

***Meeting The Needs of Today's Safety  
Professional  
ASSE Safety PDC – Orlando 2007***

***”Enterprise Risk  
Management for the  
Health & Safety  
Professional”***



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# Content

- 1. Introduction**
- 2. Enterprise risk management**
- 3. H&S and Fleet risk management**
- 4. Integrate the two processes**
- 5. Summary, Questions, Discussion**

# ***1. Introduction***

# From over there to help you over here!

- **To explain:**
  - The 'mystery' of enterprise risk management (ERM)
  - How H&S and fleet professionals can embrace ERM
  - A risk-based; business focused & commercially relevant approach to integrate H&S and fleet risk management with ERM
- **Share our extensive international experience**
- **Share our unique approaches to risk management**
- **Presentation on web site: [www.riskfrisk.com](http://www.riskfrisk.com)**



# How RiskFrisk<sup>®</sup> Adds Value

- We elevate H&S and Fleet risks to a strategic senior executive level
- We use a holistic and NOT “silo thinking” approach to H&S and Fleet risks
- We link H&S and Fleet risks to organisational, people, business, commercial & operational factors
- We integrate H&S and Fleet risk processes with Enterprise Risk Management systems



# RiskFrisk® Overview

We specialise in advising & supporting clients on strategic health & safety and fleet risk management in many sectors



ALEXON



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## ***2. Enterprise Risk Management***

# Enterprise risk management-1

## Definition:

“... a process, effected by an entity's board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risks to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives.”

Source: 2004 COSO Enterprise Risk Management – Integrated Framework.  
(The Committee of Sponsoring Organisations of the Treadway Commission)



# Enterprise risk management-2

- **COSO describes critical principles & components of an effective enterprise risk management process and provides a common language**
- **Enterprise risk management is rapidly becoming one of the most important business imperatives**
- **At its most basic level it enables an organisation to develop and implement a consistent approach to managing risk across the entire organisation**
- **It is often now called 'Enterprise-wide' risk management**
- **It is a transition from a traditional focus on insurance linked risks managed by 'insurance specialists'**

# Enterprise risk management-3

- The expansion of risk management to the complete 'enterprise' & not just insurance linked risks
- Good corporate governance requires the 'enterprise' to identify its risks & prepare a strategy to reduce impact on business & ALL stakeholders
- Looks at whole organisation as a 'system' with inter-connecting & affecting parts
- Looks at ALL risks - business, commercial, operational, people, financial, supply chain, business continuity, IT, security, H&S, fleets & external
- In the USA the implications of Sarbanes Oxley have to be taken into account & outside USA

# Enterprise risk management-4

- **COSO recognises that earlier risk management activities were fragmented in approach and focused on 'reducing' rather than 'managing' risks**
- **Additionally risk management has largely been a 'silo' activity, with each function adopting its own approach**
- **As a result the ERM process must include ALL risks and seek/obtain valid contributions from ALL 'risk specialists'**
- **Must include H&S and fleet risk specialists**

# Enterprise risk management-5

- The overall process should be consistent with the 'risk appetite' of organisation & applied consistently
- Often requires a 're-think' in approach by H&S and fleet specialists who often focus on 'legal compliance' to get their point across
- Typical risk management process has these steps:
  - Risk identification & categorisation
  - Risk assessment at strategic, management & operational levels
  - Risk mitigation
  - Risk recording
  - Risk monitoring
  - Assurance provision

# Enterprise Factors re H&S and Fleets

## Organisational Context

- Activity
- Location (s)
- Background history
- Ownership
- Political & external influences
- Commercial status
- Business strategies

## Organisational Factors

- Organisational structure
- Core values
- Goals & objectives
- Compensation and rewards

