



Risk Maker
Risk Taker

A Manager's Guide to Risk
SAMPLE PAGES
Study Guide

Produced by
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Part 1 – About the training package

Can I reproduce or transmit this training package?

Duplication of any part of the **video (VHS and DVD)**, in any format or its transmission over the internet or intranet is **strictly prohibited** without the written consent of the copyright owner.

Permission is granted to all purchasers of this training package for unlimited reproduction of any material in this **study guide** for use in their organisation's training.

Who is this video resource for?

- **Managers** at all levels including line managers and managers of quality, health, safety, environment and other management systems.
- **Consultants**
- **Trainers**

What are the objectives of this video resource?

This package is a resource to help managers:

- Learn the concepts of risk management. Specifically, the video package covers the key steps involved in the risk management process and how each step might apply in actual cases.

What does the video package contain?

The package consists of a video and study guide to help facilitators run a successful training session. It can also be used by managers and supervisors in self-paced learning. It includes:

- Video (VHS or DVD format)
- CD containing:
 - Study guide for facilitator or for self-paced learning
 - Slide presentation in MS PowerPoint

The study guide summarises the key points from the video. It contains exercises to build upon these points and reinforce the main concepts.

The study guide and slide presentation enables the facilitator to further expand the content and to tailor the program for staff by editing the guide and slides and adding specific examples from their own organisation.

Part 2 – Outline of the video

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Risk Maker Risk Taker outlines the main concepts of risk management. In particular it covers the steps which should be followed to manage risk. It also draws the link between the risk management process and the role of leadership and management systems.

The risk management process steps:

- Communication and consultation
- Establish the context
- Identify the risks
- Analyse the risks
- Evaluate the risks
- Treat the risks
- Monitor and review

Cases referred to in the video

Canberra Hospital demolition

On 13 July 1997, the Royal Canberra Hospital was demolished by a planned implosion. A 1kg fragment of steel expelled during the implosion killed a spectator who was 430 metres away from the hospital, among a watching crowd estimated at 100,000.

For more information see: <http://www.courts.act.gov.au/magistrates/index.html> and follow links to coroner's court, selected decisions, Bender.

Bundaberg Base Hospital patient deaths

Dr Patel was appointed as a surgical medical officer at Bundaberg Hospital. He soon assumed the position of Director of Surgery. Over two years, Dr Patel saw 1450 patients. Eight-eight of his patients died. A clinical review in 2005 found that Dr Patel directly contributed to the deaths of thirteen patients.

For more information see: http://www.qphci.qld.gov.au/Final_Report.htm

The New York Metropolitan Transportation Authority

The New York Metropolitan Transportation Authority installed a \$700 million automatic fare collection system which included better integration between modes of transport and new turnstiles. Among other improved performance indicators, bus and subway usage rose and fare evasion fell. But within another year, bus usage surged way beyond the prediction models. The reason was that the free transfer system proved so much more important to customers in terms of convenience, flexibility and simplicity, and provided a catalyst for subway riders to discover buses. So, the changes helped the organisation achieve its objectives but it also allowed for much greater opportunities.

HMAS Westralia fire

A fire occurred in the main machinery space of HMAS Westralia on 5 May 1998, which resulted in the death of four navy personnel. The fire was caused by diesel fuel from a burst flexible hose spraying onto a hot engine component and then igniting. The hose was one of a number of new flexible hoses supplied by the ship's support contractor to replace the original pipes.

For more information see:

http://www.navy.gov.au/publications/westraliaboi/pdf/WEST_RA.PDF#search=%22westralia%20enquiry%22

Wal-Mart holiday season sale

In Grand Rapids, Michigan, USA, several people were trampled as hordes of shoppers flooded through the doors in search of bargains at the traditional start of the holiday season.

Increasing public liability insurance closes show

The survival of community service organisations is under threat because of rapidly increasing public liability insurance.

Tourists lost on Great Barrier Reef

In North Queensland, on a barrier reef scuba diving trip with 23 other tourists, a couple holidaying from the USA was accidentally left behind in the open sea. The fact that they were missing was not discovered until the following day. They were never found.

BP Texas City Refinery fire

A massive explosion killed 15 people and injured many more. The explosion was caused by hydrocarbon vapors combusting after coming into contact with an ignition source, probably a running vehicle engine. The severity of the incident was increased by the presence of many people congregated in and around temporary trailers which were inappropriately sited.

For more information see:

http://www.bp.com/liveassets/bp_internet/us/bp_us_english/STAGING/local_assets/downloads/t/final_report.pdf

Air France Concorde crash

A Concorde operated by Air France crashed at Gonesse on 25 July 2000, killing all on board and four people in a hotel. During the take-off run the front right tyre of the left main landing gear was destroyed, very probably because it ran over a piece of metal. The destruction of the tyre caused damage to the aircraft structure and systems, leading to the crash less than one minute and thirty seconds after the destruction of the tyre.

