

IRM Risk Forum 2007

seeking certainty

Enterprise-Wide Risk Profiling for Specific Industry Sectors

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Chairman, IRM Transport SG

Agenda

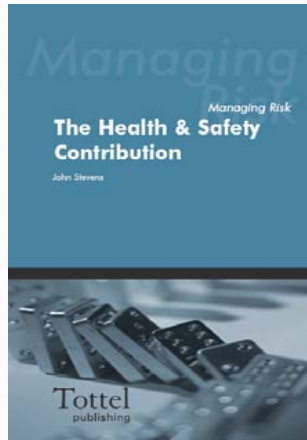
- Traditional approach
- Choice
- Holistic approach
- Research
- Step change
- Corporate risk assessment
- Risk profiling concept
- Risk profiling Process
- Industry sector examples
- Workshop discussion

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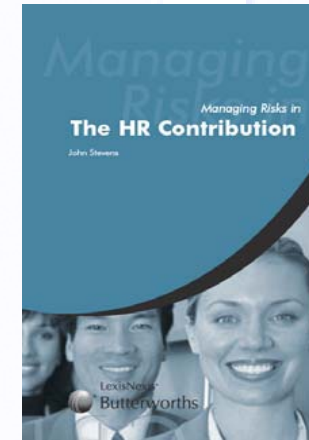
Book - “Managing Risk – The Health & Safety Contribution”



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Book - “Managing Risk – The Human Resources Contribution”



RiskFrisk® Overview

We advise and support clients in any sector

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Essex County Council

Rustons

BOC EDWARDS

Camden

**SYNAPSE
creative**

TECHNICAL CONCEPTS

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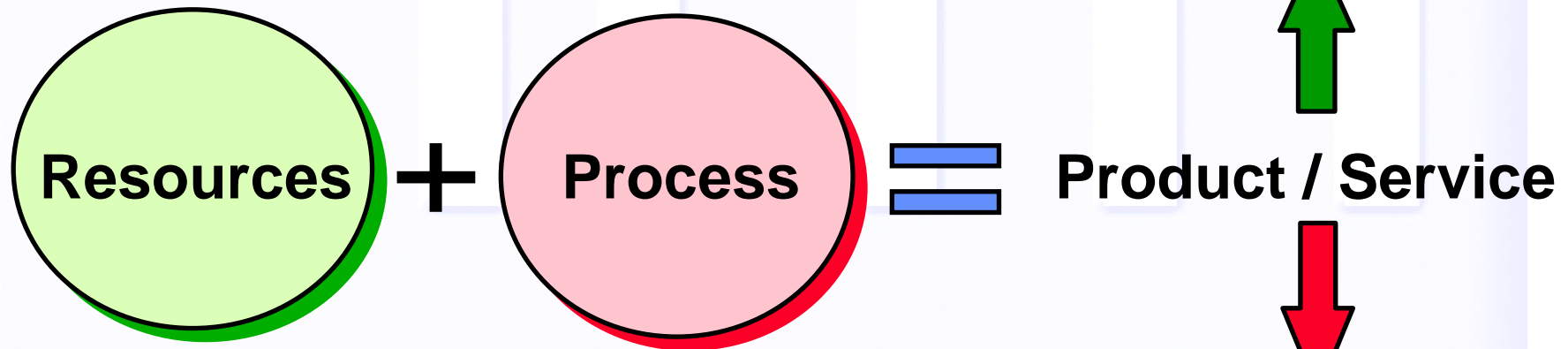
Worldwide education training and professional development

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**



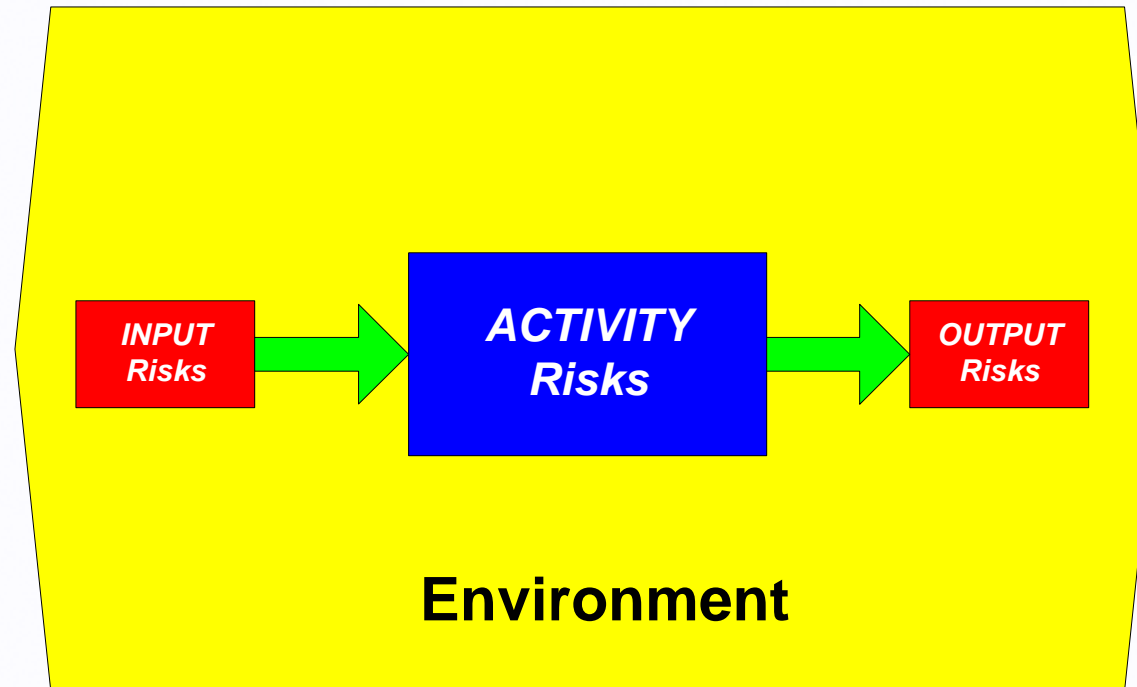
Make that Choice - Risk Averse?

