

YOUR EYE ON THE WORLD



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ISGU

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KNOWLEDGE EQUALS POWER

Is Your Business At Risk?

By Investigative Solutions Group, Unlimited

SUMMARY

Yesterday's risk management practice focused largely on hazard insurance and probable loss. Today organizations are much more centered on the broad issues of general management. In the context of achieving the organization's goals, risk has a very specific meaning. **Investigative Solutions Group, Unlimited (ISGU)**, a comprehensive, integrated approach to addressing corporate risk, "is being widely adopted," according to a survey of senior finance and risk management executives around the world.

Just a few problems facing corporate decision makers are:

- 👁️ Theft
- 👁️ Workplace Violence
- 👁️ Drugs
- 👁️ Negligent Hiring
- 👁️ Hire Rate of Employee Turnover
- 👁️ Corporate Compliance

A Billion Dollar Problem:

Protecting corporate assets; whether they are employees, physical in nature, or intangible such as reputation, is a key cornerstone in achieving success. Feeling safe is a prerequisite for sustained performance. Hiring the wrong people *creates breaks* in a company's productivity and ultimately can cost thousands of dollars per employee.

Managers, tasked with safeguarding the assets within their respective organizations face numerous threats. Ironically, the greatest threat is not from outside forces, it's from within.

👁️ **Nearly 2 million persons are victims of workplace violence each year.**

👁️ **Contrary to popular belief, the vast majority of individuals who abuse or are dependent on alcohol or other drugs "work."**

👁️ **Employers lose 72% of all negligent hiring suits.**

An Ounce of Prevention is Worth a Pound of Cure

ISGU merges together Human Resource Services, Investigations, Corporate Training and Education and Business Consulting to better address issues of **ISGU**. The merger brings together corporate professionals with proven track records of assisting companies with managing risks associated with Physical, Financial, Human and Intangible assets. Specifically, we offer assessments, personal and team coaching, investigative solutions, litigation support, due diligence procedures, and education.

Services

- 👁️ Human Resources Consulting
- 👁️ Personal and Team Assessment and Training
- 👁️ Corporate Education

ISGU

“BUSINESS INTELLIGENCE AND SOLUTIONS”



A Billion Dollar Problem: “What is not protected will be lost.”

**There is not just ONE problem. There can not be just ONE solution.
However Prevention is the first choice!**

Employee Theft is a Profit Killer. Managers, tasked with safeguarding the assets within their respective organizations face numerous threats. Ironically, the greatest threat is not from outside forces, it's from within. A company's own employees are often one step away from stealing a company blind:

- 👁️ The U.S. Chamber of Commerce reports that \$50 billion dollars are lost annually due to employee theft and fraud.
- 👁️ Also reported by The U.S. Chamber of Commerce - that 20% of all businesses fail due to internal theft and fraud.
- 👁️ The Wall Street Journal reported that up to 75% of all employees steal at least once -- half of these, at least twice.

FBI reports that employee theft is the fastest growing crime in the U.S.

Employee theft exists in other forms than the loss of tangible products. Felonious Worker’s Comp claims can cost a company millions of dollars annually, while the “injured” employee carries on with a lifestyle that often entails, not just a life of leisure but also enhanced by other employment.

Significant and even a majority of a company’s value often come from reputation, an intangible asset. As with any asset, reputation must be carefully guarded. Without careful planning and execution of protection strategies, several unwanted issues may occur; such as unwanted attention from powerful activist groups, or just plain upset customers willing to go the extra mile (particularly through the power of the internet) to destroy your company. Worst of all is the exposure to lawsuits, whether they are warranted or not.

Nearly 2 million persons are victims of workplace violence each year.

Every few days, there's another story on the news. One day, it may be a convenience store shooting; the next, a sexual assault in a company parking lot; a few days later, it's a disgruntled employee waving a gun at company workers, or a student attacking a teacher.

And, what's worse is that these reported incidents are only the tip of the iceberg when it comes to workplace violence. The common denominator for these victims is that they were simply going about their business of working to earn a living. However, something in their workplace environment, often something foreseeable and preventable — exposed them to attack by a customer, a co-worker, an acquaintance, or even a complete stranger.

