



How To Operate A Professional Security Company

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How to Operate a Professional Security Company

A comprehensive guide for day to day operations

Introduction:

I once read a quote that captured my interest. It was written by Gilbert Chesterton, and it went something like this; "I owe my success to having listened respectfully to the very best advice and then going away and doing the exact opposite." This book is a compilation of doing the opposite and achieving the measurable results that I had aimed for. My name is Michael Evans. I am currently the Chief Executive Officer of USPA Nationwide Security and President and CEO of startasecuritycompany.com. About 15 years ago I had a dream of working in law enforcement. Becoming a police officer was truly an uphill battle for me. I had a juvenile misdemeanor record for breaking a window when I was sixteen years old. I was told, "No" by many law enforcement agencies because of the arrest. I can remember flying around the country, taking civil service tests, scoring highly on the list, and then having a background investigator push me to withdraw from the process. There is one specific interview with a prospective employer of an unnamed police department who took me outside of his office, and told me, "You're not cut out for law enforcement, it's not in your future." He then told me, "Kid, take this advice, it's the best advice you're going to get... you'll never be a cop." In doing the exact opposite of this "best advice", I've achieved several law enforcement positions, including police officer, made over 1000 arrests, received 15 awards, and attained college degrees with honors and built a multi-million dollar security business. So if you're ready to make the strides that so many people are going to tell you are impossible, find a quiet place, get yourself something to drink and let's begin.

Getting Started:

This chapter is geared toward the brand new company owner, or prospective owner. If you are already in business, you may want to skip this chapter and go directly to chapter two. Even a seasoned security business owner may learn something here.

My phone rings everyday with a lot of excellent questions from new security company owners. I am going to try and use those questions as the basis for this chapter. So, you're thinking about going into the security business. You talk to some of your coworkers and they tell you horror stories of high priced bonds and ridiculous insurance requirements, expensive overhead etc... The list goes on and on. I, too, have heard those comments. One of my closest friends gave me some "good advice" and told me to *forget it*. You know what I did...

License, Bond and Insurance

Most jurisdictions within the United States have a governing body that regulates the security and private investigative industry. Commonly referred to as Security Guard Company, Private Patrol Operator, Private Detective or Watch Guard or Patrol Agency, the industry is regulated now, more than ever; for good reason I might add. You can go to our website to get detailed contact information for each state's governing body, if any, for every jurisdiction within the United States of America. Most jurisdictions will require a license to operate the company. The license requirements vary from place to place, but you can usually count on an experience requirement along with a test and a background investigation. Licensees are usually required to be bonded. The bond that most states require is called a license bond. This bond is usually in the amount of \$10,000 to \$100,000, with most states in the \$10,000 range. The cost for a bond of this nature is a shockingly low \$125 to \$225 for a 2-year license bond. A huge mistake of new company owners is that they approach their local insurance provider or their auto insurance provider for a quote on a license bond. The local insurance agent has no clue about the industry, and you get an outrageous quote of \$5000 for the bond with a credit check etc... Go directly to www.mechanicgoup.com and fill out the one page application yourself. I can almost

guarantee you that a \$10,000 license bond is less than \$200. The turnaround time to get bonded is about 1 day. Call Michelle Scrobanovich at (800) 214-0207 for your bonding needs. Tell her that Mike Evans sent you.

Next, you may be required to have in full force and effect, a General Liability Policy. Each jurisdiction varies in the coverage required; however, please know that larger buyers and government contracts will require a minimum of \$1,000,000 per occurrence and \$2,000,000 aggregate. There are special coverage's needed for this industry, so please do not waste your time calling Allstate or Met-Life for your general liability policy. Some of the special coverage's I am referring to are: false arrest, false imprisonment, assault, negligence and so on. Call Pat Schnell for your general liability needs. She can be reached at the same number as Michelle (written above). If your company is newly established, your application will be based upon projected payroll. This process can be a bit tricky if you are not up to speed on what the underwriters are looking for. I know that many new owners look at their business plan's projections for the first year and try to form some type of payroll projection from that. My advice is to be honest with yourself and don't *over project*. As you will see from year to year, your insurance rates are based upon your actual payroll (once you have some). So don't overdo it in your first year. If you are not walking into a contract that has been set aside for you, then a normal projection of \$30,000 is acceptable by industry standards. You may not have \$30,000 in payroll in your first year, but you are covered by what is referred to a *minimum policy*. If you have sufficient law enforcement background, the policy should run you approximately \$2800. If you lack the law enforcement background, you are looking at approximately \$3500 to \$4000 for your first year. You can pay all at once or make installment payments, without a credit check (if you use the Mechanic Group).

