



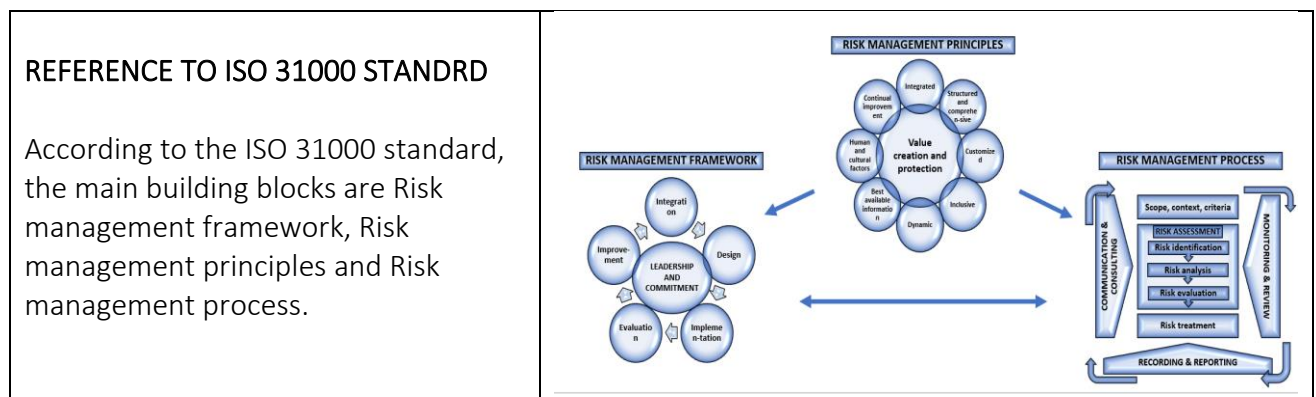
EXERCISE FOR SECURITY STUDENTS

Security Risk Management Cycle based on ISO 31000

AUTHOR: Lambert Bambach

BACKGROUND:

Building a sustainable approach of Security Risk Management requires a thorough comprehension of the building blocks of the ISO 31000:2018. Depending on the context and goals of an organisation, is started with one of the building blocks to realize security risk management. The most applicable building block should be chosen for that individual case.



GOAL OF THIS EXERCISE:

Students will familiarise themselves with the building blocks from the IEC 31000:2018 standard, using three cases, on the basis of which they must indicate substantiated: Where do you start in the Security Risk Management Cycle based on ISO 31000? Why do you start there? What are you going to do? Who will be your allies?

TASK DESCRIPTION FOR STUDENTS:

- 1.** Form groups as instructed by teacher
- 2.** Each group is given three cases to work on
- 3.** Under guidance from teacher, define where do you start in the Security Risk Management Cycle based on ISO 31000? Why do you start there? What are you going to do? Who will be your allies?
- 4.** Familiarize yourself with the building blocks of your choice which you start with and write down the results of your choice for approach, concerning Where do you start in the Security Risk Management Cycle based on ISO 31000? Why do you start there? What are you going to do? Who will be your allies?
- 5.** Prepare a short presentation for your fellow students in the other groups about the results of your choice for approach, concerning: Where do you start in the Security Risk Management Cycle based on ISO 31000? Why do you start there? What are you going to do? Who will be your allies?
- 6.** Present your presentation for your fellow students in the other groups.
- 7.** Listen the presentations of the fellow students. After each presentation discuss 2 minutes with your group if their approach of the cases would have been applicable for you too. Share your thoughts with the class in your turn. Would your approach per case been different knowing due to the new insides given by the other group(s)?
- 8.** After all presentations discuss in your group which of the presented approaches would be best for each case. Share your thoughts with the class.

TASK DESCRIPTION FOR TEACHER / TRAINER:

- 1.** Before class, estimate the number of students and how many groups of approximately four students they would form. Decide on any method you prefer to assign them.
- 2.** Before class, for each group should have a copy of the ISO 31000: 2018; a copy of the case and have read the best practice article Implementing Security Risk Management for an organization operating as an electricity grid manager in de vital infrastructure
- 3.** Optionally:
 - If you wish the exercise to be carried out in a physical location, make sure you have access and proper facilities within it. You may also want to divide the facilities for the groups beforehand.
- 4.** In class, assign students into groups of approximately four students.
- 5.** Instruct students to familiarize themselves with the ISO 31000:2018; The Case; The article and handout.
- 6.** Instruct students to write down the results of their choice for approach this can be done on e.g., post-it notes, on the whiteboard, PowerPoint presentation, in an online environment,

etc. Instruct students to prepare to present their results to their fellow students. You can decide the delivery method of the presentation. It is recommended to limit the presentation to max. 5 minutes.