For more information see:

<http://www.concordesst.com/accident/report.html>

Airlines use hedging to stabilize their fuel costs

The price of jet fuel continues to reach new records. Some airlines were struggling to maintain their profit levels. Other airlines such as Qantas and Lufthansa had risk management strategies which included hedging against increases in jet fuel prices. This saved them hundreds of millions of dollars.

New York Transit System strike

America's largest mass transit system ground to a halt because of the first strike in 25 years. It created traffic chaos and economic damage to retailers, restaurants and other industries.

Note: The web links provided are correct at time of publication.

Introduction to Kevin W Knight and Kimberley Turner

Kevin W Knight CPRM, Hon FRMIA; FIRM (UK)

Director, Risk Management Institution of Australasia

Chairman, ISO Working Group on Risk Management Standards

Kevin Knight was the 2001 Asian Risk Manager of the Year. The citation accompanying the award noted Mr Knight's long-term commitment to the development of robust corporate cultures committed to strong risk management practices and procedures. His active involvement in assisting a wide range of organisations in the National, Regional and Local Government areas within Australia and New Zealand to adopt and develop effective risk management regimes and his work within Education Queensland in developing the application of risk management techniques to the management of students with behavioural problems due to intellectual and other difficulties was also noted.

Kevin Knight has been very active in furthering the risk management profession and the professional development of its practitioners throughout the Asia - Pacific Region in particular, as well as globally over the past 25 years. He has been widely published and quoted by the risk management media throughout the world as a leading proponent of risk management. He has presented papers, lectures, seminars and workshops on the management of risk in Japan, Korea, Taiwan, The Philippines, Indonesia, Singapore, Malaysia, India, South Africa, Brazil, Canada, Belgium, England, Italy, Monaco, Romania and Spain in addition to his extensive activities in Australia and New Zealand.

Kevin Knight identified back in 1988 the need for the development of appropriate professional development training as one of the most urgent needs of the Asia-Pacific region. As a result he has been actively involved in the development of Risk Management Education syllabi that will not only benefit Australian practitioners but also be relevant to the professional development of risk management practitioners throughout the Asia, Pacific and African region. Mr Knight has also recognised the need for greater unity of risk management practitioners if their voice is to be recognised and heeded by government and corporate decision makers. He has actively worked for over 25 years to achieve greater cooperation within not only the Australian risk management community but within Asia as well as globally. His work was recognised by his peers in 1996 when the International Federation of Risk & Insurance Management Associations Board presented him with an award in recognition and appreciation for outstanding contributions and leadership to IFRIMA and the Association of Risk & Insurance Managers of Australasia at its Annual General Meeting

elected him an Honorary Life Member. The Australasian Institute of Risk Management Annual General Meeting in 2000 elected him as an Honorary Fellow. In 2003, he was the recipient of the Standards Australia Outstanding Service Award (Committee Member) in recognition of his contribution to the development of Australian and International Standards for risk management, for the ultimate benefit of the Australian community. He is currently:

- Chairman of the International Organisation for Standardisation (ISO) Working Group on Risk Management Standards;
- Member of the Standards Australia Management and Business Standards Sector Board;
- Member of the Standards Australia/Standards New Zealand Joint Technical Committee OB/7 - Risk Management;
- External Member of the Risk Management Committee of the Senate of the University of Queensland;
- Secretary & Administrative Director of the Federation of Asian, Pacific & African Risk Management Organisations (FAPARMO);
- A Director of the Risk Management Institution of Australasia;
- A member of the Board of Directors of the International Federation of Risk and Insurance Management Associations (IFRIMA), having been a member between 1986 and 1996 during which time he served a four-year term as President and a similar term as Chairman.

Risk Management Institution of Australasia Limited (RMIA)
www.rmia.org.au

Kimberley Turner
CEO, Global Risk Alliance

Kimberley Turner, Chief Executive Officer of Global Risk Alliance leads a highly competent and qualified team of risk advisors, trainers and developers in North America, Australia, New Zealand, India and China.

Kimberley Turner is heavily involved in promoting and advancing the discipline of risk management and has been dubbed a “risk management futurist” for her innovation, forward thinking and original leading concepts in the field.

As a risk management advocate, Kimberley Turner chairs the Education and Professional Development Committee of the Risk Management Institution of Australasia (RMIA) and sits on the Standards Australia Committee for Corporate Governance. In these roles, she has been instrumental in setting standards through the Certified Practising Risk Managers license program and broader risk management practice alike. She is a highly sought after speaker and receives invitations to present around the world.

Kimberley Turner supports a number of CEOs in both the public and private sector and provides regular risk coaching in corporate governance and organisational risk management frameworks to Board Risk & Audit Committees. Among her many achievements are being a risk adviser to the counter-terrorism team for the Sydney 2000 Olympic Games and being awarded the Centenary Medal of Federation for service and leadership to the business community by the Prime Minister of Australia.

Global Risk Alliance represents the leading edge of risk consulting internationally. Through cutting edge methodology and practice, the company provides services, support and tailored risk products to over thirty sectors both government and corporate. GRA’s innovative approach to supporting its client base empowers the adoption of leading integrated risk management practice in a time where the global business community is seeking exponential growth in a period of high risk and uncertainty.

