

# RISK PROFESSION

## Major events demand strategic, ongoing RM

Organisations with a culture that promotes continuous risk assessment are better placed to deal with major events, says Dr Bill Griggs, Royal Adelaide Hospital director of trauma services.

Dr Griggs, a world-renowned authority on trauma medicine and one of Australia's leading intensive care, anesthetic and medical retrieval specialists, told RMIA's Risk Odyssey, in Adelaide, strategic RM systems were important, but needed to be adaptable for disasters.

Dr Griggs has been deployed as an RAAF reservist and a civilian to disaster zones, including Bali after the 2002 bombings and Banda-Aceh as part of the 2004 tsunami disaster response effort.

"It's about managing risk in the face of chaos and on limited information. You make decisions then have to modify them because you don't have all the information when you begin your response," he said.

"It's a running risk assessment. You need an ongoing risk assessment for disaster events where you are responding and risks are changing. You have to start responding before you have all the information."

Dr Griggs said a well-planned risk strategy for disasters required not just immediate medical intervention, but also a cool head to collate information to ensure the response was adequate and properly focused.

"You need to make records as you go along because it's easy to forget things when you are stressed and under pressure. People lose track of time in a disaster. When we first landed in Banda-Aceh and saw the devastation we were trying to write everything down and keep a record so we could pool the information with others later to get a better picture of what had happened and the scale of the disaster.

"After an initial assessment, I wrote a report with half a page of recommendations. They included a field hospital, air medical teams, clean drinking water, medical supplies and

support elsewhere. It was a list of 15 or so things I thought were needed.

"There was also 15 pages of raw information I didn't want diluted. That had to be seen by someone who knew what was going on elsewhere."

Dr Griggs said being in the heart of a disaster brought its own risks. "Medical issues may be up close and in your face but that means you may not be aware of what is happening elsewhere. In Banda-Aceh I saw children drinking water from the street just feet away from dead bodies, which is a significant risk, but I didn't know if things were worse elsewhere."

When treating hospital patients, Dr Griggs used the same philosophy. "I perform a strategic RM for my department and an ongoing dynamic risk assessment because the situation in a hospital trauma department can change very quickly. Risk reviewing is an ongoing process."

Dr Griggs believes in having an inclusive RM culture. "Organisations that implement comprehensive risk assessments will be better placed to cope with major events. Some pay lip service, but they are not going to get anywhere near as good a response.

"If an organisation is serious about risk it will be well prepared. That includes training and communicating with staff and building a culture where ongoing risk assessments become part of the way a company does business. It needs to be ingrained into the culture, down to the roots of the organisation," he said.



Bill Griggs

## RM matures with new standard

The new international RM standard, ISO 31000, demonstrates a maturation of RM, says the University of NSW's Prof Jean Cross.

She told an RMIA NSW chapter meeting that the change from AS/NZS 4360 was evolutionary, but would take RM practitioners who used 31000 significant steps forward from the last revision of 4360.

"It talks about how RM fits into other management systems and emphasises the need to do more with risks than simply measure the level of risks and rank them."

Prof Cross said RM was still predominantly compliance based, with practitioners identifying risks, using traditional risk matrices to analyse them, then applying standard treatments. However, a consequence likelihood matrix was "only one tool of 30 described in the draft ISO IEC 31010 (RM Risk Assessment Techniques) which will follow ISO 31000 in 2010".

Once RM practitioners began using other methods of analysing risk to gain a better understanding of risk and what affects the level of risk, they would be in a better position to apply the best treatment possible.

Prof Cross sees 31000 as the next five-year step in RM's maturity. She is confident the name change will encourage more people to read it. When AS/NZS 4360 was upgraded from the 1999 edition to 2004, "a lot of people didn't bother to buy the new standard and see the changes".

In 1992, when a standard was first mooted, Prof Cross said "few organisations would have had formal RM structures in place".

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Because formal RM was so new, the concept of risk and its management was “perhaps oversimplified”.

While ISO 31000 is relatively short, it has a wealth of information behind it, which risk managers can potentially access through a rewrite of the AS/NZS 4360 handbook, HB436, which is currently in progress, plus additional upgraded handbooks.

Prof Cross is particularly championing the OHS RM handbook, which she is managing, but hopes to see all the 4360 handbooks eventually upgraded to dovetail with 31000.