For prospective company owners, you can find more information regarding licenses, bonds, insurance and legal start up filings in our, "How to Start a Security Company" eBook. The remainder of this book will be geared toward the existing company owners.

What You Need to Operate Your Company

"If you have a task to perform and are vitally interested in it, excited and challenged by it, then you will exert maximum energy. But in the excitement, the pain of fatigue dissipates, and the exuberance of what you hope to achieve overcomes the weariness." -Jimmy Carter

Office space: In other eBooks I describe a virtual office option. Whether you are utilizing a virtual office or not, you will need actual office space to work in. The office should contain the following necessary items:

1. A high speed computer with internet access
2. A printer, fax, copy, scanner (can be a combination machine)
3. A Filing Cabinet
4. Case Folders (Letter Size, 2" capacity with double fasteners and 4 dividers)
5. Pens, paper, white out, note pad and a double hole puncher
6. A decent shredder
7. CD-R Disks
8. A black permanent magic marker
9. Business Cards, Letterhead and Envelopes (with your logo)
10. A comfortable desk and chair
11. A professional, search engine optimized website

Software: You'll need some specific software and they are:

1. QuickBooks Professional Services Edition
2. Microsoft Office (MS Word, Excel, PowerPoint are the minimum)
3. ReportExec Reporting Software
4. A good antivirus program (Norton, MacAfee etc...)
5. A PDF Creator Program (Nuance Scansoft PDF Converter)
6. Merchant Warehouse, credit card merchant software (online payment gateway)

Uniforms: I recommend that you visit our new uniform store at www.officersupplydepot.com for this service. To start off, you'll need:

1. 20 uniform polo shirts with logo
2. 20 uniform jackets with logo
3. 20 pair of pants (good luck guessing sizes)
4. 20 security hats with or without your logo

ID Software and Printer: There are many different companies providing this type of software and printer. I personally use Alpha Card. Go to www.alphacard.com . Check out the Magicard Enduro system. It's a bit pricy, yet cheaper than most other systems. You may want to wait until you actually need the ID system before you go and buy it. The ID cards are government quality and the program is very user friendly.

Installing the software; personalizing it & what it's for

QuickBooks

Where to get it:

Hard Copy clients, log on to:

www.quickbooks.intuit.com

eBook clients, [click here](#)

1. Make sure you place your logo on the templates provided in the QuickBooks software
2. Set your sales tax rate(s) in the system
3. Create your service list and prices (they can be changed as you progress)

4. Set up an accounts email that QuickBooks will be linked to for emailing invoices, quotes etc... A generic email address such as accounts@uspasecurity.com can be used
5. Customize the templates provided to your liking and specifications
6. Purchase the on-line backup option. It's less than \$5 per month and totally worth the money. Your computer can be literally stolen and your operation won't miss a beat when your data is stored on a secure (outside) server

Why do I recommend QuickBooks over any other program?

Most accounting firms use QuickBooks. With this program, you can easily upload your books with the click of a button for your accountant to view. This is an important feature, as you will constantly be in contact with your accountant for quarterly taxes, payroll, sales tax etc...

What is QuickBooks and why do I need it?

QuickBooks is accounting software. As I will discuss later in another chapter, you will inevitably have your share of experiences with governmental agencies. These agencies, such as the IRS, can cause you much grief if your books are not in order. A simple audit can take a few hours; that is if your books are in order. Without the proper documentation, an accurate ledger and so on, you'll draw unnecessary attention to yourself from the auditor.

