

GUARDSMARK®

THE MARKET

From the ongoing threat of terrorist attack to more commonplace risks of theft and workplace violence, the need for effective security preparedness has never been greater. While the U.S. government and many sophisticated companies are facing this threat with decisive action, a prevailing sense of complacency pervades much of the private sector. In fact, security spending in general has fallen below pre-September 11, 2001, levels in most areas.

According to the most recent report from the Federal Bureau of Investigation, approximately 11.9 million crimes were committed in 2002, ranging from assault and burglary to rape and murder. That represents at least one crime every 2.7 seconds. Eighty-eight percent of the 2002 crimes committed were crimes against property; 12 percent were violent crimes. The total value of stolen property reached \$16.6 billion.

Reliable security has never been more important. But trying to find the right security firm can be largely problematic, given that the market for security is heavily splintered, with over 13,000 “mom and pop” companies across the United States that operate with no clear standards. Foreign conglomerates have acquired many of the larger-sized security firms.

Guardsmark, one of the world’s largest security services organizations, has consistently set the highest standards of professionalism in the security industry for more than 40 years. Under the same leadership since its inception in 1963, Guardsmark brings integrity and unmatched experience to the security market by establishing the most rigorous employment processes, providing above-market employee compensation and benefits, and strictly following a detailed ethics policy.

ACHIEVEMENTS

Guardsmark believes that reliable and effective security begins with a set of common standards and ethical practices. The company has become one of the most recognized names in private security, with 18,000 employees in 150 offices, serving clients in more than 400 cities throughout North America. Its reputation for sustained excellence stems from the company’s ability to provide professional, well-trained security officers who abide by strict ethical guidelines and perform a wide



range of services. Strong client relationships, some of which have lasted for decades, have turned Guardsmark into a half-billion-dollar company, with consistent double-digit annual revenue increases that are driven wholly by organic growth, not acquisitions or mergers.

Guardsmark sustains one of the lowest incident levels of any security organization, including the police and the FBI, by bringing a seriousness of purpose to management’s approach to security. The company’s rigorous selection and screening process, including extensive background checks and ongoing drug testing, isn’t simply the toughest in private security; the employment standards of Guardsmark exceed many police and government organizations. Only one in 50 candidates is chosen, and Guardsmark has one of the lowest employee turnover rates in the industry — less than 25 percent of estimated industry averages. Security officers at Guardsmark develop careers at the firm, not transitional jobs.



A renewed focus on corporate ethics has prompted positive changes within the business community — embodied by the Sarbanes-Oxley Act, which was enacted to improve corporate governance and accountability. This trend has the support of Guardsmark, which has demonstrated a dedication to ethics since its founding and has maintained a formal ethics

code for more than 25 years. The company’s detailed Code of Ethics helps to ensure that team members adhere to principled business conduct and an unparalleled commitment to offering the best security, regardless of profit motivation. That’s why Guardsmark withdrew from airport security in 1988, believing that the airlines were not committed to supporting airline security. As a result of this dedication to ethics, Guardsmark received the American Business Ethics Award and the 2002 Corporate Citizenship Award from the Committee for Economic Development. The Guardsmark ethics program has also been featured in several books, including *Ethics Matters* and *Eighty Exemplary Ethics Statements*.

Guardsmark is the only security services firm to receive ISO 9001: 2000 registration at one of its U.S. headquarters and at branch offices representing every region of the company. This mark of quality assurance recognizes select firms that adhere to a top-quality control system with a detailed and effective workflow. In his bestseller *Liberation Management*, management expert Tom Peters praised Guardsmark as the “Tiffany’s of the security business,” and in his recent book *Re-imagine!* Peters cited Guardsmark as an exemplary professional service firm. The *New York Times* editorially praised Guardsmark in 1982, and *Time* magazine described Guardsmark in 1992 as “the best national firm in the business.”



HISTORY

Following the end of World War II, demand for proprietary security services began to grow, particularly in the aerospace and defense industries. At that time, security meant employing a static “night watchman” — an often-unskilled person who simply provided “presence” and qualified companies for discounted insurance rates. The typical security guard was passive, untrained, and in many cases unnecessarily armed.

In the early 1960s, a young Ira Lipman witnessed firsthand the need for high-quality security service while selling the investigative services of his father, Mark Lipman. At the age of 21, Ira Lipman created the concept of Guardsmark: a name that combined the nature of the business (protection services) with “mark,” which not only honored his father, but also carried the connotation of quality and excellence.

In July 1963, Mr. Lipman turned his dream of a professional security service company based on quality and ethics into a reality. Ira Lipman started Guardsmark with limited assets — a small amount of borrowed money, and his entrepreneurial energy and vision — but it was enough to launch one of the great success stories in American business.

THE PRODUCT

Guardsmark creates and implements custom-tailored security programs for clients in a wide range of industries and settings, from corporate headquarters and high-technology facilities to manufacturing plants, research and development centers, office buildings, hospitals, campuses, museums, and foundations. These sophisticated plans address a multitude of needs, from access control and perimeter security to terrorism and workplace violence prevention — all with the overall goal of ensuring employee safety and business continuity.

