



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 a truly 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 the "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 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, then find a quiet place, get yourself a 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

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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)