Microsoft Office

Where to get it:

Hardcopy clients log on to:

www.office.microsoft.com

eBook clients, [click here](#)

If you can, make sure you have 2007 edition or newer. Many prospective clients will send you documents in docx format. Older versions of Microsoft Word cannot open or view a docx

document. Never use WordPerfect or other cheaper word processing software programs, because your clients (or potential clients) won't be able to view your documents.

What is Microsoft Office and why do I need it?

Microsoft Office is a culmination of word processing software. You can create memos, proposals, letters, charts, presentation and contracts in the programs contained in Microsoft Office. When you are sending important emails to clients, I recommend writing the entire email in Microsoft Word first, using the editing and spell check features, then copying and pasting the content into your email program to send. This will ensure that your grammar and spelling is correct.

ReportExec Reporting Software

Where to get it:

Hardcopy clients, log on to:

www.reportexec.com

eBook clients, [click here](#)

What is ReportExec and why do I need it?

ReportExec is the name of the industry's leading, affordable, reporting software. Created by Competitive Edge Software, this program is a *must have* for many reasons. ReportExec enables you to digitally store your company information, including field reports, evidence, documents, photos, property invoices, statements, recorded conversations, video files, contracts, proposals, visitor tracking, investigations, BOLO's, persons and vehicle files, field interview contacts and more. The software is used by security companies throughout the United States as well as police departments. For my law enforcement minded clients, this is the program for you. The cost is approximately \$60 per month, with your information secured on an outside server. Later in the book, I will provide a full chapter on how to use this software in your daily operations.

For security company owners looking to eliminate paper from your list of expenses, this program, coupled with QuickBooks can virtually eliminate paper and from your shopping lists. To get a live demonstration of the capabilities of this software, please visit www.reportexec.com or call Jason Pieper at 1-866-421-2374 ext. 208. Tell him that Mike Evans sent you.

Antivirus Software

Where to get it:

Hardcopy clients, log on to:

<http://www.symantec.com/index.jsp>

eBook clients, [click here](#)

What is Antivirus Software and why do I need it?

Antivirus software are programs that help protect your computer against most viruses, worms, Trojan horses, and other unwanted invaders that can make your computer "sick." Viruses, worms, and the like often perform malicious acts, such as deleting files, accessing personal data, or using your computer to attack other computers. You need the software running and kept updated at all times to prevent your data from becoming infected. The last thing that you want to do is to email a proposal to a prospective client, and that email contains a virus that destroys your client's computer. The normal cost of antivirus software is approximately \$49 per year. There are many other antivirus programs out there, but I recommend Norton 360 Version.

PDF Converter Software

Where to get it:

Hardcopy clients, log on to:

<http://www.nuance.com/imaging/products/pdfconverter.asp>

eBook clients, [click here](#)

What is a PDF Converter and why do I need it?

PDF's are essential for security business and legal documents and forms that must retain their exact appearance. These important documents must retain their integrity and security. With the PDF format, you can secure your documents so that no one can change the wording of an application or the terms of an agreement. In your day to day operations, you will be writing contracts, memos, estimates and proposals. You will first create the document in Microsoft Word, then you will easily convert the document into a PDF file. You will send your documents in the form of PDF in order to make certain that a line doesn't disappear from your contract or a number isn't changed in a quote and so on. This software will be used quite often. I will explain how and when to use this software later in the book.

Hiring Vendors for Your Business

As your business progresses, you will need to start hiring vendors to accomplish certain professional services. Here is a list of vendors that you will need:

1. Accountant (Tax Advisors, LLC)
2. Payroll Service (paychex.com)
3. Uniform & Equipment Vendors (embroidme.com and qmuniforms.com)
4. Insurance Provider (mechanicgroup.com)
5. Toll Free Phone Provider (connectmevoice.com)
6. Business Consultants (startasecuritycompany.com)
7. Bid Searching Provider for Government Contracts (onvia.com)

Accountant

Who to hire:

Tax Advisors, LLC

Hardcopy clients, log on to:

www.emmerman.com

eBook clients, [click here](#)

Who is Tax Advisors, LLC and why do I need them?