- 9.** While the students discuss their approach, write down their choice for the approach and prepare their presentation on: Where do you start in the Security Risk Management Cycle based on ISO 31000? Why do you start there? What are you going to do? Who will be your allies? Your task is to facilitate their work and assist if they have questions.
- 7.** Instruct students to present their short presentation for their fellow students in the other groups about the results of your choice for approach, concerning: Where do you start in the Security Risk Management Cycle based on ISO 31000? Why do you start there? What are you going to do? Who will be your allies?
- 8.** During presentations, make sure to chair the discussion and keep the groups within the given schedule. The process is as follows:
 - Approx. max. 10 minutes for one group presentation
 - After each presentation groups should discuss 2 minutes within their groups if the presented method would have been applicable for their target.
 - Groups are encouraged to share their thoughts with the class. The key question is: would the choice for approach give you different results?
- 9.** After all presentations, lead all students in a discussion of which of the presented approach would be best for their target.

ADDITIONAL SKILLS THAT THE STUDENT ACQUIRES THROUGH THIS ASSIGNMENT:

- Working in a group
- Working under time pressure
- Giving presentation and arguing their case
- Comparison skills and critical thinking

CASE SECURITY RISK MANAGEMENT AND THE ADMINISTRATIVE ORGANIZATION

The Logistic Organization

Direction

THE LOGISTIC ORGANIZATION has 14 physical shops (the 'shops'), a webshop and one national distribution centre warehouse. THE LOGISTIC ORGANIZATION has a turnover of € 370,000,000 per year, of which € 270,000,000 for the physical shops and € 100,000,000 for the web shop. THE LOGISTIC ORGANIZATION's position in the market is as strong as its relationship with its customers. The long-term relationship with customers is therefore central to its strategy.

Vision

- Customer experience
- Customer centred

Mission

- Empathy (feeling): THE LOGISTIC ORGANIZATION knows the individual needs of the customer.
- Expertise (knowing): THE LOGISTIC ORGANIZATION has the knowledge to meet the individual needs of the customers.
- Experience (can): THE LOGISTIC ORGANIZATION introduces you to the best electronic products

Values

- Customer first
- Do what you say
- Realizing ideas
- Always better

Promises

- Better for the customer
- Better for the employee
- Better for the environment

Business model

- Lower costs
- Strong brands
- Wide range of products

Strategic pillars

- Strong customer loyalty
- Broadening of the range of products available
- Online sales
- Attractive products
- Corporate responsibility
- Good for our people

