

# The Business Value of Corporate Security

*Sustainable commercial success through resilience, insight, and crisis leadership in a volatile world*





### About the Author

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### Partners

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# Executive Summary

*“Leaders can no longer assume that trouble may strike once every three or four years and be managed by outside crisis consultants. Instead, companies must prepare for a steady stream of upheavals—and hone their in-house skills for dealing with them... They should be ready.”*

– Nitin Nohria, former Dean, Harvard Business School

## Purpose and audience

This report seeks to understand **what trends in the global business operating environment mean for the corporate security function**: its value proposition, narrative and positioning, leadership, talent strategy, areas of responsibility, relationship to the rest of the business, innovation, external stakeholders, and changing C-Suite needs.

It is intended as a guide for **senior business leaders** as they make decisions, such as who to hire as their Chief Security Officer (CSO)\* and how to measure their performance, adequately resource the function, and benefit from corporate security’s potential contribution across the value chain.

**The report focuses on corporate security at multinational corporations.** Although aspects might be relevant for other organisations, they are not the focus of this study.

\* This report uses the job title ‘Chief Security Officer (CSO)’ to refer to the most senior person responsible for corporate security within a multinational company, but recognises that not all post holders hold this title.

**In a global business environment characterised by volatility and increased security risks, effective corporate security is non-negotiable for commercial success.**

**More than half (57%) of board directors said they expected to increase their risk appetite.**

**Business leaders predict that volatility will characterise their operating environment over the next decade.** Four-fifths of leaders surveyed by the World Economic Forum think the next ten years will be characterised by volatility, and 20% see it in terms of ‘progressive tipping points and persistent crises leading to catastrophic outcomes.’<sup>1</sup> As they grapple with heightened tensions in the Middle East, the Russian invasion of Ukraine, China’s influence in its near neighbourhood as well as Africa and the Middle East, and the highest levels of political risk and unrest for five years,<sup>2</sup> business leaders face the effect of geopolitics on everything from supply chains and operational resilience to personnel security and new market entry or exit. The business leaders interviewed for this report cited geopolitics as the most important security risk facing their company, and a majority (51%) of CSOs surveyed ranked it as one of the three most important security risks for their organisation.

**In a more difficult business environment, growth requires companies to be able to identify opportunities and lean into risk.** More than half (57%) of board directors said they expected to increase their risk appetite (or had already done so).<sup>3</sup> Business leaders increasingly need more nuanced insight to calibrate the risks they take, trusted advisors willing to speak up when something is a risk too far, and highly effective crisis management capability, which becomes a source of organisational resilience, as a well as a standalone activity in response to crisis events. **Corporate security can contribute essential data on security risks, has a track record for being a trusted advisor on risk decisions, and is one of the company’s centres of excellence on crisis management.**

**As a result of these geopolitical shifts, along with technological innovation among threat actors, the free cross-border movement of people, and economic downturn, many multinational corporations continue to face sophisticated and persistent security risks.** A majority of CSOs surveyed for this report said security risks have increased over the past 2–3 years and almost all (89%) said senior executives expect more from corporate security than they did 2–5 years ago. The risks range from crime and organised crime, insider risk, kidnapping, and terrorism,

to intellectual property theft, ransomware attacks and state-sponsored espionage. Against this backdrop, **business leaders surveyed by PwC said they see corporate security as a business enabler that adds value.**<sup>4</sup>

**The rise of interconnected and complex risks makes risk management more complex and places a premium on functions, like corporate security, that are effective integrators.**

**Multinational corporations increasingly manage risks that fall outside the remit of any individual function, and are dealing with multiple risks concurrently.** Interconnected risks are not just harder to predict and manage; research shows they produce larger losses.<sup>5</sup> In this context, silos cause missed opportunities, obscure risks, and create blind spots.

**This makes business leaders more focused on the connections between risks, as well as on the risks themselves, and they seek a more unified, functionally agnostic view of risk.** They place a premium on functions staffed with people with reach and influence who are skilled collaborators and integrators. **Corporate security is one of the company's most connected functions;** it tends to be organised geographically, which produces a broad as well as deep view across the corporation, and it is delivered through delegation and influence, which requires the function to develop strong vertical and horizontal relationships. As a result, corporate security is seen by some executives as 'corporate glue'.

**Multinational corporations are increasingly impacted by a range of social changes that affect their risk profile and require input from corporate security.** There is growing pressure on companies to not just do their business fairly and ethically, but to take an active stance on political and social issues, whether directly linked to their business or not. This can make companies and their staff a target for attack; 11% of CSOs we surveyed said activism is one of the three biggest security risks for their organisation, and a majority (57%) said it was increasing. There is also growing expectation for CEOs to be the face of such public positions; 81% of investors globally say CEOs should be personally visible when discussing public policy with external stakeholders. This can increase the CEO's risk profile, and one-third (32%) of CSOs surveyed said threats to senior company executives have increased over the past 2–3 years.