## Organisational Processes

- Business planning
- External controls
- Management control
- Risk management

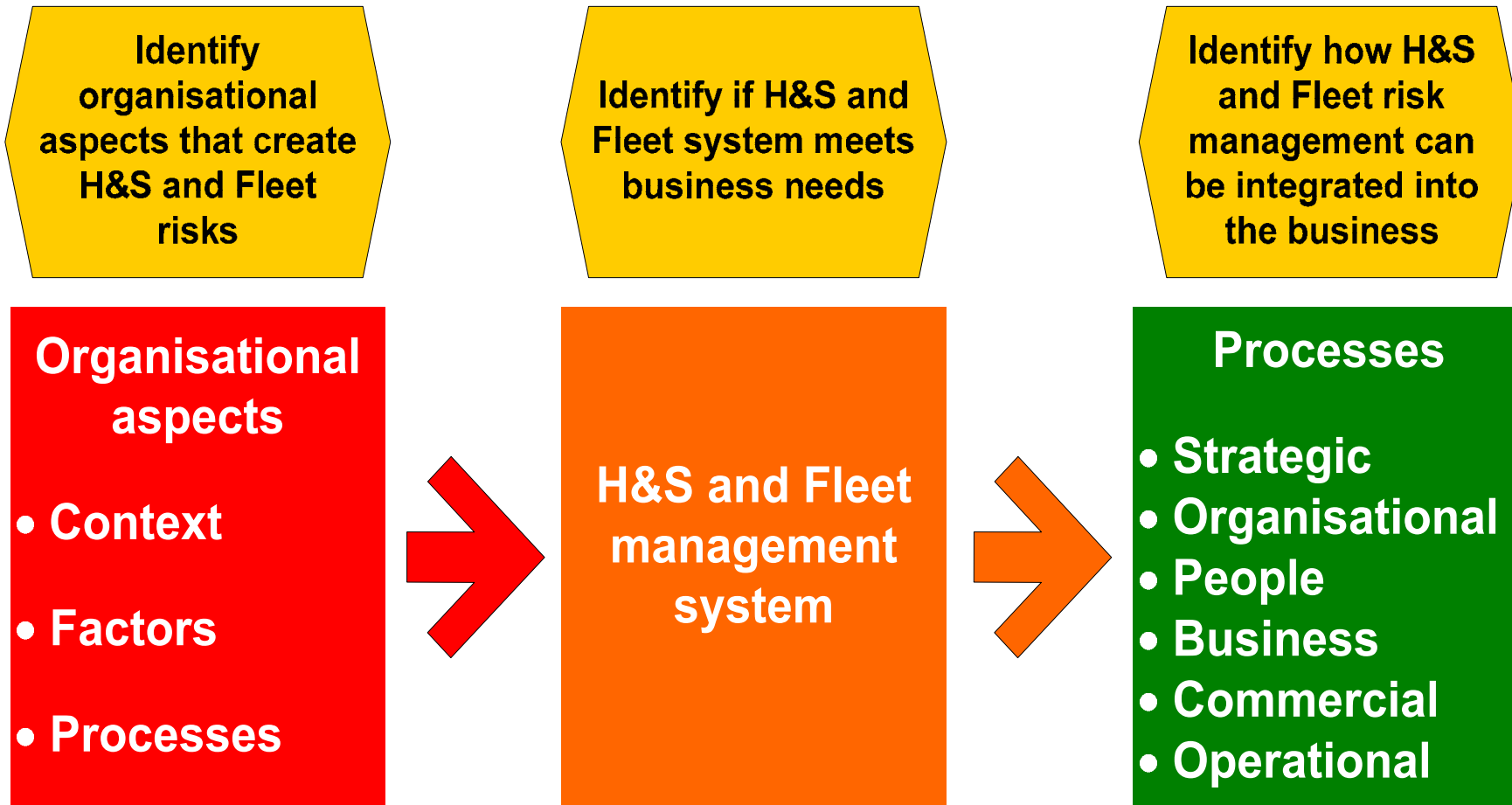
# ***3. Health & Safety and Fleet Risk management***

# What do we mean?

- **How the following create H&S and Fleet risks:**
  - Business, commercial & operational processes
  - Organisational context, factors and processes
- **Whether the current H&S and Fleet system meets organisational needs & is risk-based**
- **If the H&S and Fleet system is integrated with the business**
- **How potential 'management failures' are identified and resolved**
- **How H&S and Fleet professionals influence, advise and support the business**

# RiskFrisk® Model

## Strategic H&S and Fleet Risk Management





# Strategic H&S and Fleet Risk Factors

- Management system
- Communications processes
- People management
- Risk assessments
- Rules & procedures
- Learning & training
- Employee usage
- Health & hygiene control
- Emergencies
- Hazard control
- Facility & plant management
- External risks (Fleets)
- Business & workplace changes
- Procurement
- External aspects
- Accident management
- Monitoring & review