- 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?

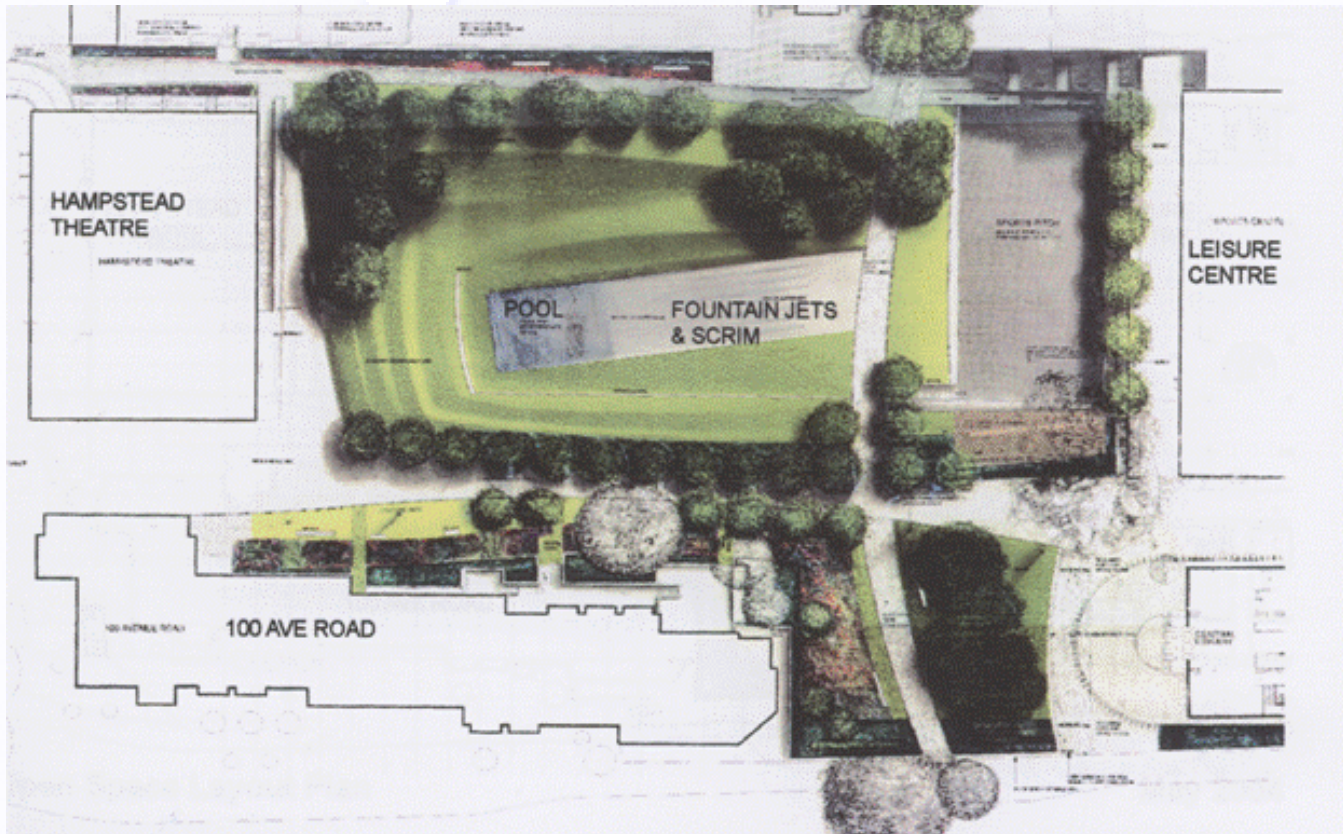
- The way the business is actually run
- What creates risk within the business:
 - Organisational factors
 - People factors
 - Commercial factors
 - Business processes
 - Operational processes
- Designing a system that is:
 - Strategic, Integrated
 - Executives / managers / employees
 - Professionally 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