

IRM Risk Forum 2007

seeking certainty

Enterprise-Wide Risk Profiling for Specific Industry Sectors

John Stevens

Managing Director, Risk Frisk Ltd

Chairman, IRM Transport SG

Agenda

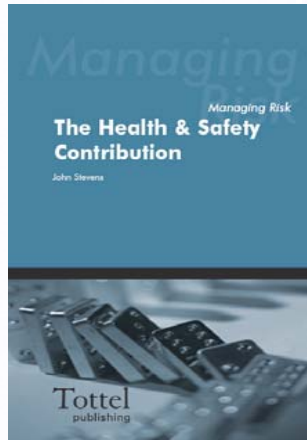
- Traditional approach
- Choice
- Holistic approach
- Research
- Step change
- Corporate risk assessment
- Risk profiling concept
- Risk profiling Process
- Industry sector examples
- Workshop discussion

RiskFrisk[®]

www.fleetriskprofiler.com

www.riskfrisk.com

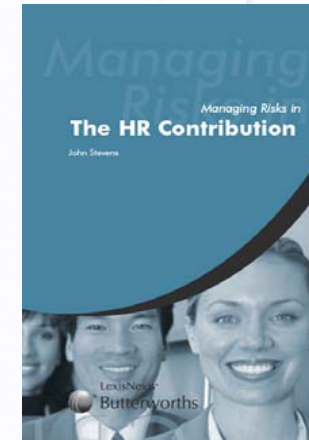
Book - “Managing Risk – The Health & Safety Contribution”



Risk Frisk Ltd, Innovation
Centre, College Lane, Hatfield,
Herts, AL10 9AB, United
Kingdom

Tel +44 (0) 845 4136

Book - “Managing Risk – The Human Resources Contribution”



RiskFrisk® Overview

We advise and support clients in any sector

KUEHNE+NAGEL

 **Pitney Bowes**

SAS

JAL
JAPAN AIRLINES


THREE VALLEYS WATER

BOC EDWARDS


WTFOODS

 **Dalkia**


Essex County Council

 **Camden**


amey


JPMorgan


THE WINE SOCIETY
1874


Rustons

SYNAPSE
creative


RNIB


VEOLIA
Water


GAPI LTD


Pictons

CAMDEN
ELECTRONICS LTD


contour

pha
communications limited


TECHNICAL CONCEPTS

irm

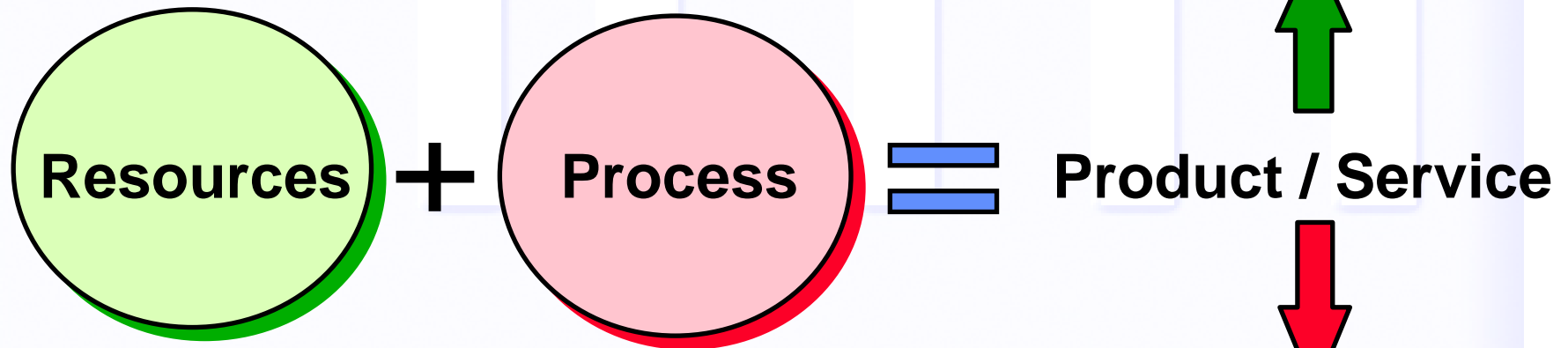
Worldwide education training and professional development

Traditional approach

- 'Tick the box'
- Legal compliance focus
- Initiatives cover 'silos' or specific issue
- ERM covers traditional risks
- Operational level risks are often excluded
- ERM preserve of risk management specialists
- Input from other disciplines is reduced
- Total risk profile is not understood