## Some UK disasters

- **Businesses often focus on costs & business results & 'ignore' their risks - until too late!**
  - **Herald of Free Enterprise – ferry disaster**
  - **Kings Cross – underground rail fire**
  - **Several serious rail crashes – other factors**
  - **Piper Alpha – oil rig**
  - **Channel Tunnel – train fire**
  - **Barings (Plus USA - Enron/WorldCom)**
- **Impact major business and reputation risks**
- **Corporate Manslaughter will require a re-focus!**

# Specific examples



## Time Bomb?



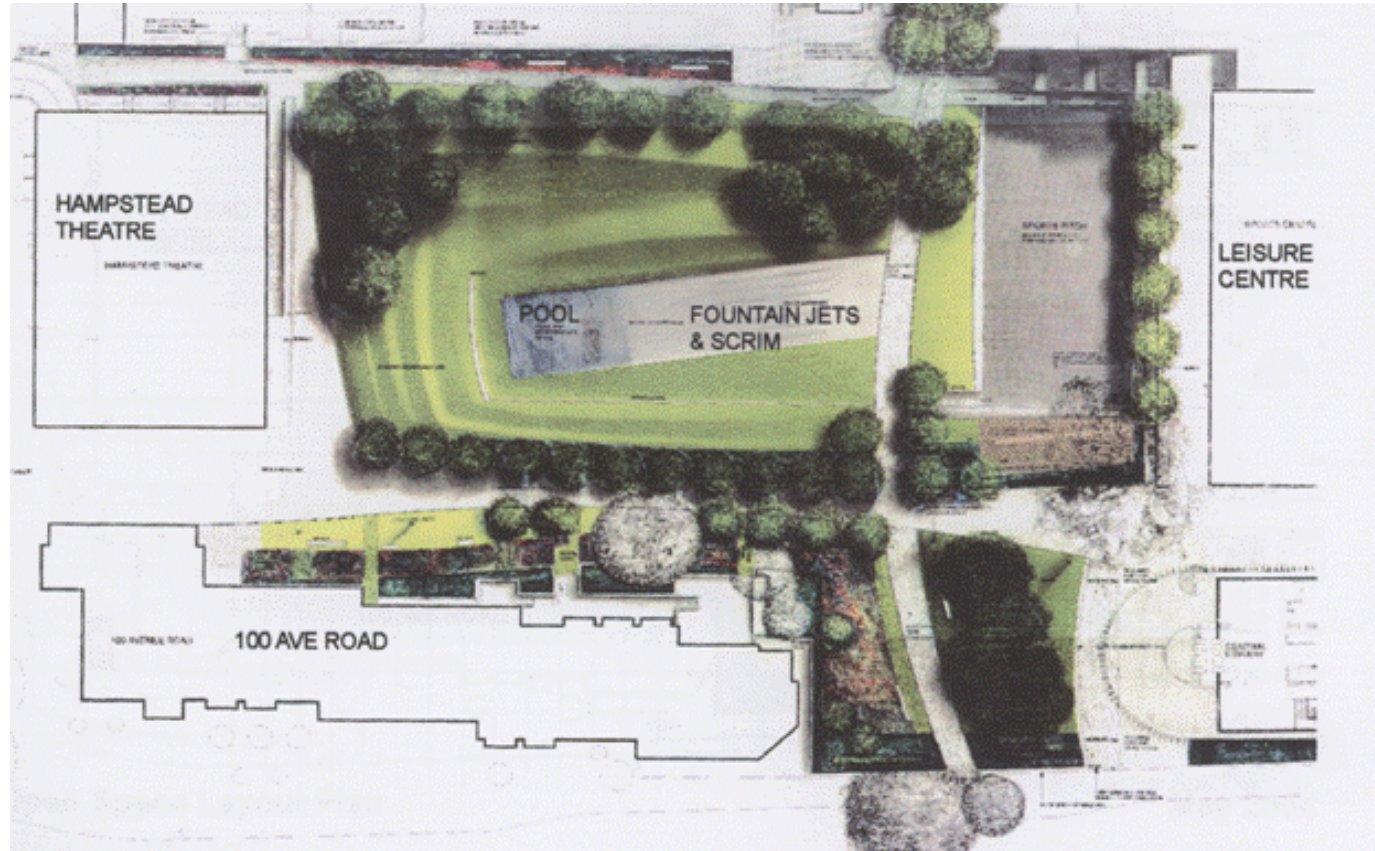
## Chocolate fire guards?