Ambition

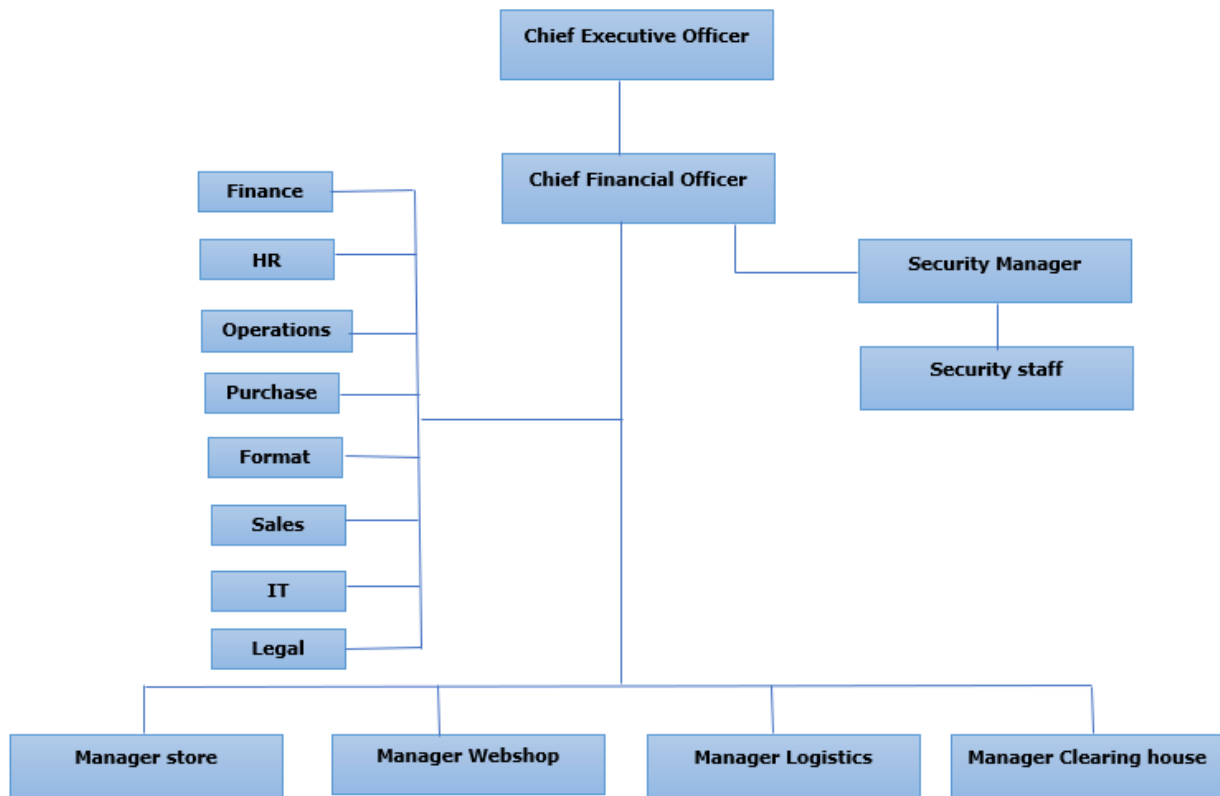
- Always better
- Growth in turnover and profit
- Reduction of losses and costs through better control of primary processes

The service level of THE LOGISTIC ORGANIZATION is high. Short delivery times and lowest price including service ensure that THE LOGISTIC ORGANIZATION looks closely at the contribution that products make to profit.

Developments

- Stock is kept to a minimum. Measurability is essential, whether it's advertising campaigns, inventory control or loss prevention;
- The LOGISTIC ORGANIZATION also aims to introduce self-scan of articles to increase convenience for the customer;
- In addition, THE LOGISTIC ORGANIZATION wishes to achieve a growth in profits by increasing online sales;
- In shop and online, the same price applies. If a consumer can order the desired product cheaper elsewhere, THE LOGISTIC ORGANIZATION will deliver it at that same price. In this way, THE LOGISTIC ORGANIZATION prevents customers from delaying their buying decision;
- THE LOGISTIC ORGANIZATION delivers within 24 hours after ordering the products;
- THE LOGISTIC ORGANIZATION is currently developing THE LOGISTIC ORGANIZATION -Smart. From these smaller hubs in shopping centres, the electronics chain aims to experiment with express delivery. The Smart shops will be located in larger shopping centres where customers can go for a smaller range of products and advice. In the Smart hubs, omnichannel is becoming the norm. Via invisible walls in the shop, customers can check whether a product is available, what it looks like and place orders. As a vision for the future, THE LOGISTIC ORGANIZATION sees that these orders are delivered to the customer's home the same day.

Arrangement



Organization chart of THE LOGISTIC ORGANIZATION

Managers shops, web shop, logistics and distribution centre warehouse

As far as is known, the managers have no substantive tasks and responsibilities in the field of security, but are responsible for the management of the employees in the field of safety in the shops, the web shop and the distribution centre warehouse.

Manager support departments

As far as is known, the managers of the Finance, Operations, Purchasing, Format, Sales, IT, Legal departments have no substantive tasks and responsibilities in the field of security, but are responsible for managing the employees in their department.

Security

Security is organized at a central level. Security is a staff service. As far as is known, the Chief Financial Officer has no substantive tasks and responsibilities in the field of security, but is still accountable for the Security department and managing the head of the Security. reports to the Chief Executive Officer. The budget of the Security department is set at group level. Every organizational unit of THE LOGISTIC ORGANIZATION can call on the Security department when it deems it necessary. Expenses for investments and costs of maintenance are borne by the THE LOGISTIC ORGANIZATION.