Led by Kimberley Turner, Global Risk Alliance is positioned to partner with industry to minimize risk and maximise opportunity.

www.globalriskalliance.com

Part 3 – Key to the study guide

This study guide follows the video script and includes a number of exercises based on an imaginary business called the Mea Cuppa café. Facilitators may prefer to use the exercise questions as a template to create a typical case study from its own business or industry.

The symbols used in this guide:



Narrator



News reader



Interview



Complete the exercise

Part 4 – Video script and exercises

Introduction to risk



Over 100,000 people gathered to watch the much publicized event.



Take a few seconds to think about all the work that went into this project. Think about the leadership, the managers, the staff, the operators, the contractors. Think about all of the decisions that had to be made at every level, all leading to this moment.



A young girl was killed instantly when she was struck by a piece of flying metal. She was standing in a crowd beyond the lake, over 400 meters from the planned implosion. A number of other spectators were injured by flying metal and debris.



Risk is an integral part of every business, every process and every activity, whether it is investing in a new technology, taking on a different supplier, buying a piece of equipment, or hiring a new staff member.



Exercise 1

Did you make a business or personal decision this week which involved risk and opportunity? Describe the situation in terms of the risk and the opportunity.



Dr Patel was appointed as a senior medical officer in surgery at Bundaberg Hospital. He immediately assumed the position of Director of Surgery.

Over two years, Dr Patel saw 1,450 patients.

Eighty-eight of Dr Patel's patients died. A clinical review has since found that Dr Patel directly contributed to the deaths of 13 patients.

Dr Patel abruptly left the country and it was the hospital management which found itself having to answer questions at the Commission of Enquiry.



Kevin Knight

Every time as a manager I make a decision I in fact create a risk. Have I made the right decision and can I manage it to a successful outcome.



Management cannot avoid risk. But risk is as much about maximising opportunities as it is protecting against loss.



Exercise 2

Should a business attempt to avoid risk?



Kevin Knight

The thing with risk management ... it comes from the word 'riscare' which is to dare. And we don't dare to do things that we expect to fail. We dare because we think we will succeed.

Kimberley Turner

Generally the focus on risk management is people look at the negative and if we really examine what risk is about, risk is the chance of something happening that could impact on your objectives. It is really important to have those objectives as our primary focus because then our focus in risk management is going to be more opportunity based.



The new technology and ticketing system was introduced to streamline administration and reduce fare evasion. The changes proved so popular with customers that there has been a surge in bus and subway usage.



Kevin Knight

So the management of risk and risk is very much about how do we grasp opportunities while managing to minimise the loss and we're not about eradicating risk, we are about managing risk to a tolerable level.

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An organisation can manage risk by screening out events which can either cause harm or which can reduce the chance of getting the best possible outcome.

One screen is the leadership of the organisation.

Another screen is the organisation's management systems.

The most effective screen is an explicit risk management system. It is made up of seven essential steps.

The integrity of each screen can mean success or failure. Any cracks or holes could allow an event to occur which affects the organisation's performance in pursuit of its objectives.

And, sometimes, a diabolical combination of factors can come together, to trigger a major disaster.



Four young sailors were killed and five others seriously injured after a fireball engulfed the engine room of the petroleum tanker The Westralia, the biggest ship in the Australian navy.



Every organisation has a unique set of objectives, challenges, opportunities and, of course, risks.



A spokesperson said that the high cost of public liability insurance is threatening the survival of country shows and local sport.



In Michigan several people were trampled as hordes of shoppers flooded through the doors in search of bargains at the traditional start of the holiday season sales.



When things go badly wrong, one of the characteristics is that the sequence of events is described afterwards as being 'inconceivable'. The causes appear so straight forward it is hard to imagine how it was allowed to happen.



A massive sea search failed to find the American couple.

They were on a barrier reef scuba diving trip with 23 other tourists when they were accidentally left behind in the open sea. The fact that they were missing was not discovered until the following day.



It is with my deep regret that we believe at this time, there has been 14 loss of life as a result of the fire this afternoon (at BP refinery).



Most of the cases presented in this video are from organisations with established risk management policies and frameworks.

So, what went wrong? Was one surgeon solely to blame for the patient deaths or were there wider issues at play? Where were the cracks in the risk management?

Exercise - The Mea Cuppa Café

The Mea Cuppa exercise continues and builds throughout this guide.

Mr Pino Leonardo is Managing Director of the Mea Cuppa, a successful café in the legal professionals and courts district of the city. The customers of the Mea Cuppa are mainly lawyers, their clients and their families, journalists and some local office workers. The Mea Cuppa is one of two cafés in this vicinity. Pino employs six staff including a floor manager. Pino has a silent partner who funded half of the establishment costs. Pino's business objectives include expansion by taking over the lease on the book shop next door and installing seating for 30 more customers.



Exercise 3

The video states that every organisation has a unique set of objectives, challenges, opportunities and, of course, risks. Without structuring an answer, quickly brainstorm a list of risks that the Mea Cuppa could be exposed to? You will refer back to this list later in this guide.
