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ASSE PDC – Las Vegas 2008

”Enterprise Risk Management Profiling and Benchmarking for H&S and Fleet Risk Managers”



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Session objectives

- **Start to think about your risk profile:**
 - Internally – multiple operations & performance reviews
 - Externally – assessment of supply chain, 3rd parties etc., plus due diligence of others
- **Start to think about benchmarking:**
 - Internally - Site by site; division by division; country by country
 - Externally - overall, operational risk profile, sector by sector



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Content

- Introduction
- Business ‘drivers’?
- Directors responsibilities
- Profiling your risks
- Profiling process
- Fleet Risk Profiler™
- Exercises
- Questions

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Introduction

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Presenter's Backgrounds

- **John Stevens**
 - HR, H&S, Fleet, Fire, business continuity, supply chain
 - Global - International Safety Director BOC Health Care
 - RiskFrisk® - 1998; Fleet Risk Profiler™ - 2006
 - Author and international speaker
 - Professional bodies membership – ASSE, IOSH, IRM, CIPD, IoD
- **Lawrence Bamber**
 - Osh/risk management/ business continuity specialist
 - Consultant with AON; Aviva
 - Past President IOSH, UK
 - Author and international speaker
 - Fellow, Institute of Risk Management; Chartered Fellow, Institution of Occupational Safety and Health (IOSH); PM - ASSE

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RiskFrisk® + Fleet Risk Profiler™

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

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Products & Services

- Fleet Risk Profiler™ - risk-based enterprise-wide fleet risk management system for you and your supply chain
- Strategic health & safety and fleet risk management consultancy
- Development of integrated management systems and specific processes
- Senior level training

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Business 'drivers'?

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Risk appetite?

Good enterprise-wide risk management

Resources + **Process** = **Product / Service**

Poor enterprise-wide risk management

INCREASES PROFIT & REDUCES RISK

DECREASES PROFIT & INCREASES RISK

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What is 'driving' your business?

- Business goals & objectives - "profit, profit, profit" – what about risk/CG?
- Short-term reporting – constant improvement?
- Overall business / operational processes?
- Management processes?
- Commercial realities?
- 'Customer' expectations?
- People / H&S / Fleet risks?
- Regulatory requirements?

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How important is your business?

- Loss of investment from external parties (financial institutions, shareholders etc)
- Potential decrease in the value of shares
- 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; decrease in productivity; higher turnover

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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
- Directors 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

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Directors responsibilities

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Directors Duties - 1

- Set direction for effective H&S + Fleet risk management
- Establish effective business linked policy
- Be aware of significant risks & implications
- 'Own' and understand the key issues
- Decide how to communicate, promote & champion risk controls and take the lead
- Monitor & review performance – leading & lagging + link to business KPI's
- Ensure supply chain partners do not adversely affect you

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Directors Duties - 2

- Executives to develop polices, standards etc appropriate for the risks
- Consider H&S + Fleet during planning for change
- Ensure competent advice is available & listened to
- Make available adequate resources
- Non-executive directors to ensure H&S + Fleet is properly addressed
- Include in overall corporate governance process

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What do directors need to know?

- What is actually going on in their business – not what they think is going on!
- How their organisation is creating risks?
- What 'buttons' are being pressed?
- Most significant potential 'management failures'
- How to manage their significant risks and potential 'failures'?
- The 'journey', time scales, resources and commitment levels

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Profiling your risks

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Why Risk Profile?

- To identify:
 - The nature and type of your 'operation'
 - To set risk profile before assessment
 - What needs to be risk assessed
 - Who is responsible for the 'operation'
 - What 'factors' are relevant and what are NOT relevant
- To use results:
 - Internally to compare with other 'operations'
 - Externally to compare with other organisations
 - Supply chain due diligence & assessment
 - To set 'standard' for internal & external use
 - Performance management – year-on-year

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Identified your risks?

- Has your organisation identified its potential H&S + Fleet risks 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?

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Traditional approach

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

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Profiling methodology

- Holistic in approach
- Enterprise-wide coverage
- Business focused
- Linked to business 'operations'
- Linked to overall risk management
- Linked to organisational aspects
- Non-prescriptive outputs – link to risk appetite

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Our Model

Strategic H&S and Fleet Risk Management

Identify organisational aspects that create H&S and Fleet risks

Identify if H&S and Fleet system meets business needs

Identify how H&S and Fleet risk management can be integrated into the business

Organisational aspects

- Context
- Factors
- Processes

H&S and Fleet management system

Processes

- Strategic
- Organisational
- People
- Business
- Commercial
- Operational

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Risk identification

INPUT Risks → **ACTIVITY Risks** → **OUTPUT Risks**

Environment

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

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Coverage – 1

- Extent of 'duty of care'
 - Employees
 - Sub-contractors
 - 'Customers'
- Extent of 'direct & indirect' operations
- Review
 - Organisational factors – business 'drivers'
 - System & processes – match business needs
 - Identify actual practices – expose reality
 - Identify actual direct & indirect costs
 - Identify and assess risks, including reputation risks
 - Identify changes required + integration
 - New structures + delegation + training