Choice

**GOOD BUSINESS PROCESS &
RISK MANAGEMENT**



**REDUCES RISK &
INCREASES
PROFIT**

**POOR BUSINESS PROCESS &
FLEET RISK MANAGEMENT**

**INCREASES RISK &
DECREASES PROFIT**

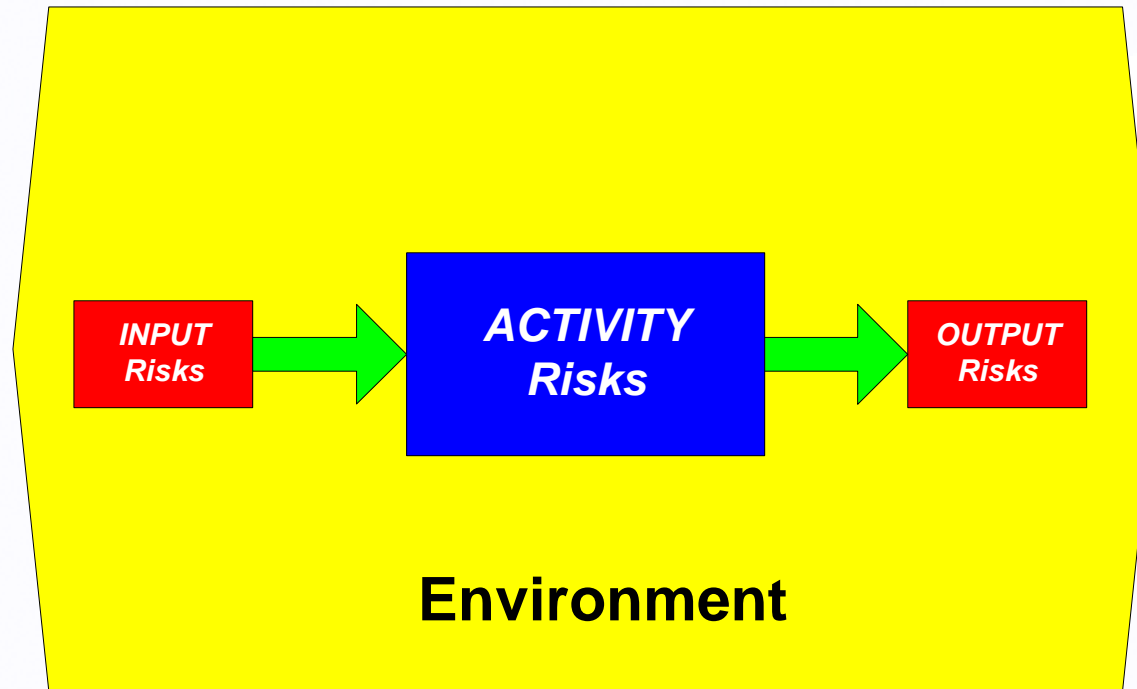
Make that Choice - Risk Averse?

- Reacting to legislation
- Absolute minimum re legal requirements
- Polices to justify function
- Not taking a balanced approach
- Restricting initiative and creativity
- Focus on minimising / eliminating 'all' risks

Make that Choice - Risk Managing?

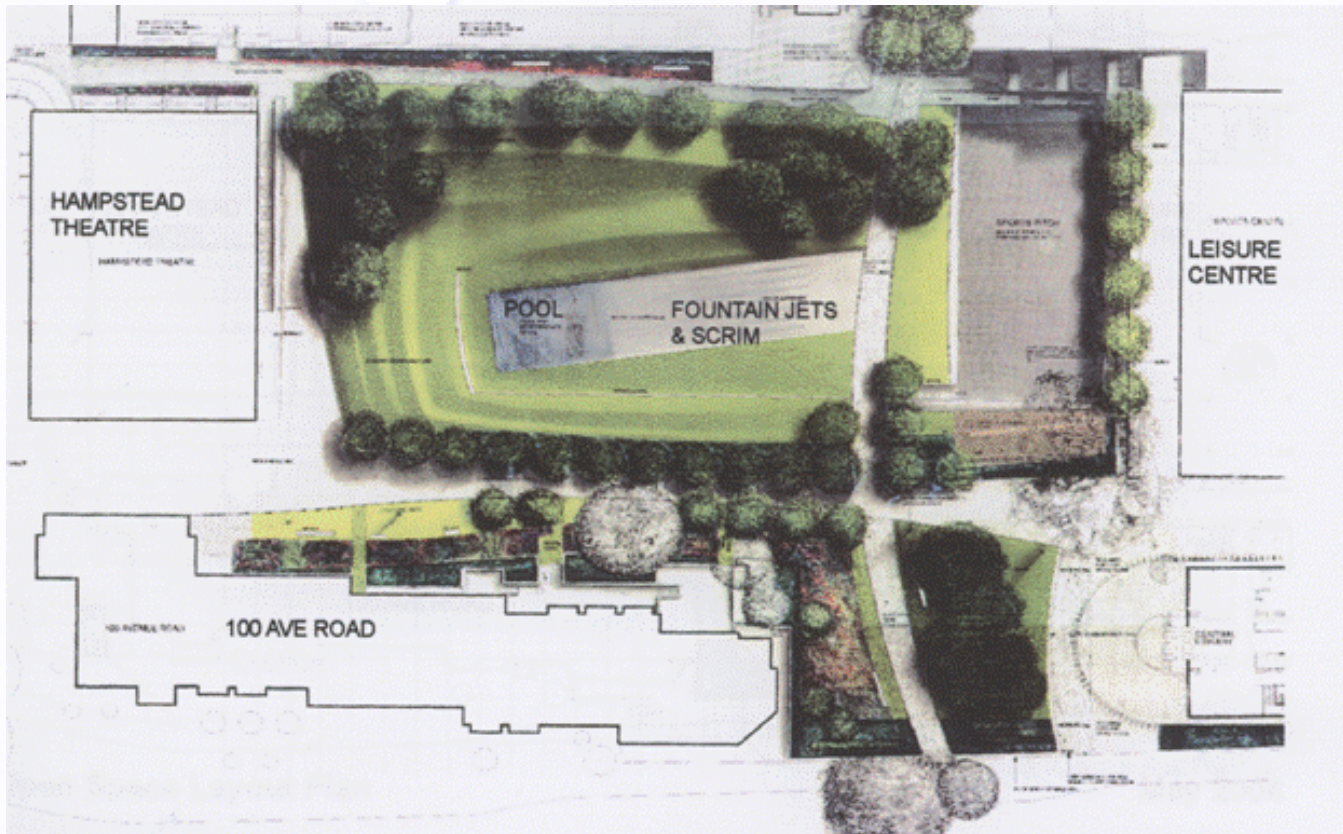
- ❑ The way the business is actually run
- ❑ What creates risk within the business:
 - Organisational factors
 - People factors
 - Commercial factors
 - Business processes
 - Operational processes
- ❑ Designing a system that is:
 - Strategic, Integrated
 - Executives / managers / employees
 - Professionally supported, not run
 - Risk-based, not legislative compliance