Security Manager

- The Security Manager is responsible for managing, planning and leading the implementation of the security arrangement. This arrangement was developed at the head office, the risk classification process is part of this. In addition, the head of the security department and his department support the national and local management by performing tasks such as conducting investigations, security audits and ensuring that the shops, the web shop and the distribution centre warehouse comply with the legal regulations. In addition, the manager oversees THE LOGISTIC ORGANIZATION security standard, instructions, guidelines, etc.

Security staff

Employees of the Security department perform the following tasks:

- Supporting operational management in the field of security;
- Assisting in preparation for audits (internal assessments, investigations) and supporting in the follow-up and measures;
- Collecting details of incidents and reporting them to local management;
- Supporting in investigations into internal fraud;
- Evaluating industry information and discovering threats;
- Implementing THE LOGISTIC ORGANIZATION security standard, instructions, guidelines, etc. in collaboration with the Security Manager;
- Checking installed physical security equipment for possible defects or malfunctions;
- Providing general security information and the Security Awareness For Employees (SAFE) training, and providing this training for local staff;
- Reporting the results of these activities to the head of the Security department;
- Making risk analyses and adjusting measures accordingly;

The Security department is responsible for:

- Background checks of new employees and contractors;
- Risk inventory & evaluation (work processes, security);
- Management of the external security guards;
- Toolbox meetings on risks;
- Access control;
- Camera surveillance;
- Incident investigation;
- Business continuity planning;
- Risk management;
- Organizing workshops on awareness, insider threat etc.

Shops, web shop, distribution centre warehouse

The current THE LOGISTIC ORGANIZATION consists of 14 shops, a web shop and a distribution centre warehouse which are connected by a logistics process.

THE LOGISTIC ORGANIZATION has its own shops and a franchise formula. Franchisees pay for the use of the formula. For these own shops and franchisees, THE LOGISTIC ORGANIZATION arranges central purchasing, distribution centre warehouse, logistics process, publicity, maintenance, security and the web shop. The franchisee arranges personnel matters, opening hours, shop location, insurance, etc.

The shops

THE LOGISTIC ORGANIZATION has 14 shops. The shops are high end consumer products retailers. The process in the shop is characterized by inbound, storage and removal of products. The flow rate of the goods is tracked by registering old and expired products and products that are still in stock in the shop and which need to be reordered. The shops are supplied once a week. The shops have a mixed assortment. All products are for sale in all shops and are in approximately the same place in all shops. The promotions that the shop has in certain weeks of the year are placed in the headlines of the shop. THE LOGISTIC ORGANIZATION uses an app, a loyalty card and Wi-Fi tracking of customers in the shop.

Shop

THE LOGISTIC ORGANIZATION believes in full integration of offline and online. By integrating the web shop and the physical shops, the products can reach the customer quickly at a competitive price, with personal service. In addition, there are internet-only products.

Distribution centre warehouse

From the distribution centre warehouse, deliveries are made once a week to the shops of THE LOGISTIC ORGANIZATION. In principle, the goods purchased via the web shop are delivered directly from the distribution centre warehouse to the customer. If the customers want to pick up the goods ordered online in the shop, they will be delivered to the shops via the distribution centre warehouse. Those orders are delivered to the shops daily by an external distributor. Just like in the shops, the process in the distribution centre warehouse is characterized by inbound, storage and removal of products. In the distribution centre warehouse, pallets are 'picked' and prepared for transport. This complete process requires good cooperation between, among other things, the shops, the web shop and the distribution centre warehouse with goods receipt (*inbound*) and goods distribution (*outbound*).

Logistics

The shops all have their own stock. To maintain the stock in the shops, three systems are used, namely: SAP, POSFlow and TIB.

To manage the stock, THE LOGISTIC ORGANIZATION uses SAP. SAP is an ERP program with which THE LOGISTIC ORGANIZATION manages all goods flows. All items are recorded in SAP, including the specifications and the purchase, transfer and sales prices.

SAP is linked to POSFlow, the POS system of THE LOGISTIC ORGANIZATION. The POS system makes it possible to process sold goods without delay.

SAP determines on the basis of sales how much need there is for a certain product.