## Result?



# Risk Profiler™ Example

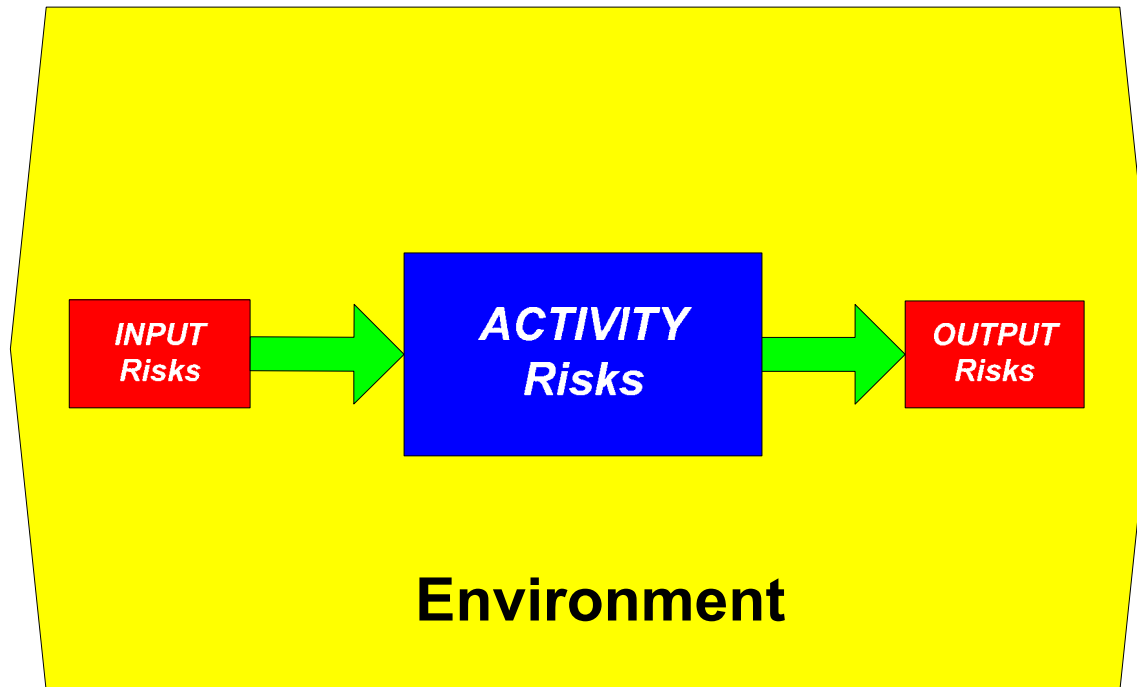


**Same American architect that designed Diana Princess of Wales fountain in London**

# Managing your risks?

- **Has your organisation identified its potential H&S and fleet risks within organisational, people, business, commercial & operational processes across the whole 'Enterprise'?**
- **Have those risks been assessed?**
- **Will any of them:**
  - **Result in significant loss, disruption or failure?**
  - **Cause a serious or major personal injury/death?**
  - **Damage your reputation?**
  - **Affect your market position?**
  - **Result in prosecution?**
- **Have you established integrated business controls to manage the significant risks, or just complied with regulations and focused on risk reduction?**

# Risk identification



Look at total 'enterprise process' with a holistic and NOT 'silo-thinking', legal compliance approach

# H&S and Fleet Risk Management

- Looking at the way the business is actually run
- Looking at what creates risk within the business:
  - Organisational factors
  - People factors
  - Commercial factors
  - Business processes
  - Operational processes
- Designing a system that is:
  - Strategic, Integrated
  - Run by executives / managers / employees
  - Supported by H&S and Fleet professionals, NOT run by them
  - Focused on risks – not legislative compliance
- H&S and Fleet professionals increasing their influence using personal development initiatives



