

## Profile: The Changing Face Of Personal Security Services

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A recent study by Rothstein Kass highlighted the increasing use of personal security services among single-family offices. A number of factors are contributing to this, including a culture of freely available information through the internet, civil unrest and political uncertainty, according to Frank Rodman, president of the security advisory firm TorchStone Global.

Rodman's background includes roles as a senior security consultant for Dell Computer Corporation, in which he implemented security plans for the billionaire founding family, and 10 years as a special agent with the Diplomatic Security Service of the US Department of State.

"There is a heightened level of concern from high net worth individuals...we're seeing that internally and we're seeing it externally," says Rodman. "It's a factor of pessimism about the global economy."

One of the main trends, he says, is that whereas traditionally it was predominantly media-exposed individuals who were concerned about security, the increasing negative attention on issues such as inequality and Wall Street pay means these concerns are filtering down the wealth levels.

The increasing media and public focus on the issue of wealth also means some people may want to distance their names from such luxury purchases as jets and estates, to protect themselves, says Rodman.

In the past it was more common to see jets registered under individual names, while nowadays people might prefer to charter so they can't be personally associated with ownership.

"All this unrest and uncertainty is having a negative impact on people's business plans, travel plans...People like to proceed with a certain level of certainty," he added.

On the cyber side, Rodman says the information in the public domain about people nowadays can be "very disturbing." And this begs the question, how can people better protect the privacy of their information?

In addition to this, "concern is spreading geographically," says Rodman, and people in rural areas are now more concerned than they used to be, for example.

"The US in the main has been perceived to be the most stable" country for a while, and "that's beginning to change little by little," says Rodman.

### Level of concern

But how realistic are people's concerns, and to what extent are they overblown by the media?

Rodman agrees people can be "overly concerned" about threats such as terrorism, and things that come down to being at the wrong place at the wrong time. Such "black swan" events have a great, emotive impact, but are rare.

On the other hand, he says, "profile risk" concerns are well placed, as they can "lead to time and place predictability." He also views travel as a legitimate concern, and says the firm has seen over the past year clients affected by earthquakes in Central America and popular uprisings in North Africa.

"Do the media dramatize threats? Absolutely. But these are legitimate concerns," says Rodman.

Another area where people are highly exposed is in staffing, as this gives people the opportunity provided by access, and often people do not take enough time vetting staff, he believes.

"We always encourage families to do the proper amount of vetting," says Rodman.

On kidnapping, when it comes to the US he says this is another area where - because the event is highly emotional - people may misperceive the odds of it happening.

"We have had incidents" in the US, "it does happen," he says, but the chances are fairly low. Nevertheless, people want to dedicate resources to preventing it.

He explains this in terms of the firm's equation: Risk = (Threat x Vulnerability) + Consequence. So, with events such as terrorism and kidnapping, the threat may be low, but the consequences are disproportionately huge, which increases the risk.

And while high net worth individuals build in an insurance component to their financial plans, he says having a preventive component to risk management can be "very reassuring, because the cost of an adverse event is vast."

### Wealth level

When asked at what wealth level this makes sense for a family, Rodman is unwilling to think in these terms.

"Every family can be well prepared," he says. For a family that may not have a budget for this, it can be something as simple as addressing questions such as "How will you communicate after an event?"

The firm's service offering allows it to work with clients with varying wealth levels, as it offers both a comprehensive approach and niche services that can be bought alone. It also offers a graduated approach for a series of budgets.

He says "the level of assets isn't as relevant as the individual concern," as you often get very wealthy people who are relatively unconcerned about security and vice versa - individuals with lower levels of wealth who prioritize it. However, other things equal, "the more assets an individual has, the more security [he or she needs]," He also says large families, with children and grandchildren, are often more concerned with security.

"The typical in-house team is a viable model for the wealthiest people," he says, but as part of the movement towards outsourcing some families want a "chief security officer" model.

### A new type of security service

The personal security industry is going through somewhat of a brand overhaul at the moment. In reality, it's not so much the clichéd image of a team of men in sunglasses, but about implementing "behind the scenes" processes and tools to address risks according to their likelihood and causes.

Rodman says the firm spends "quite a bit of time educating clients about what security really is." In fact, more similar to the role of lawyers and other trusted advisors, in this area as in others people are really looking for "an advisory relationship, where families want to have a resource and a relationship," says Rodman.

"They want data points, intelligence...they want to call and pick up the phone with someone they trust," he says. But they also want to be empowered, "because how secure someone is comes down to themselves" and their awareness. "That's how security has changed compared to a few years ago."

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