External actors

Two external parties are involved in the ordering and return process: CEVA and DHL

CEVA is one of the world's largest supply chain management companies. CEVA has agreements with THE LOGISTIC ORGANIZATION regarding the storage, shipping and receipt of goods.

DHL is the transport company that transports all goods for THE LOGISTIC ORGANIZATION. The security manager maintains good contacts with fellow security managers of similar logistics organizations. The security department also has good contact with the national police.

Stock

The Purchasing department determines how much stock should be present in each shop. This way of ordering connects to the Internet of Things (IoT), which means that objects connected to the internet communicate with each other and automatically start a process. The IoT is becoming increasingly important for logistics.

THE LOGISTIC ORGANIZATION has two important processes in the supply chain, namely the automatic ordering process and the return process.

The automatic ordering process

The process by which products are automatically ordered by SAP to maintain stock is also called the automatic ordering process. SAP analyzes the sales data and determines the optimal order moment and the optimal order quantity. The moment SAP detects that there are not enough items in stock in a shop, SAP automatically creates an order for the shop in question. POSFlow provides and SAP with the sales data, so that the stock can be monitored.

The return process

In addition to the automatic ordering process, there is the return process. Every Monday a Return Merchandise Authorization (RMA) is created in the shop. An RMA consists of mandatory returns and Death On Arrival (DOA). Dead on Arrival is a term which indicates that an item or merchandise received by a buyer was found defective or broken on arrival. After creating the RMA, DHL picks up the order and sends it to DHL. There, the products are returned to the third party or shop in the warehouse.

Direct deliveries by producers

The automatic ordering process supports the supply of 60% of the shops from the distribution centre warehouse. The supply of the remaining 40% of the shops is provided by producers of goods with which THE LOGISTIC ORGANIZATION has concluded a contract. The representatives of these producers themselves go to the shops to inspect and fill the shelves of their products. In addition, they may replenish stocks if the branch needs them. The shops do not check the content of the delivery, they may supplement the shelves with stock that the representatives have delivered there. Employees of the shop sign on the packing slip for receipt of the goods and enter the items into SAP. The same products can also be delivered via the distribution centre warehouse with the same barcode.

In-shop delivery and pick-up

The DHL courier will park their van as close to the shop as possible. They then unload the necessary goods. The moment they enter the shop, everything is recorded by the cameras. The DHL employee walks to an employee of the shop and they then go to the back office to pick up the goods that need to be collected by the courier.

CASES

CASE I

The Financial Director's view on security

Security is a staff service. Due to the 'feel good' character of the shops, the security measures must not disrupt the customer experience. Customers must be able to touch the products, even when it comes to attractive products that would be in a display case at other shops. The director expects shop employees to also play a role in shop security when it comes to being alert to deviant customer behavior, or signaling shoplifting.

In the primary process, a more proactive attitude is expected of the security department: not waiting for an incident to occur, but converting warning signals into preventive action. To this end, it is necessary for the security department to work more information-driven with key performance indicators based on available internal and external information sources.

CASE II

Security policy

Security lacks direction, due to the absence of a clear mission, vision and strategy with regard to security. There is also no policy plan or business objective with regard to security. Due to the lack of security policy, the organization is unable to effectively manage its risks and protect itself against crime. As there is a lack of direction and taking security responsibilities at management level, a reflection of this behaviour has manifested within the operation. This behaviour translates to the fact that employees and managers do not behave in accordance with the rules and procedures and are not aware of the risks they cause.

Case III

Risk inventory

There is no security-oriented risk inventory. The organization monitors its risks with the security audit. However, this instrument does not provide specific information on the nature and extent of risks. This means that no analysis has been made of the threats and what damage they can cause to THE LOGISTIC ORGANIZATION.

There is also no method by which external information and knowledge are inventoried, analyzed and translated into policy. For example, there is a lack of a method with which information or research about crime in the retail sector is translated into security policy. This creates a gap between the development in the field and the position of THE LOGISTIC ORGANIZATION in the field of security.

Due to the lack of an extensive process of a threat and risk inventory, the organization is unable to effectively align security measures with the security risks that the organization runs. The risk inventory is currently not leading when making choices for security measures. Lastly, there is a lack of a complete record of regular inspections and observations.