Violence in the workplace is a serious safety and health issue. Its most extreme form, homicide, is the third-leading cause of fatal occupational injury in the United States. According to the Bureau of Labor Statistics Census of Fatal Occupational Injuries (CFOI), there were 639 workplace homicides in 2001 in the United States, out of a total of 8,786 fatal work injuries.

Average annual number, rate, and percent of workplace victimization by type of crime, 1993–99

Crime Category	Average annual workplace victimization	Rate per 1,000 persons in the workforce	Percent of workplace victimization
● All Violent Crime	1,744,300	12.5	100%
Homicide	900	0.01	0.1
Rape/Sexual assault	36,500	0.3	2.1
Robbery	70,100	0.5	4.0
Aggravated assault	325,000	2.3	18.6
Simple assault	1,311,700	9.4	75.2

Sources: Homicide data are obtained from the Bureau of Labor Statistics Census of Fatal Occupational Injuries. Rape and sexual assault, robbery, aggravated assault, and simple assault data are from the NCVS.

Like all violent crime, workplace violence creates ripples that go the damages incurred to a particular victim. It damages trust, and the sense of security every worker has a right to experience while on the job. In that sense, everyone loses when a violent act occurs, and everyone has a stake in efforts to stop violence from occurring. One of the most profile ways for managers to prevent the human tragedy of workplace violence and avoid lawsuits is to guard against some common mistakes employers make. After an incident, the damage is done and by then it's too late. Managers must be proactive in addressing the senseless violence that permeates our society.

Police and sheriff's departments usually don't charge for sending officers to visit a company's site to familiarize themselves with the layout and to offer suggestions on preventing violence at your location. Employers are more frequently using the expertise of other professional consulting firms, including private safety and security firms that specialize in audits for a fee and can be called in as needed.

DRUGS IN THE WORKPLACE

Substance Abuse costs employers billions. Of the estimated \$160.7 billion (2000) overall cost of illicit drug abuse, 69 percent of these costs are from productivity losses due to drug-related illnesses and deaths.

2003 National Survey on Drug Use and Health (NSDUH) Reveals the Vast Majority of Drug and Alcohol Abusers Work

According to the results of the 2003 National Survey on Drug Use and Health (NSDUH) recently released by the Substance Abuse and Mental Health Services Administration (SAMHSA), **the vast majority of individuals who abuse or are dependent on alcohol or other drugs work.**

Federal Studies Show:

- 👁 70% of illicit drug users are employed (NHSDA, SAMHSA)
- 👁 85% of heavy alcohol users are employed (NHSDA, SAMHSA)
- 👁 60% of workers know someone who drinks or uses drugs at work (Hazeldon)
- 👁 Workplace accidents are 3.5 times more likely among alcohol/drug users
- 👁 When accidents occur, drug/alcohol users are 5 times more likely
- 👁 To file Worker's Compensation claims (NIDA)
- 👁 60% of cocaine users report buying or selling drugs at work (National Cocaine Hotline)
- 👁 \$70 billion in lost productivity costs are related to drinking (NIH, SAMHSA)

The study's findings indicate that in 2003, 14.9 million (77 percent) of the 19.4 million adults aged 18 or older characterized with abuse of, or dependence on alcohol or drugs were employed either full or part time. This amounts to more than ten percent of full-time workers, as well as more than ten percent of part-time workers.

Financial loss can occur when employers need to replace experienced and trained staff. It is usually more effective to retain existing staff, if possible, by supporting them in managing their problems than to incur the major cost of recruiting and training new staff. The experience and skills lost when staff leave is often difficult to quantify.

