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Delivering Meaningful Metrics

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If security continues to mature as a business function, senior management will likely ask for a set of metrics to measure performance. Security leaders should prepare meaningful metrics that inform management and improve security effectiveness.

The Security Executive Council's Next Generation Security Leader (NGSL) program explored the development and communication of meaningful metrics, presenting questions security leaders should ask as they identify and convey appropriate security metrics.

Are Your Metrics Tied to Business Goals?

"Metrics should help us make better decisions," said Greg Niehaus, Ph.D., from the Darla Moore School of Business, University of South Carolina. "A good decision is one that furthers the organization's goals.

Metrics should ultimately tie back to organizational objectives. Creating value is an important goal for most companies, so metrics should address that."

Do Your Metrics Show Value by Measuring Avoided Costs?

Because security's value is often associated with what doesn't happen, it's important to estimate the cost avoided by mitigating events. The Boeing Company's security metrics team incorporated historical data and law enforcement statistics to develop a metric on the value of background screening.

"Certain offenses discovered in our screening process will bar applicants from being hired," explains Dave Komendat, VP and CSO at Boeing. "We know how many applicants are rejected each year on this basis and for what offenses. And we know the rates of recidivism for those offenses. So, if we reject 200 people a year because they have a theft background, we know from recidivism rates that if we'd hired those people, statistically speaking, 55 percent or 105 of them would potentially steal within a three-year period. We also know from statistics what the average cost of that theft would be in terms of lost assets, investigative costs, etc. So, this allows us to demonstrate the range of cost avoidance we create on the program."

Do You Collect Both Forward- And Backward-Looking Metrics?

Some metrics look ahead to facilitate decision making, and others look backward to assess performance, said Niehaus, and these metrics are interrelated and equally important. "If you're going to invest in a system to reduce fraud," he says, "you'd like to know how much fraud to expect in years coming if you continue as is. In addition, you'd want to know how an investment in a new system would reduce frequency or severity of fraud. To build these two metrics, you have to look back at past data on fraud in order to forecast the expected frequency in the future."

Do Metrics Measure Direct and Indirect Impacts?

If metrics deal with recent or projected negative events, consider direct and indirect impacts. Direct losses of a crisis include lost wages, healthcare and response costs, and costs of lost sales or services. Indirect losses such as reputational damage increase the cost of a crisis by millions of dollars.



Are You Creating Metrics with Other Functions?

Discussing metrics with the leaders of other business functions can tell you what to measure and where value can be found. It can also give you access to more data. Your legal or corporate insurance department could prove very useful in measuring and communicating costs of negative events.

Do Your Metrics Tell a Story?

“The data you need is out there. It’s all over the place,” says George Campbell, Security Executive Council emeritus faculty. “How are you using it to tell the value story? Do a current-state assessment of the data you have. Are you just counting things, or do the metrics you’re using actually enable learning? Activity reports, incident reports, lists – they’re not working for you until you put them in learning mode. What are they telling you about results?”

“We live in times of scarce resources,” says Campbell, “and this means somebody’s measurements are going to be imposed on us. Do you want those measurements to come from you or from someone who knows nothing about security?”

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