An accountant is a professional vendor who will perform accounting tasks for your security company. Your accountant performs many functions and they generally include financial records, taxes, and responsibility for the issuing of financial reports. An accountant will be one of the primary figures in your business. Be cognizant that you are utilizing a CPA, rather than a Financial Planner or Financial Advisor. While these other professionals are helpful in planning your portfolio, they are not (for the most part) accountants. I have personally had terrible

experiences with a Financial Planner, who performed accounting services for my company. It wound up costing me tens of thousands in penalties for misfiled reports and underpayments in withholding taxes and sales tax. There emerged the F*cked Folder. Yes you read that correctly. I will get more into detail of that dreaded and unnecessary folder later in the book. Check your accountant's references diligently. I recommend Tax Advisors, LLC. I utilize their services for all of my businesses. Call Jen King at 631-286-0895 and tell her that Mike Evans sent you. You can email her at jen@emmerman.com.

Payroll Service

Who to hire:

Paychex

Hardcopy clients, log on to:

www.paychex.com

eBook clients, [click here](#)

Who is Paychex and why do I need them?

Paychex is a nationwide payroll company. They take all of the stress out of the complicated payroll tax filings and general payroll administration. I have been using Paychex for 5 years and I am very satisfied with their services. You will see as you hire employees, that some of them owe back taxes, child support, defaulted college loans and so on. Trying to keep up with payroll taxes can be a nightmare. Save yourself from that headache and call Paychex at 800-322-7292. I will discuss more about this service later in the book.

Uniform Shirts & Jackets

Who to hire:

www.Officersupplydepot.com

Who is officersupplydepot.com and why do I need them?

Officersupplydepot.com is a worldwide distributor of security uniforms, gear, apparel and private investigative equipment. The company was founded by the owners of startasecuritycompany.com in order to offer our clients practical, affordable and quality uniforms that meet the needs of our industry. Our CEO, Michael Evans, is also the CEO of USPA Nationwide Security. Through the creation of Blue Line Capital, (the parent company of startasecuritycompany.com and officersupplydepot.com) Michael has been able to share the secrets of his success via eBooks, templates, websites and marketing strategies and now we present to you affordable uniforms at warehouse prices. Take a look around our website. **The prices we offer on all of our uniforms and gear are the lowest (MAP) price that we can legally sell these items for. We want to be very clear when we say that this store is geared toward the security and private investigative industries only.** We do not sell nursing uniforms, police uniforms or anything other than the most affordable security uniforms, security gear and private investigative equipment on the web. Sure there are more expensive name brands out there – and we'd love to bring them to you, however, they are not affordable to the new security business owner. With high turnaround rates, employees not returning their uniforms and last minute contracts that require several uniform items in order to get started, spending top dollar on uniform items would be an expensive mistake. For my former military and law enforcement professionals: we were used to having a uniform allowance or a quartermaster to

supply us with name brand gear whenever we needed it. It's a whole new ballgame when purchasing uniforms becomes something that eats some (or all) of your profit. Our business model has been to share information that will help security business owners. One of the biggest mistakes that we see new business owners make is overspending on uniforms. Like all of the products, vendors and professionals that we refer our clients to, we have found a security uniform and gear manufacturer that has earned the repeat business of our CEO in his security business. His relationship with this manufacturer has gotten so close, that we decided to become a distributor. That's how our uniform store evolved

Equipment

Who to hire:

www.officersupplydepot.com

Insurance / General Liability /Workers' Compensation / Disability

Who to hire:

Mechanic Group

Hardcopy clients, log on to:

www.mechanicgroup.com

eBook clients, [click here](#)

Who is Mechanic Group and why do I need them?

Mechanic Group needs no re-introduction in this book. Earlier, I explained about your bond and general liability policies. Now I will explain a bit about other insurance policies that you will need in order to operate your company. You will need workers' compensation insurance. This insurance is generally required by every state in the U.S. and provides for insurance coverage