Risk Management Overview – *myth or magic?*

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Risk Management – *the basics*

➢ In general, the aim of our project is this: -
Risk Management – the basics

NOT this: -
Risk Management – the basics

- Managing H,S&E risk is only a small part of Risk Management.
- Risk is not always negative (hazards), there are positive (opportunity) risks too.
- Risk Management has an important role in everything we do in our day-to-day lives, like crossing the road or starting a new job. There are hazards and opportunities in many things.
- It all depends upon the circumstances and what the ultimate goal is.
Risk Management – *the basics*

- Crossing the road – a hazard if there is no footbridge, but when we get across opportunity awaits (friends, shopping etc.)
- Starting a new job – gives us new opportunities to progress, but hazards if we don’t like the job/company.
- Take 5 minutes to consider and discuss with those on your table, other basic activities in terms of personal Risk Management.
Risk Management – the basics

- Money
- Time
- Personal development
- Other people’s activities
- Whatever the circumstances, we need to assess the impact of both the hazards and the opportunities in order to fully understand the benefit and/or the risks.
- All of the above (and more) have an effect on a larger scale in our working lives.
Project Risk Management

Whenever a project is conceived, there are multiple factors to take in to account right from the outset.

The role of Risk Management may not be obvious, but it should always be a part of every process (even subconsciously).

Considering it from a different perspective can help (sometimes).

So we are going to look at it differently.
Risk Management – *a different perspective*

The Project

- Think of a project as a jigsaw puzzle, lots of jumbled pieces waiting to be slotted in to place.
- But where do you start?
- and what has Risk Management got to do with it?
Risk Management – *a different perspective*

- Your particular piece of the puzzle (Client, Consultant, Contractor), may be different, but generally the process will be affected by some very basic and/or common factors.
Risk Management – *a different perspective*

Concept/Planning

- *In terms of our jigsaw, the client looks at the box and decides if it is one he/she wants.*
- *If the concept is positive, the client will engage others to take it out of the box and start to arrange some of the pieces.*
- *This is where all the pieces with straight edges are separated – but for others (consultant, contractor etc.) to put together.*
Tendering – the client’s perspective

- The client (or his new team) will issue the tender.
- The team will study the picture on the box and the basic information (number of pieces and size of the finished puzzle).
- Based upon their idea of the parameters of the project (number of pieces etc.) they will give the client their idea of the project cost.
Tendering – the client’s perspective

- The overall budget will be based, to some extent, on the project cost.
- All parties to the project will want to make a profit.
- The client will expect a hand-made jigsaw puzzle in the same time and at the same cost as one from an automated production line (in other words a Rolls Royce for the price of a Mini).
Risk Management – a different perspective

But sometimes it ‘gets lost in translation’
Risk Management – a different perspective

Tendering – the client’s perspective

➢ The client and his/her team work out if the contractor meets the requirements of price, time and ability to deliver the expected results.

➢ So where are the hazards?

➢ Are there any opportunities?
Risk Management – a different perspective

Tendering – the contractor’s perspective

➢ The contractor now has to work out if they can do the jigsaw for the money, in the time required, if they have the ability to deliver AND if they can make a profit.

➢ This opens up a lot of the same hazards and opportunities and some new ones!

➢ What are they?
Risk Management – *a different perspective*

Tendering – the contractor’s perspective

- **Budget** (can you afford to do the jigsaw puzzle) – is it achievable within the agreed budget or are there constraints – what are the hazard and opportunities?

- **Timeframe** (can you finish the jigsaw puzzle in time) – is it achievable within the agreed timeframe or are there constraints – what are the hazard and opportunities?
Risk Management – a different perspective

Tendering – the contractor’s perspective

- **Project complexity (can you do the jigsaw puzzle)** – does the contractor have the skills to do the job – what are the hazard and opportunities?

- **Other Factors (what or who may affect how you do the jigsaw puzzle)** – are specialists required, what approvals are needed, do you need permission?
Risk Management – *a different perspective*

**Tendering – the contractor’s perspective**

- Do the basic hazards and opportunities apply? And if so how?
- Money - ?
- Time - ?
- Personal development/competence - ?
- Other people’s activities - ?
Risk Management – *a different perspective*

- What happens if you lose some pieces, or if something doesn’t fit?
There are hazards and opportunities around us and in everything we do.

Risk Management is the art of identification and either limiting (the hazards) or maximising (the opportunities) their impact.

Risk Management is not mythical, nor is it rocket science (unless you are planning space flight).
Risk Management – conclusion

- Risk Management starts with knowing, understanding and accepting your limitations.
- The more you know and understand, the more you may be able to push the boundaries of those limitations.
- Risk Management is not limited to H, S & E, but poor Risk Management has a major impact on it, it can be the root cause or a contributory factor of incidents.
Risk Management – conclusion

Risk Management is now included as part of the latest revisions of:

- ISO 9001 - (Quality Management)
- ISO 14001 - (Environmental Management)
- ISO 45001 - (Occupational Health & Safety Management)

There is also ISO 31000 which is specific to Risk Management – so it is definitely not a myth!!
Risk Management – conclusion

➢ REMEMBER: -

Deficient Data Kills!
Thank you for your time and contribution

The next Risk Management session will look at project mobilisation (from a different perspective)