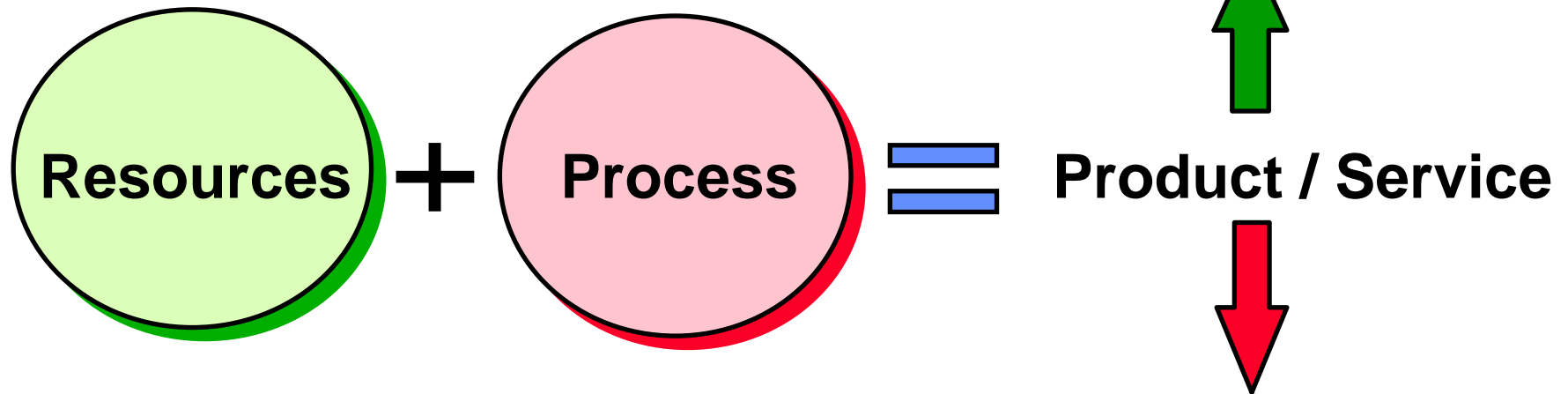
# Personal development

- **H&S and Fleet professionals:**
  - **Need to talk a business language**
  - **Need to create awareness of the strategic benefits of H&S and Fleet risk management**
  - **Need to show how integrating a H&S and Fleet Risk Management system into the business, will have significant benefits**
  - **Need to increase exposure and influence at board/senior management levels**
  - **Need to engage with organisational processes, especially ERM & corporate governance**
  - **Need to identify and create internal partnerships with other functions to develop joint initiatives & controls**

# ***4. How to Integrate the Two Processes?***

# Business Impact

**GOOD ERM & H&S + FLEET  
RISK MANAGEMENT**



**INCREASES  
PROFIT &  
REDUCES RISK**

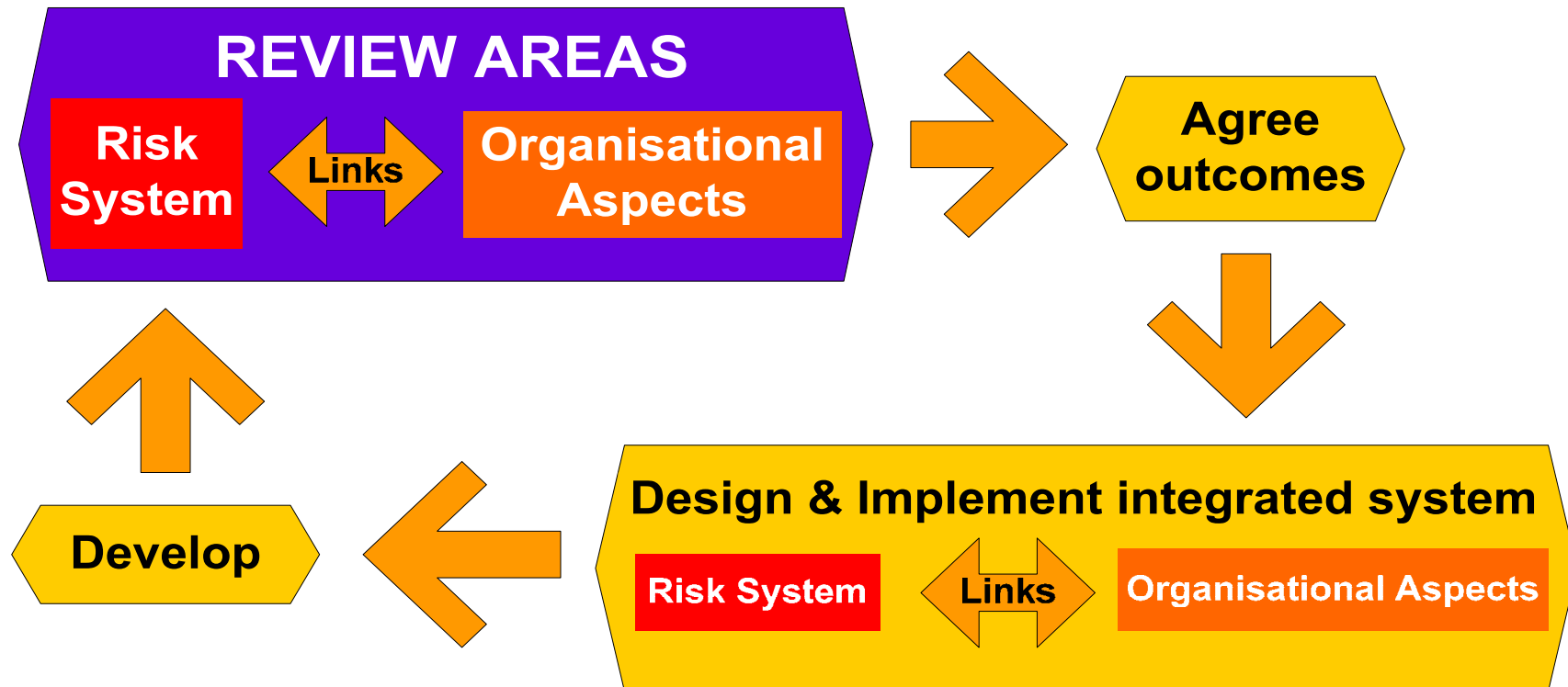
**POOR ERM & H&S + FLEET  
RISK MANAGEMENT**