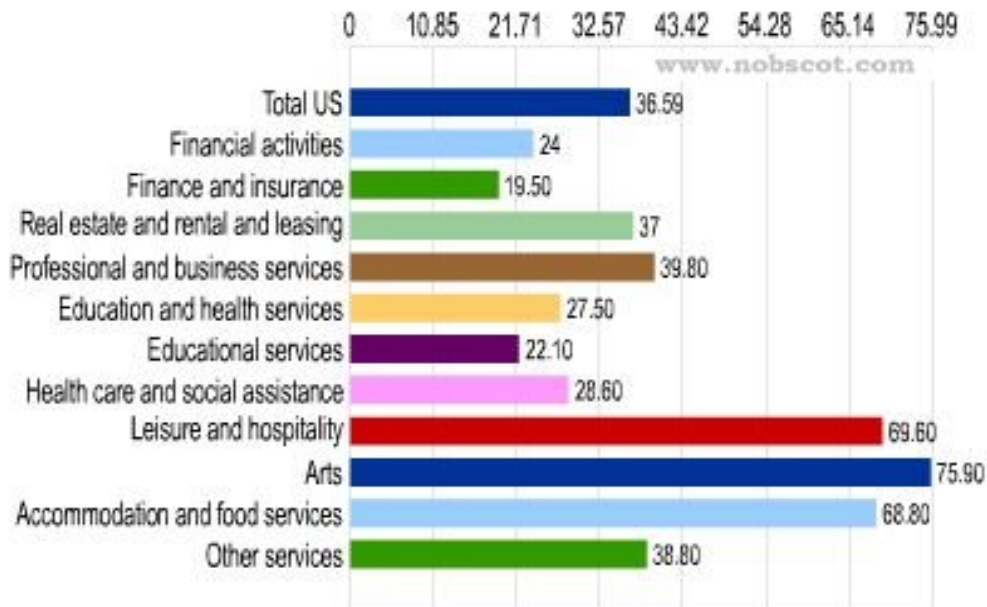
Employee Turnover

A Bottom-Line Issue

Turnover Is Costly

Most managers know that turnover is expensive, but two-thirds of 1,290 managers were unable to quantify the cost of turnover when asked in a recent poll. The cost of hiring and training a new employee can vary greatly—from only a few thousand dollars for hourly employees to between \$75,000 and \$100,000 for top executives. Estimates of turnover costs may range from 25 percent to almost 200 percent of annual compensation. Costs that are more difficult to estimate include customer service disruption, emotional costs, loss of morale, burnout/absenteeism among remaining employees, loss of experience, continuity, and “corporate memory.”

Annual U.S. Total Separations by Industry



Negligent Hiring

Negligent hiring is a legal theory under which employers can be held responsible for injuries caused by their employees if it can be shown that they failed to make reasonable inquiries into the employee's background and suitability for the position.

Resumes have become the only way the majority of applicants have to communicate with prospective employers. The days of getting in to see the “guy to see for the job” are no longer here. With so many people applying for so few job openings the resume is the central document to differentiate all the applicants.

Surveys have proven:

- 👁️ Up to 30% of applications contain false material/information
- 👁️ 40% of the information on résumé is misrepresented
- 👁️ 45% of potential employees have a criminal record, bad driving record, worker's compensation claim or a bad credit history.
- 👁️ Employers lose 72% of all negligent hiring suits.
- 👁️ Sexual harassment has increased by over 130% from 1991 to 1997, an average of 15% annually.
- 👁️ 40% of American drivers have a violation on their driving record, while 25% don't have insurance at all.

Hit Ratio Statistics by Industry

	Manufacturing	Health Services	Food Services & Stores	Business Services	Transportation	Retail
Criminal Hit Record	5%	6%	8%	4%	5%	7%
False Information on Resume	42%	49%	54%	48%	89%	49%
Personal Reference (Negative remarks)	10%	6%	9%	5%	7%	9%
Driving Record (1-3 violations)	28%	19%	39%	31%	28%	29%
Driving Record (4 or more violations)	4%	3%	8%	6%	4%	6%
Credit Record with Negative History	37%	40%	51%	33%	28%	36%
Workers Compensation	14%	6%	14%	1%	12%	7%