In the age of ‘polycrisis’ – the simultaneous occurrence of several catastrophic events<sup>6</sup> – crisis management is a business-critical activity and a core leadership competency.

**Many companies face a higher volume of crises that are more interconnected:** extreme weather events, conflict, market volatility, reputational crises, geopolitical events and cyber-attacks, for example. For those used to operating in high-risk environments, this might not feel new, but for others, it requires a structural and cultural shift. **Corporate security functions are often at the heart of their company’s crisis management capability;** three-quarters are responsible or accountable for crisis management and only 1% have no role at all. A majority led their company’s pandemic response, and two-thirds of corporate security functions in companies impacted by the Ukraine war led those crisis management efforts.

**‘Crisis management’ is a required skillset across the whole company.**<sup>7</sup> Business leaders interviewed recognised that CSOs have exceptional crisis management skills and capabilities that can be of wider value.

### Business leaders are adapting to these trends

Most of these trends are not novel, but the scale of change and profundity of impact require business leaders to adapt. They are responding in a number of ways:

- **Increasing their risk appetite.**
- **Shifting locations and supply chains.**
- **Increasing scenario planning.**
- **Bolstering crisis management capability.**
- **Seeking a different kind of leader with strong collaborative skills alongside administrative and financial competence.**

**Corporate security is a critical function in a volatile world. It is a business enabler and contributes to commercial success.**

This report – the culmination of a 12-month research project, involving surveys and interviews with business leaders, CSOs and security experts, and supported by ten multinational corporations – highlights **five critical ways in which corporate security is a business enabler that contributes to commercial success for today’s multinational corporations.**

**1. Corporate security is non-negotiable for commercial success.**

In a volatile, complex, high-risk operating environment, where security risks are rising, **effective corporate security is non-negotiable**, keeping the company safe and enabling business leaders to lean further into risk. Effective corporate security functions excel in 16 core tasks (Box 1) and enhance their value by additionally adopting responsibilities specific to their company, based on sector, geographical footprint, profile, products, and activities.

Box 1

**Corporate security core tasks**

- |                                  |                              |                                |                       |
|----------------------------------|------------------------------|--------------------------------|-----------------------|
| ■ Security audits                | ■ Executive protection       | ■ Investigations               | ■ Business continuity |
| ■ Security assessment            | ■ Insider risk               | ■ Security technology          | ■ Training            |
| ■ Asset protection               | ■ Travel security            | ■ Threat intelligence          | ■ Crisis management   |
| ■ Identity and access management | ■ Global meetings and events | ■ Vetting and/or due diligence | ■ Incident management |

### 2. **Corporate security is an integrator that promotes a unified view of risk.**

Corporate security tends to be one of the company's most effective integrators. **CSOs are leading efforts to promote collaboration across risk functions to provide executives with a more unified view of risk.** Their function contributes across the value chain: as connected specialists, valued interlocutors on activities such as mergers and acquisitions (M&A) and new market entry or exit, and as the company's complex problem solver of first choice. Their ability to perform this integration role depends on vertical integration; CSOs usually sit at ex-comm minus 1 or above, and report into relevant governance bodies.

**“** *In a volatile, complex, high-risk operating environment, where security risks are rising, effective corporate security is non-negotiable.* **”**

### 3. **Corporate security intelligence offers insight to enhance business decision-making.**

Companies that can harness data from across the value chain – including operations, the supply chain, corporate security, business intelligence, and cyber security – will tend to generate nuanced insights to drive better business decisions, allowing executives to lean into risk with greater confidence. Business leaders recognise the value of security intelligence,<sup>8</sup> and effective CSOs look for ways to use it to enhance outcomes across the business, including intelligence-driven decision making, supply-chain visibility, de-risking of product cycles, enhanced visibility of risks around M&A/divestment activities, and stakeholder insights to feed into environmental, social and governance (ESG) efforts. **Companies that fail to harness corporate security intelligence for broader business use leave valuable insight on the table.**

### 4. **Corporate security's external networks provide insight, support and an early-warning system.**

At a time when multinational corporations increasingly place a premium on external networks,<sup>9</sup> business leaders interviewed for this report acknowledged the **importance of corporate security's external network.** It not only delivers security outcomes, it helps leaders to understand what geopolitical trends mean for the company, offers insight, benchmarking and support, and acts as an early warning system. Effective corporate security functions invest in their networks, public-private partnerships, and membership organisations that support professional development, benchmarking and information sharing.