**DECREASES  
PROFIT &  
INCREASES RISK**

# Overall process

## Strategic H&S and Fleet Risk Management

Methodology – holistic approach and systems thinking to identify risks and links and inter-relationships



# How important is your business?

- Loss of investment from external parties (financial institutions, shareholders etc)
- Potential decrease in the value of shares
- Change in stakeholders perceptions: 'If H&S and Fleet risks are poorly managed, what else is not under control'?
- Threat to organisations goals e.g. 'to be the best' or 'continuous improvement'
- Major reputation and business risks
- Impact upon employees – loss of morale leading to decrease in productivity and higher employee turnover

# What is 'driving' your business?

- **Business goals & objectives - “profit, profit, profit”**
- **Short-term reporting – constant improvement?**
- **Overall business / operational processes?**
- **Management processes?**
- **Commercial realities?**
- **‘Customer’ expectations?**
- **People / H&S and Fleet risks?**
- **Regulatory requirements?**
- **H&S and Fleet risk professionals?**

# What will it take?

- **What will make your senior executives take H&S and fleet strategic risk management seriously:**
  - **An actual/potential serious business loss, accident or fire?**
  - **A potential 'management failure'?**
- **Could H&S and Fleet strategic risk management be an integral part of your business?**
- **Would they agree it would be better for the business and all stakeholders if an integrated strategic risk managing approach was adopted?**
- **Are you as a H&S and Fleet professional equipped to advise and support these changes at a senior executive strategic level?**

# Executive implications

- Most businesses do not consciously 'ignore' H&S and Fleet risks at the expense of 'profit'
- But a heavy 'business' focus often leads to a de-focus on H&S and Fleet risks & other controls
- Senior executives need to understand what 'button' will be pushed when people have a choice
- Just doing the minimum & focusing on legal compliance may not be sufficient
- Changes may be required to:
  - Business and operational processes
  - Risk management strategy & processes
  - People management arrangements
  - H&S and Fleet policies & procedures
  - Corporate governance



# What do Executives need to know?

- Need to understand what is actually going on in their business – not what they think is going on
- Need to understand how business is creating risks
- Need to understand their most significant potential ‘management failures’
- Need to understand at a strategic, management & operational level what they can do to manage their significant risks and potential ‘failures’
- Need to understand the ‘journey’, time scales, resources and commitment levels
- Need to understand how their H&S and Fleet professionals can advise / support this process