Hit Ratio Statistics by size of Company

	1-49 Employees	50-999 Employees	1,000+ Employees
Criminal Hit Record	4%	5%	5%
False Information on Resume	48%	50%	53%
Personal Reference (Negative remarks)	7%	10%	7%
Driving Record (1-3 violations)	34%	31%	29%
Driving Record (4 or more violations)	6%	6%	4%
Credit Record with Negative History	34%	47%	42%

Most negligent hiring lawsuits maintain that the employer failed to conduct appropriate research such as reference checks and investigation of criminal record and other background information that would have disclosed the employee's past misconduct, and that therefore, the employer was negligent for putting a person with criminal or otherwise dangerous tendencies in a position where they could pose a threat to others. An employer may be found liable for negligent hiring when an employee causes harm to a coworker, customer or member of the general public; whether or not the employee is acting within the scope of his/her job duties.

Reputations

**"The supreme quality for leadership is unquestionably integrity. Without it, no real success is possible, no matter whether it is on a section gang, a football field, in an army, or in an office."
-- Dwight D. Eisenhower**

In a survey of CEOs polled by Hill and Knowlton, Chief Executive Magazine, in early 2000, 99% of CEOs said that Corporate Reputation is vital to goals and a "very important" strategic tool. A seismic shift in clout from companies to customers is creating opportunities, especially for younger brands that grew up with the Internet and have become adept at building user communities. Reputation is a double-edged sword. On one hand, it propels companies to new heights, while damaged reputations can sink the Titanic. Consider the following examples on the power of reputation:

- 👁️ Coca-Cola / Microsoft [According to **Business Week (08/04)** "... some traditional brands, such as Coca-Cola (KO) and Microsoft (MSFT), are struggling to retain their mammoth leads in a market where consumers increasingly resist what they see as bland ubiquity and a surfeit of power."]
- 👁️ Apple [The same Business Week study says that "... Apple -- combined with tremendous success of the iPod -- helped the dollar value of the brand jump 23.7%, to \$6.9 billion, over the past year. That was the biggest increase in this year's ranking ..."]

On the flip side, reputation is easily damaged, often beyond repair. Just think about such high profile companies (or former companies) as:

- 👁️ Johnson and Johnson (Tylenol tamperings caused major financial headaches)
- 👁️ Intel (flaw in Pentium Chip resulted in a \$3 billion market value loss)
- 👁️ Firestone (massive, damaging, recall of unsafe tires)
- 👁️ Enron (Financial Wrongdoings)
- 👁️ WorldCom (Corporate Scandal)

Significant and even a majority of a company's value often comes from reputation, an intangible asset. As with any asset, reputation must be carefully guarded. Without careful planning and execution of protection strategies, several unwanted issues may occur – such as:

- 👁️ Unwanted attention from powerful activist groups, or just plain upset customers willing to go the extra mile (particularly through the power of the internet) to destroy your company.
- 👁️ Millions of dollars spent to repair damaged reputations and to regain trust.
- 👁️ Increased potential for scandal.
- 👁️ Increased potential for intensified regulation and oversight.
- 👁️ Worst of all, exposure to lawsuits.

Protecting corporate assets; whether they are employees, physical in nature, or intangible such as reputation, is a key cornerstone in achieving success. A company's culture is what ultimately sets the tone for what's right and wrong in an organization. Creating culture is the responsibility of managers everywhere.

Feeling safe is a prerequisite for sustained performance. Therefore, managers must create a safe work environment for people and their possessions. In creating a positive, energetic, culture, the utmost care must be exercised in hiring employees since at its' core – a company is nothing more than a collection of individuals.

Hiring the wrong people costs company's money and can create internal morale problems. Managers must face the difficult task of removing bad hires and associates must work side by side with them until such removal. Obviously this causes significant energy drain for the company as a whole. With the right hires, an organization will be able to create positive, dedicated associates and managers who will carefully guard the company's assets and reputation as if it were their very own.

ISGU offers a superior integrated solution that helps managers protect people, assets, reputations and profits within workplace organizations.