Holistic approach



Total 'business process' using a holistic, not a 'silo', legal compliance approach

Example – Holistic approach



Designed by same American architect that designed Diana Princess of Wales fountain in London

Research

- Reduction in risks and costs
- Silo tools and techniques
- Benchmarking
- Supply chain
- Underlying cause of risk
- Improve controls
- Organisational benefits
- Step change

Step change

- Enterprise-wide and global
- Risks at all levels
- Full range of activities and supply chain
- Relevant risk managing target
- Set risk appetite
- Flexible non-prescriptive guidance
- Proof of active management
- Due diligence
- Monitor progress
- Benchmarking

Corporate risk assessment

Key stages

Identify how the business creates downside risks

Identify how management system meets business needs

Identify how risk management can create upside risks

Organisational aspects

- Context
- Factors
- Processes

Risk management system

Processes

- Organisational
- People
- Business
- Commercial
- Operational

Corporate Risk Assessment

Specific management system:

- Management systems
- Communications processes
- People management
- Risk assessments
- Rules and procedures
- Learning and training
- Employee compliance
- Health and hygiene control
- Emergencies
- Hazard controls
- Facility and plant management
- Business and workplace changes
- Procurement
- External aspects
- Accident management
- System monitoring and review

Related strategic aspects:

Organisational Context

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

Organisational Factors:

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

Organisational Processes:

- Business planning
- External controls
- Internal controls
- Risk management systems e.g. HR, environment, financial

Risk profiling concept

- Uses corporate risk assessment concept
- Online
- Comprehensive
- Holistic and process focused
- Metrics
- Flexible, non-prescriptive reporting
- Own standard
- Benchmarking

Risk profiling process

- Obtain profiling process data:
 - Business processes
 - Operational risk factors
 - Risk areas
 - Risk elements
 - Risk status factors
- Create integrated process
- Establish reporting and benchmarking

Industry sector examples - fleet

- **Business processes**
 - **Fleet & related operations, vehicle & driver management, site & logistics control, customer management, supply chain partners, loss management**
- **Operational risk profile factors**
 - **Business sector; site activities; people no's; load type; vehicle type, no's & status; driver no's, groups, status and experience; journey activities, road & travel profile; geography**
- **Risk Areas**
 - **Strategic Aspects, Management Support, Vehicles, Drivers, Load, Site, Journey, Delivery**

Industry sector examples - facilities

- **Business processes**
 - **Facility identification & procurement, fit-for-purpose & utilisation, building & internal services, PPM, contractor control, building monitoring, tenant management, loss management**
- **Operational risk profile factors**
 - **Business sector; internal activities; people no's & type; building type & usage; building services; incoming & outgoing interfaces; length & type of occupation; ownership & legal status**
- **Risk Areas**
 - **Strategic aspects, management support, building services, workplace services, utilities, H&S, emergencies, outsourcing, change management**

Industry sector examples – ground aviation

- **Business processes**
 - **Due diligence, change management, passengers landside, aircraft handling, passengers airside, bags, cargo, dangerous goods, emergencies**
- **Operational risk profile factors**
 - **Sector; airline type; station activities; people no's, type & status; 'load' types, GSE type; vehicle no's & type; driver no's & status; journey activities, airside & landside travel**
- **Risk areas**
 - **Strategic aspects, management support, aircraft type, airline, support equipment (GSE), support staff & services, load, station, environment, journey**

Workshop discussion

- Who has responsibility for ERM?
- What process do you use?
- What risks does it cover?
- Key organisational processes
- Operational risk profile factors
- Top three risk areas