Prof Cross was a professor of RM in the University of NSW’s School of Risk & Safety Science for 20 years and continues to teach part time at the university and consult to other organisations.

Initially her teaching area related specifically to safety and accident analysis and prevention but extended to applying the RM process in a wide variety of contexts and the ways in which risk assessment tools and techniques operate across different operational and technical risks.

Prof Cross chaired the Australian Standards Committee OB7, which developed AS/NZS 4360, from 1992 to 2004. She represents Standards Australia on the international committee developing 31000.

## Emergency RM ‘needs consistency’

NSW’s diversity means consistency is the aim in emergency management.

Neil Hargreaves, mitigation & RM manager for the NSW State Emergency Management Committee Secretariat (SEMCS) spoke at a NSW chapter seminar on dealing with the consequences of major disasters.



Neil Hargreaves

He said the challenge his office faced was assessing and dealing with various risks consistently. “We look at emergency management in terms of business continuity management (BCM). In that sense, a bush fire will be assessed in the same way as a flood or storm.

“Using AS/NZS 4360, we use the same processes, but have adapted them to suit our particular requirements.”

He said emergency RM was undertaken by non-risk professionals, eg, police officers, paramedics and fire officers, at a district level. “They are more aware of the threat posed by natural disasters as they know the region and can plan for emergencies, but we set the policy for emergency management in NSW,” he said.

“We have a wide variety of threats in different communities, so it is not necessary to have RM experts undertaking specialised risk assessments, but the experts are there to support the plans with policy and guidelines to achieve consistency.”

Mr Hargreaves said guesswork was involved in assessing threats that may never happen. “With part of our work, we are reduced to guesstimates because of the nature of the threat. Some risks we deal with have never happened, so we use best historical records to base a judgement on.

“It can be a difficult process because we are sometimes dealing with abstract concepts.” One was the impact of climate change. “We have already noticed a rise in frequency and intensity in weather events.

“There has been an increase in rainfall in northern NSW and we are using the best advice from climatologists to advise us on the impact. It’s a little bit of a shift to look for predictions for events that have not happened very much, but we use historical references to help us. It sounds like a bit of a black art because most of the events we plan for, we may never experience.”

Other risks were human and technological and all potential hazards were considered in risk assessments. “We undertake modelling scenarios with floods, bushfires, pandemics and chemical spills,” Mr Hargreaves said.

“There is flexibility in the guidelines because of the variety of our communities. We have to perform regular reviews and produce up-to-date guidance.”

On technological risks, he said the SEMCS had no authority over private organisations, but there were ways to impose some regulation. “We don’t have a direct influence on the private sector, but can recommend, influence and monitor treatment options.

“We have a comprehensive and circular approach to emergency RM. With prevention, preparedness, response and recovery, we hope to be a prepared community. We test and review plans then perform further risk assessment, checking all options. It’s a continuous evolution of options.

“In terms of BCM, we look at NSW as a large organisation, so we aim to reduce the likelihood of it being impacted.”

## Business ‘needs RM software to evolve’

CorProfit MD Ian Abrahams believes RM software can perform a range of analyses and help implement required risk treatments.

But he told RMIA’s annual NSW education workshop that too many managers expected to just push a button and leave the software to it.

“You need software that is sufficiently intelligent to adapt to changing needs over time. Risk managers will help RM move further forwards by applying knowledge and skill, but they need the appropriate software to model and test assumptions.”

Mr Abrahams believed only 15% of Australian companies operated RM strategies with specialised software. “Most organisations still use Excel to perform risk assessments. While it is a worthy program, risk managers should be using the right tool for the job.

“You have to find the common denominator among organisations as well as software. RM evolves just as an organisation changes over time, so companies should consolidate their processes.”

He said similar organisations were using vastly different approaches. “Universities and councils all use different approaches. They should be able to use the same software and approach because one university’s processes should be much the same as another’s, and the same with similar councils.”

Mr Abrahams said software should always support the process, giving rise to objective reports and consistent analysis, but he admitted software developers could be more flexible with their programming.

“Software is probably not flexible enough at present. It needs to be more sophisticated. Risk managers will struggle without proper systems, but organisations need to agree on more common frameworks. They need measurable systems that are not just measured in dollars and cents.”