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Coverage – 2

- **Direct operations:**
 - Recruitment & selection
 - Competency & training
 - Systems, processes, SSW's
 - Vehicles & equipment specifications
 - Repair, maintenance & inspection
 - 'Hazard control' & monitoring
 - Work/travel patterns, 'working time', incentives (sleep)
 - External support & compliance (cell 'phones)
 - Accident 'management' (causation)
 - 'Dual' message to employees, drivers? (be safe, but)

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Coverage – 3

- **Indirect operations:**
 - Consider 'as if your own' (no transfer of risk or duty of care)
 - Due diligence, pre-assessments/selection (agencies, supply chain)
 - Accident/incident management, ongoing monitoring
 - Agency SLA's
 - Pre-competency assessments, insurance cover/licences,
 - Incentives & performance (dual message?)
 - General SLA's – type of vehicles/equipment, work/travel patterns, customer inter-face

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Profiling - Organisation

<p>Organisational Context</p> <ul style="list-style-type: none"> • Activity • Location (s) • Background history • Ownership • Political & external influences • Commercial status • Business strategies 	<p>Organisational Factors</p> <ul style="list-style-type: none"> • Organisational structure • Core values • Goals & objectives • Compensation and rewards <p>Organisational Processes</p> <ul style="list-style-type: none"> • Business planning • External controls • Management control • Risk management
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Profiling - H&S

<ul style="list-style-type: none"> • Management system • Communications processes • People management • Risk assessments • Rules & procedures • Learning & training • Employee usage • Health & hygiene control • Emergencies 	<ul style="list-style-type: none"> • Hazard control • Facility & plant management • External risks (Fleets) • Business & workplace changes • Procurement • External aspects • Accident management • System monitoring & review
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Profiling - Fleets

- Risk Areas
 - Vehicles, Drivers, Load, Site, Journey, Delivery, Management Support, Organisational Aspects
- 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, vehicle/driver mileage, accident data
- Risk elements – process; metric; organisational




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Profiling - Facilities

- Risk Areas
 - Building services, workplace services, utilities, H&S, emergencies, outsourcing, change management, management support, strategic aspects
- 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 elements – process; metric; organisational




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Profiling – Ground aviation

- Risk areas
 - Airline, aircraft type, SLA, support equipment (GSE), support staff & services, load, station, environment, journey, management support, strategic aspects
- Business processes
 - Passengers landside, aircraft handling, passengers airside, bags, cargo, dangerous goods, emergencies, Due diligence, change management,
- Operational risk profile factors
 - Sector; airline; aircraft 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 elements – process; metric; organisational



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Profiling process



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'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 risk professionals as 'enablers' and not 'blockers'
- Makes sure that all risks are part of RM

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Process

1. Risk areas
2. Business processes
3. Risk profile factors
4. Risk elements
5. Status
6. Actions

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Fleet Risk Profiler™

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Web-based product

- Provides access to process via web
- Is built using ERM principles
- Enables multi-level management & benchmarking:
 - Corporate & Divisional
 - Site by site
 - Fleet Industry sector
 - Operational Risk Profile level
- Fast-tracks introduction of your own standard
- Set your own targets & measure your performance
- Significantly reduces resources & costs of 'whole organisation' risk profiling & management
- Automatically generated reports
- Develop a targeted risk-based, but non-prescriptive action plan, consistent with ERM

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Relevant International Standards

- USA - ANSI Safe Practices for Motor Vehicle Standard (Z15.1)
- AUS - Risk Management Standard
- UK - IRM Risk Management Standard
- UK - HSG65
- UK - 18001
- UK - INDG 343
- UK - CHAPSI
- UK - FTSE4Good
- UK - BIC

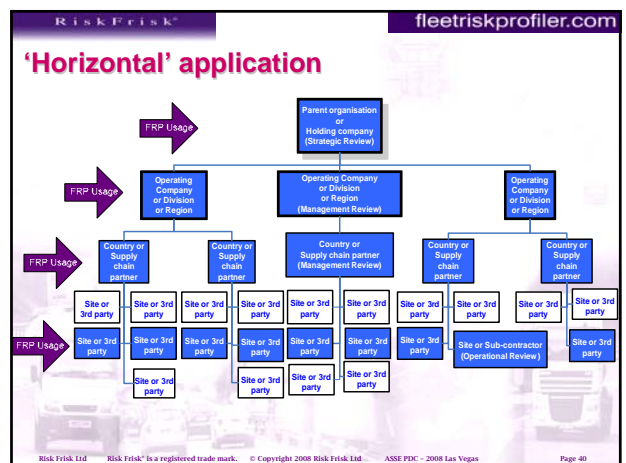
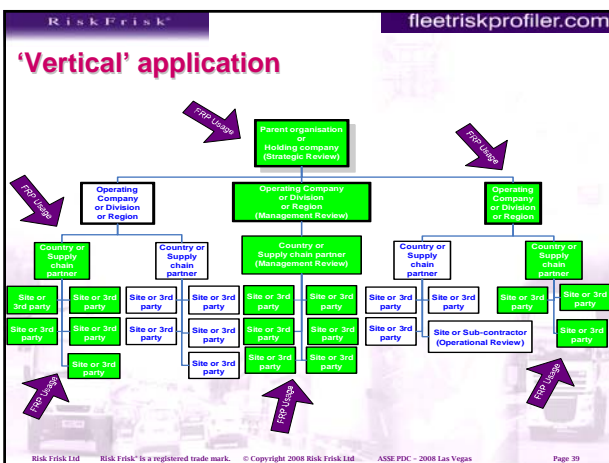
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Fleet Risk Profiler™