# **Integrate H&S and Fleet and ERM**

- 1. Identify current ERM strategy & policy**
- 2. Identify ERM coverage – all/some risks?**
- 3. Identify ERM processes & key players**
- 4. Establish ERM process champion for H&S and Fleet risks – or offer yourself!**
- 5. Undertake audit of organisational aspects:**
  - **Context, factors & processes**
- 6. Audit H&S and Fleet systems to identify if they meet business needs**
- 7. Identify mismatch, gaps & integration opportunities**
- 8. Recommendations to ERM process via champion, linked to:**
  - **Business ‘risk appetite’**
  - **Focus on ‘managing’ risks**
  - **NOT focus on reducing/eliminating risks**
  - **NOT focus on legal compliance**

# Strategic 'Desk-top' Process

- Proven internationally for 20 + years
- Applicable to all types of industry & risks
- Applicable to all countries
- Is not legally compliance focused
- Is added value, business focused, commercial relevant and risk-based
- Is holistic and not 'silo' oriented
- 'Speaks' to business with a 'business' language
- Establishes H&S and Fleet professionals as 'enablers' and not 'blockers'
- Makes sure that H&S and Fleets risks are part of ERM

# **New web-based product**

- **Provides access to process via web**
- **Is built using ERM principles**
- **Enables multi-level benchmarking:**
  - **Corporate & Divisional**
  - **Site by site**
  - **Fleet Industry sector**
  - **Operational Risk Profile level**
- **Fast-tracks introduction of your own standard**
- **Enables you to set your own target & measure your performance at all benchmarking levels**
- **Significantly reduces resources & costs of 'whole organisation' risk profiling & management**
- **Automatically generated reports**
- **Enables the development of a targeted risk-based action plan, consistent with ERM**

# Fleet Risk Profiler™ - example

- 11 risk profile factors create an operational risk profile & set risk rating across the system
- 6 risk areas
  - Fleet management system
  - Vehicles, Drivers
  - Load, Site (depot, warehouse)
  - Journey & delivery point
- 150 + risk elements cover all enterprise-wide fleet & related risks
- 4 Status questions
  - Risk identification & assessment
  - Policies & procedures
  - Communications & training
  - Monitoring & review
- Used for very different fleet & related operations & risk profiles



# Fleet Risk Profiler™ - example

- Supports ERM process
- Includes fleet & related risks at strategic, management & operational levels
- Makes you take a fresh look at:
  - Total risks relevant to a site
  - Current practice & risk managing status
  - Improvements in risk control
- Provides proof that risks have been assessed
- Graduated reports & actions
- Set targets for improvement
- Systems/process focused, NOT compliance 'tick-the-box'
- Supports reduction in accidents, claims, premiums & overall costs
- Use for due diligence on sub-contractors & 'targets'
- Use as an internal 'standard' & benchmarking tool
- Use for external benchmarking using 'fleet' industry sectors
- Create your own version to match your specific needs
- Content is 'globally generic' enabling International use
- Regularly updated with changes in good practice etc

# ***5. Summary etc***

# Summary

- **Enterprise risk management**
  - What is it and why is it relevant?
- **H&S and Fleet risk management**
  - What is it and why is it relevant?
  - How H&S and Fleet professional can get involved?
- **Integrate the two processes**
  - Create liaisons & find an internal champion
  - Put H&S and fleet risks at the top table
  - Grow your added value & influence

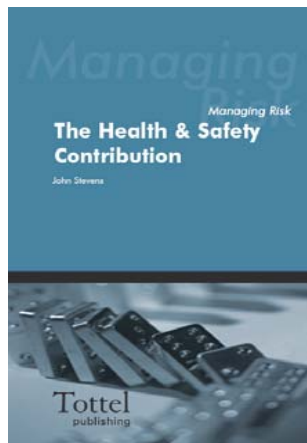


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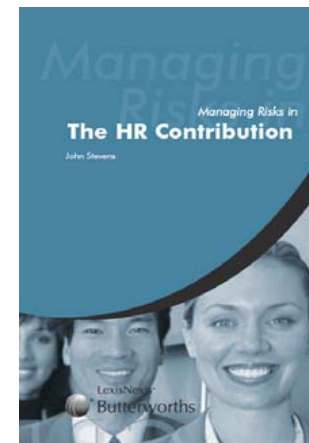
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**Book - “Managing  
Risk – The Health &  
Safety Contribution”**



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**Book - “Managing Risk  
– The Human Resources  
Contribution”**



***Presentation on [www.riskfrisk.com](http://www.riskfrisk.com).***

***Thank you for listening***

**Any questions?**