Suggested Services:

Recruiting & Retention

- Recruiting Process Review
- Interviewing Skills Training
- Orientation Programs
- Mentoring Programs
- Organizational Assessments and Surveys
- Exit Interviewing and Pulse Checks

The Hiring Process

- Pre Employment Background Checks
- Assessment Profiles

General Human Resource Support

- Monthly Retained Support - Technical and Day-to-Day Advice - This service can be contracted for as little as three months or on a yearly basis.
- Human Resource System and Process Audits - This is a two part audit - one part is focused on legal compliance and the second part is focused on those elements critical to achieving an organization's human resource goals.
- Employee Handbooks - Easy to understand, written in plain language and complies with applicable federal and state laws.

Coaching - Employee and Management

Employee Development

"We have a great employee - technically very competent, but there are some concerns we have about his or her (you fill in the blank)".

Whether the "fill in the blank" is a communication problem, an interpersonal issue, or one that just is making it difficult for this person to work with other employees, we can quickly and effectively get to the root cause and implement cost effective strategies.

When it's just one or two...sometimes the answer is not a training program.

Personal coaching is sometimes what is needed to assist the employee in taking a proactive role. Increase rapport skills, management skills, and overall focus to defining the goal and how to achieve it.

Facilitation

A Facilitator is a person who helps the team abide by the rules of the process. They generally focus on the process rather than the content and may or may not be a part of the team or group.

Responsibilities include:

- Helping the group to generally be more productive, meet goals and objectives, and do so in a time-efficient and cost-efficient manner
- Helping the group to use the basic problem solving or team tools
- Providing training when necessary
- Helping the team work through conflict
- Coaching on an individual or team basis, at the meeting or separate from the meeting
- Helping to address controversial subjects

Possible Course Curriculum

Course Index

- Preventing Workplace Harassment & Discrimination
- Preventing Workplace Harassment & Discrimination - Supervisor's Supplement
- Diversity at Work
- Training Refresher: Preventing Workplace Harassment and Discrimination
- The Legal Aspects of Interviewing
- The Family and Medical Leave Act (FMLA) Overview
- Americans With Disabilities Act (ADA) Overview
- A Supervisor's Guide to Privacy in the Workplace
- Rightful Termination
- Insider Trading
- Understanding Your Stock Options and Other Equity Plans

Intelligent Solutions (offering HR Consulting)

Human Resource professionals and managers continually struggle with the element of surprise when hiring individuals. Hiring the **wrong person** involves the loss of time and money at the very least, and scales to frightening proportions involving damaging reputations (both personal and company) and exposure to significant liability. Consider how the hiring process affects the bottom line of an average telemarketing division which averages \$10,000 and 8 months invested in the hiring and Education of one individual.

ISGU focuses on defining job and key characteristics for exceptional success for the position. Checking suitability involves verifying background, Education, work history and criminal history. Assessing candidates' personality traits further ensures their ability and adds another level of confidence in the hiring process.

By hiring the appropriate person, less time is spent in Education, turnover is reduced, the work force becomes more productive, leading to a higher morale and more productivity, thus enhancing their profits and uplifting their reputation.

Knowledge Solutions (offering Education)

Shielding a company's people, assets, and reputation require more than physical security, assessment, and risk management. Imbedding knowledge into each and every person within an organization will create a culture that proactively manages modern day security challenges.

ISGU offers a comprehensive suite of Education products and solutions with the intention of enhancing security and asset protection awareness. Additionally, as challenges and weaknesses are assessed within the client's procedures, ISGU will have a multitude of experts to assist the client in choosing the right solution.

In each of our four market segments, our competition is comprised of several top tier organizations that trend towards a narrow focus in their products, and an enormous number of small entities with varying degrees of expertise. Branding is virtually nonexistent as each of the products is largely considered a commodity, thereby lacking differentiation.

Competitive Advantage:

ISGU's superiority over the competition results our belief that expertise does not stop with just investigations or security services. ISGU offers a *Plan of Action* for assessing, correcting, and preventing problems from happening again. ISGU sees how issues affect not just client budgets but infiltrate other business areas, affecting cost controls and their bottom line projections, and eventually the morale of the business.

For more information contact us as www.isgu.com or call 972 485 4748 for a free consultation.