an Employee Relations professional. ASIAL members can contact Chris Delaney by emailing ir@asial.com.au



**ASIAL Certified Security Monitoring Centres*
Current as at: 15th May 2008**

Company (short form name)	State	Cert.	Grade	Expires	Company (short form name)	State	Cert.	Grade	Expires
ADT Security	NSW	275	A1	09 Mar 09	Protection Pacific Security	VIC	282	C2	03 Aug 08
Advanced Security Systems	NSW	259	A1	26 Jul 08	RAA Security Services	SA	269	A1	12 Dec 08
Alarm Monitoring	NSW	258	C2	22 Jun 08	Rontech Security Industries	VIC	268	A1	26 Oct 08
ARM Security	WA	270	A1	20 Nov 08	Secom Australia	NSW	286	A1	14 Dec 09
Australian Security Company	QLD	278	A1	25 Jun 09	Sectrol Security	VIC	277	B2	14 Jun 09
Central Monitoring Services	NSW	251	B1	21 Mar 10	SecureNet	NSW	292	A1	31 Oct 09
Energize Australia	VIC	295	C2	01 May 10	SESCO Security Co	WA	264	A1	25 Sep 08
Golden Electronics	TAS	267	A1	17 Oct 08	Signature Security	NSW	283	A1	03 Oct 08
Grade One Monitoring	NSW	289	A1	13 Feb 10	Signature Security	WA	265	A1	30 Jun 08
Grid Security Services	NSW	247	A1	10 Mar 10	SMC (Chubb)	QLD	284A	A1	07 Dec 09
IAG (operating with IAG data centre)	NSW	285	C1	27 Nov 09	SMC (Chubb)	VIC	287	A1	16 Dec 09
Instant Security Alarms	QLD	276	A1	04 Jun 09	SNP Security (Newcastle)	NSW	281	A1	17 Aug 09
Insurance Australia Group	NSW	285	C1	27 Nov 09	SNP Security (Sydney)	NSW	274	A1	18 Jan 09
ISS Security (Manpower Response)	NSW	288	C3	17 Feb 10	Spectus	WA	279	A1	17 Jul 09
Linfox Armaguard	VIC	257	A1	17 Jun 08	West Coast Security	SA	256	A1	18 Jun 08
Monitoring Excellence	WA	271	C2	22 Nov 08	Westpac Banking Corporation	NSW	291	A1	28 Feb 10
NSS Group	NSW	254	A1	07 May 10	Woolworths Limited	NSW	273	C1	04 Nov 08
Protection 1	WA	280	A1	24 May 09					

*The above-listed ASIAL Certified monitoring centres comprise those establishments that have been inspected and graded for compliance with the applicable Australian Standard: AS 2201.2 – 2004. PLEASE NOTE: ASIAL takes no responsibility for listed companies which may change the nature of their operations subsequent to Certification.