**5. Corporate security's crisis management expertise is business critical and can be used to enhance crisis leadership competency across the business.**

Corporate security functions are at the heart of their company's crisis management capability. As well as applying these skills in response to group-wide crises, CSOs can put them to wider use to enhance crisis leadership capability across the organisation; to **help leaders distinguish between an incident and a crisis, use crisis management procedures to help the business to make quicker decisions, and coach and mentor to develop executive crisis leadership talent.**

### What business leaders need to know: success criteria for an effective CSO

**Delivering the vision for effective corporate security outlined in this report relies on strong partnership between the executive committee and CSO** and support from business leaders to promote the value of corporate security across the organisation, and ensure the function is well-placed and adequately resourced for success. It is dependent on five success criteria for an effective CSO, which should inform C-Suite efforts on CSO recruitment and succession planning, as well as their approaches to risk, resilience and security.

**1. A compelling narrative for corporate security**

Effective CSOs clearly articulate the value of the corporate security function. Their narrative is simple, high-level, emotionally engaging, and memorable, and chimes with the organisation's culture and style. It should be based as much on proactivity, prevention, insight and resilience as on reactivity and crisis response, as important as those things are.

**2. The right kind of corporate security leadership**

Effective CSOs lead with credibility, gravitas, innovation and personal resilience; and have business acumen; collaboration skills; exceptional stakeholder management capabilities; strong external networks; and demonstrable subject matter expertise.

### 3. An innovation mindset

Effective CSOs are always looking for ways to improve; they identify new ways of working – including the use of technology – to increase productivity, generate nuanced insights, share data across the business, reduce costs, and decrease company losses. CSOs require the support of the C-Suite in accessing resources, skills, and the help of technology colleagues.

### 4. A fit-for-purpose talent strategy

Effective CSOs recognise the need to assemble a team with the necessary skills, competencies and management experience:

- They bring in **new skills**, such as data scientists, Six Sigma practitioners, and software engineers, and emphasise business competencies, such as vendor and project management.
- They value **skills that boost collaboration** across the business, such as influencing, communication, and leadership.
- They attract candidates **with a wider range of backgrounds beyond government service** (i.e. military, law enforcement, diplomacy or intelligence).
- They understand the **‘diversity dividend’**,<sup>10</sup> and strive for diversity, equity and inclusion to drive innovation, productivity and enhanced decision making.
- They recognise the importance of clear and structured **career pathways**.

### 5. Adequate resourcing

Effective CSOs secure the support of the C-Suite for adequate resource to provide excellence in core tasks and enable the function to contribute across the value chain. Budgets and headcounts vary considerably between companies, influenced by their respective risk profile, legacy, risk appetite, size, and overall financial position. Effective CSOs right-size their resourcing to the company’s needs.

### C-suite support for the business value of corporate security

**As business leaders grapple with the challenges of doing business in a world characterised by volatility, increased security risks, shifting supply chains, and interconnected risk, the business value of corporate security is heightened.** Effective business leaders reward CSOs who prioritise excellence in core security tasks – their circle of control – and recognise that security is critical for commercial success. In doing so, these CSOs generate opportunities to extend their circle of influence, allowing them to make a much wider contribution across the value chain.

**There is no one-size-fits-all;** companies will need to adapt the model presented in this report according to their sector, geographical footprint, products, activities, and risk appetite, and there are different levels of maturity among corporate security functions. The report focuses on corporate security at multinational corporations; companies with business operations and offices in two or more countries. Although aspects might be relevant for other organisations, they are not the focus of this study.

**Senior leaders who support their CSOs in pursuing this vision will realise the business value of corporate security.**

#### About this report

The full report can be found at:

[www.clarityfactory.com/cso-value](http://www.clarityfactory.com/cso-value)



This report is the culmination of a 12-month research project supported by AstraZeneca, Barclays, CRH, Holcim, ICF, Johnson Matthey, Proman AG, Shell, Sibylline and Sky. It involved interviews with business executives (CEOs, COOs, CFOs, General Counsels, CMOs, CISOs, and other business leaders) and CSOs from multinational corporations; surveys of CSOs and young security professionals; expert interviews; and a thorough review of existing data.

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### About The Clarity Factory

The Clarity Factory is an engine room generating knowledge, insights and practical solutions for our increasingly complex world. We conduct research, produce thought leadership, and consult with clients to help them solve knotty problems and support them as they strive for continual improvement and innovation. We specialise in corporate security, cyber security, and resilience. The Clarity Factory creates clarity from complexity – to enable our clients to thrive.

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