- 16 risk profile factors create operational risk profile
- 7 risk areas cover all fleet & related risks:
 - Vehicles, Drivers
 - Load, Site (depot, warehouse)
 - Journey & delivery point
 - Fleet management system, Organisational aspects
- 250 + risk elements cover all levels of risk & process
- Very different fleet & related operations & risk profiles
- Strategic, management and operational level outputs
- Risk-based international content – multiple sites



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Benchmarking options

- Single organisation or site:
 - Single results
 - Multiple results
- Multiple sites, latest results
- Average results:
 - Single organisation or site
 - Multiple sites
 - All results
 - Operational Risk Profiles
 - Fleet Industry Sectors
 - Parent company, all organisations
 - Parent company, each separate organisation

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Exercises

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Exercise 1

- Consider your own operations & supply chain
- Identify your main risk areas

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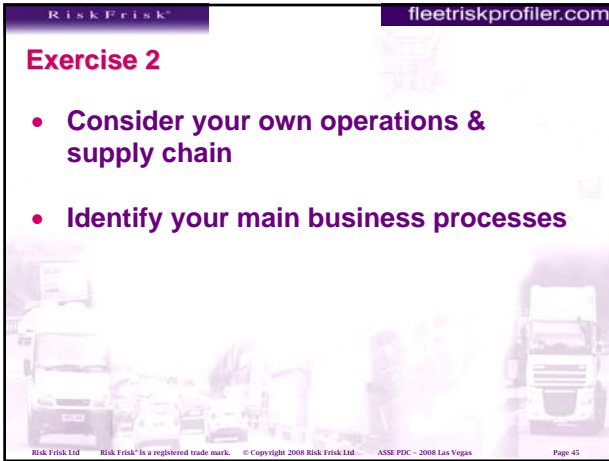
Exercise 1 - response

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Exercise 2

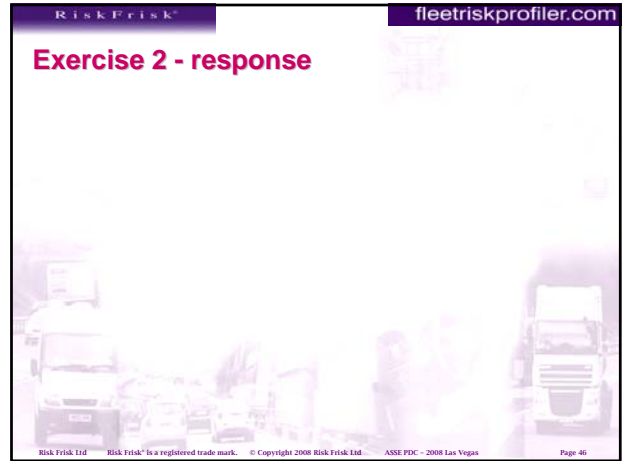
- Consider your own operations & supply chain
- Identify your main business processes



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Exercise 2 - response

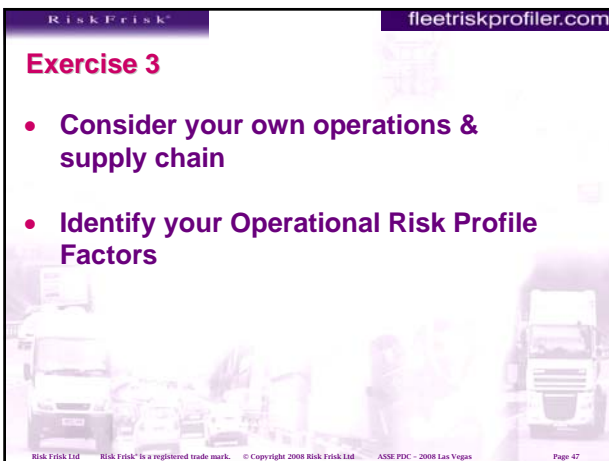


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Exercise 3

- Consider your own operations & supply chain
- Identify your Operational Risk Profile Factors



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Exercise 3 - response



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Exercise 4

- Consider your own operations & supply chain
- Identify key risk elements

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Exercise 4 - response

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Strategic & corporate
H&S and Fleet risk
consultancy


Online & real time
Fleet Risk Profiling

Hertfordshire, UK

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Any questions?



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