

EUROPEAN EXECUTIVE SALARY SURVEY 2011

A Changing Landscape

Wordcount = 1227

The SSR[®] Executive Profiles annual European Salary Survey provides the indexes on remuneration for the most accurate data on trends and classification of benefits within the enterprise risk environment. Now in their 25th year of business SSR has established one of the most comprehensive databases of security risk practitioners.

Over the past 12 months, applicants have also been posting remuneration details as they relocate or changes to existing pay and benefits.

EU wage inflation is running at 0% - 5%, within most corporations the median is 3%. Executive talent has been rewarded by significant increases in bonus and executive remuneration within the top 3 levels pay grades with basic salaries increasing by up to 25%. The top CSOs mostly qualify for the highest level of corporate bonus pool, over and above their own personal bonus. The average personal bonus paid this year is in the region of 35% - 50% against 20% in 2010. Additionally, the corporate bonus pool can be up to 100% of salary which takes the total remuneration package in excess of £400,000 (" 555,000) .

Working in risk Countries.

For European based organisations most have been budgeting for profitability through continued back office cut backs. Those CSOs that have shown leadership in the process , identifying budget reductions and increasing profitability are now being given larger sways of the business operation to review. As a global retail CEO

offered, for us, EU sales growth will be flat, our loss prevention programme will add £100m to profits this year.

Due diligence is an increasing in-house function that offers competitive advantage and regulatory compliance. Multi-lingual business intelligence analysts are paid in the region of £50k / " 75k per annum with a current wage inflation of 15%. To add to capacity and quality some organisations are off-shoring English intelligence capability to India, where degree educated staff will cost £9k /" 14k per annum.

Business challenges for another CSO , was the aggressive growth agenda of the Board with a stated aim of zero impact on the environment. Sustainability improvements are a top business priority. This is complicated when you consider that consumers of products are probably 60% of the carbon footprint, and direct customers account for just 30%.

Ethical business and sustainability are dashboard indicators. Protest groups are challenging corporations on their sustainable cropping. When did Burger King decide that Palm Oil was no longer sustainable or manufacturers of soaps review their environmental impact on tribal groups? Only once you have had a visit from a protest group, who are sufficiently electronically sophisticated to disrupt if not highlight over the internet such practices.

This is worrying in a face paced consumer market. Facebook sponsored sites, in-company social / life style sites backed up by your own YOUTUBE tv channel can have up to 2m members. As a route to market this is the way to launch and refresh

new products and services. In many countries this will be a marketing activity unsupported by the security programme, even though such channels have a balance sheet worth of billions of euro.

If the purpose of security is to promote and protect (the insurance policy) then to drive due diligence at a time of M&A activity can be imperative especially in developing regions. Growth for mature business cannot be organic, you need strategic M&A activity to grab markets.

However, your success will only be achieved through C-Suite top down support, who understands risk specifics. In the UK the National Fraud Authority has estimated fraud to be currently £35bn per annum with a sizable increasing organised crime element. The review of business costs during recession in some organisations has exposed levels of fraud that hitherto have been unreported. As one CSO remarked, ~~£~~Silo operations have hidden their fraud losses. We have now convinced our CEO that when measured on the likelihood of criminal operations against our companies we could be losing £350m a year. For the first time the security functions are being fully resourced and we have greater impact on how audit and testing are undertaken.

Making a Difference

Inter-operable capability is certainly seen as a business requirement, 40% of respondents have in the past 2 years reinvented processes throughout their business that have a more business orientated agenda.

30% of respondents now have increased oversight in compliance and audit through embedding a security leader in the relevant function.

57% of respondents now have oversight through legal council for all IP protection.

Data Leaks and Intelligence

Data leaks anywhere in the world can be calamitous for brand and reputation. This is a general security risk which needs solutions from IT and the physical generalist. Be your loss through stealing disks or data dumping in a non friendly legislative region, this is the stuff of nightmares for CEOs.

Where the security function has assimilated the broader areas of enterprise risk, there is an internal recognition that security is at the heart of the business. Basics are providing geopolitical intelligence, looking at high risk social economies, supporting business whilst ensuring to those with criminal intent, that you are the last choice for the criminal.

Organised criminal gangs have an easier time ripping off company accounts than knocking off the payroll run. In Birmingham, UK a DJ¹ is alleged to have recorded 20 of his own songs, then had them registered on Amazon and iTunes. His 10 accomplices then stole 1,500 credit cards downloaded the songs earning £496,000 in royalties.

¹ KPMG Report on Fraud 2011

Bribery Act

The challenge post June 2011 may be acting under the UK Bribery Act if your business is headquartered or in fact if you have a registered subsidiary operating in the UK. For the first time there is requirement for companies to demonstrate their procedures and actions to eradicate bribery. Mr Vivian Robinson QC and General Council to the Serious Fraud Office is unrepentant as he sees the Act as the most Draconian anti corruption regulation in the world. Stronger than the FCPA, with more liabilities for the corporation

Most corporations are sceptical about the SFO advice on self reporting and critical of the lack of guidance for facilitation, marketing and promotion payments. As one CSO remarked, A badly written law by civil servants without any knowledge of the outside world. Everyone was supportive of the anti corruption intent of the law, but there is clearly guidance required (hence the Act's continued delay until May for Government guidance to be forthcoming).

Mr Robinson assures businesses operating in UK protectorates and legislative areas that the SFO will be proportionate but considers the Bribery Act opens up a corporation to being charged for the actions of agents.

From research undertaken² 60% of firms are not yet fully compliant with the Bribery Act, and 25% of firms will not self report until they have investigated a report of bribery themselves.

² Transparency International

With so much defining today's CSO he or she is certainly not the corporate cop. As several agree, embed your assets in operating company budgets. Control the output and you get excellent relations with the country or regional directors if they feel they can control the security budget.

One of our CSOs stated %with so many risks and liabilities, with shareholder values to protect, security has to be an indicator on the corporation's dashboard. If you do not have visibility there then your messaging will be lost . and so are you.+

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