Guardsmark security officers are the best in the industry because Guardsmark has set the highest standards in screening, selection, education, and compensation. The Guardsmark selection process involves an extensive background investigation that includes a 40-page application, personal interviews, a criminal records check, numerous references, and investigations into military service, driving records, and educational attainment. All Guardsmark employees are initially tested for twice the number of illegal drugs as government employees and are subject to ongoing random drug testing.

In addition to an initial, industry-leading learning and development process that includes specialized classroom sessions, the Guardsmark curriculum includes documented monthly learning and development lessons, and access to the company's library of CD-ROMs, which address topics such as diversity, workplace violence, and biological and chemical warfare. The emphasis on education doesn't end with security. Guardsmark employees are also offered a tuition assistance program. Approximately 30 percent of the company's security officers have attended college, prompting an industry-leading trade journal to cite Guardsmark as having "the best-educated workforce." Further demonstrating the firm's commitment to higher learning, the company recently established the Guardsmark Professorship at the Wharton School at the University of Pennsylvania.

Guardsmark clients gain access to a wide range of expertise, from proprietary conversion specialists to former counterterrorism agents. The company's service offerings include:

- *The Risk Assessment Division*, which surveys client security needs and identifies existing vulnerabilities. Guardsmark experts recommend and implement an innovative plan for enhancing security, giving the organization a comprehensive strategy to guide their overall protection program.
- *The Worldwide Executive Protection Division*, which designs and provides protective services

for executives, their homes, their families, and the human assets of their companies. The division offers comprehensive service in the workplace, in transit, and at executive residences, giving guidance in managing daily routines, direct threat situations, and special events.

- *The Mark Lipman Division*, which provides highly regarded backgrounding services. In addition, skilled professionals investigate employee theft, fraud, workers' compensation abuse, and drugs in the workplace.

RECENT DEVELOPMENTS

In the weeks preceding the war in Iraq, Guardsmark commissioned a survey to assess Americans' attitudes toward safety and security. Conducted by the respected marketing research firm Penn, Schoen & Berland Associates, the study confirmed that businesses throughout the United States have become complacent and remain unprepared to manage an assault of the magnitude experienced on September 11, 2001. Seventy percent of security professionals interviewed and 54 percent of the general public indicated that their companies remained "very complacent" about the importance of good security.

To combat this alarming trend, Guardsmark remains on the cutting edge of security-related innovations and developments that pertain to anti-terrorism procedures and computer security, among other areas. That's why Guardsmark senior management includes dozens of retired top officials from the FBI, with experience in security countermeasures, counterterrorism, and military operations.

PROMOTION

Guardsmark is committed to dispelling the myth of security as a "commodity." The company continually seeks value for the customer that saves reputation,

prevents loss of life, and manages crises. Guardsmark security officers provide sophisticated services that offer added value and enable clients to focus on their core business operations. In fulfilling these responsibilities, Guardsmark security professionals have averted costly problems for clients and have performed life-saving acts on many occasions.

The Lipman Report®, a management-level newsletter, has provided cutting-edge intelligence since November 1977. Each edition addresses a specific security threat, including terrorism, workplace violence, computer security, crime trends, drugs in the workplace, and theft, fraud, and embezzlement.

Guardsmark also stands out with high-quality, informative advertisements in major, national publications that reflect an uncompromising focus on ethical standards and seriousness of purpose. But the company firmly believes that it's one



thing to say the right things about security; it's another to implement them. Guardsmark has built solid partnerships with its clients by developing meaningful security solutions that work.

BRAND VALUES

The Guardsmark motto — "Truth, Courage, Judgement" — is the cornerstone of the company's value system. Guardsmark has maintained a steadfast commitment to quality and principle that's evident in the faces of Guardsmark security officers, management, and executive leadership.

Guardsmark has been a pioneer in employing and promoting team members from diverse backgrounds. The company and its founder share a documented history of taking courageous stands on championing human rights and encouraging diversity. But above all else, Guardsmark is relentlessly focused on developing dedicated, highly educated, and motivated security professionals.



THINGS YOU DIDN'T KNOW ABOUT GUARDSMARK

- Guardsmark is the largest employer of former FBI agents in the world.
- *The New York Times* editorially praised Guardsmark for reducing the number of unnecessarily armed security officers, an action that cost the company a significant amount of business at the time.
- Guardsmark offers free individual health coverage to 100 percent of its full-time security officers.
- As a high school senior in Little Rock, CEO Ira Lipman publicly denounced segregation at Central High School, which became integrated with the matriculation of the "Little Rock Nine."
- Mr. Lipman's role in the desegregation crisis led to a friendship with NBC news legend John Chancellor. In 1995, he established the John Chancellor Award for Excellence in Journalism to honor his hero.