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He believes systems can help rationalise wider frameworks, but said "differences need to be on the table so they can be ironed out".

He said the RM profession was "fragmented" and its future depended on four pillars. "Risk managers need to be very knowledgeable and know what they are talking about. Staff need to be included in a risk-aware culture. Systems will play an important part and, above all, risk managers need executive support."

CorProfit is a RM software supplier.

## CRMT profile

### Stepping stone To CPRM

Andrew Shields has gained his Certified Risk Management Technician (CRMT) accreditation, but is already looking ahead to gaining RMIA's Certified Practising Risk Manager (CPRM) status.

Mr Shields, risk manager at Tasmania super fund Retirement Benefits Fund (RBF), wants to further his career development quickly.

"I was looking into formal accreditation because I wanted to consolidate my technical knowledge and validate my RM competency.

"Two colleagues referred me to the CPRM accreditation but I was not experienced enough. I met most of the criteria and have the competency but not the experience. Once I discovered I fell short of the CPRM criteria, I saw becoming a CRMT as a stepping stone to that."

RBF has a professional development program and the company was happy to fund the application, which took Mr Shields two months to complete.

"It was a challenging process which led me to reflect on my RM career to date. Going through my past work made me look at everything I had achieved, but also what I had not achieved."



Andrew Shields

Mr Shields will soon roll out a new RM framework for RBF and said his new status had been a huge benefit. "It has validated my achievements so far and boosted my confidence, which will help me with the new RM framework."

He enjoyed the interview with the RMIA panel and said he was able to hold his own when talking about new ideas and concepts. "The panel meeting was very rewarding. I was bouncing ideas off the panel and the immediate feedback was very positive.

"It was also extremely reassuring because the RM problems I face are the same ones other people face. The biggest challenge is embedding ERM into a company's culture.

"I didn't find the panel intimidating. I did think it would be very formal but [the panel] seemed to tailor their questions to what was in my portfolio. It showed me that I know what risk managers are talking about. It also gave me more respect for RMIA."

Mr Shields said he would need to immerse himself in his RM position before attempting to become a CPRM, but found new levels of determination to succeed among his peers. "I certainly have more faith in my abilities now and, at RMIA functions, I have been able to bounce ideas and concepts off my peers.

"It has been great to network with other risk managers because I've found they are going through the same RM evolution. Several of us now share ideas via email. It has been invaluable because there is a lack of RM professionals in Hobart."

He advised anyone with fewer than five years' RM experience to apply to become a CRMT before going for CPRM status. "Do it from the perspective of validating your technical knowledge. When I am talking about RM now I feel I have that backing from RMIA."

## CPRM profile

### Accreditation 'opens doors'

A family connection encouraged one of RMIA's latest successful Certified Practising Risk Managers (CPRM) to apply for the accreditation.

Former Fosters Group RM best practices global manager Bronwyn Friday decided to take the plunge after her sister-in-law, Catherine Friday, attained the sought-after accreditation.

Bronwyn Friday, who is now group risk manager at construction firm John Holland, said the catalyst for becoming a CPRM came from within her family.



Bronwyn Friday

"I knew the value of having CPRM after my name, but Catherine was the trigger that really spurred me on," she said. "CPRM was held in high esteem and it really was worth making the effort to reassess my knowledge, concepts and ideas."

Ms Friday has been in RM for eight years and said assembling a portfolio of her work had been an enlightening experience. "It took me about two months in total, including three or four weeks going through my work to decide what I would eventually use.

"I wondered what information I would need and if it highlighted my attributes. I knew it would be a long, hard process. Several peers had been gulping about doing it, so it had to be worth attaining."

Ms Friday, who was awarded the accreditation in July 2008, admitted being on edge when it was her turn to face the panel with her portfolio. "I was nervous, but found the interview interesting because it gave me the chance to talk through concepts rather than being judged just on what was in the folder."

She was able to see how her opinions and ideas had changed and matured and was delighted when given the good news. "Becoming a CPRM was a huge reward in itself. It gave me confidence in what I have been doing.

"I'm now more confident talking about RM processes and ideas with my peers and it has given me the chance to attend RMIA master classes."

She joined RMIA's Victorian chapter committee in February. Ms Friday believes the CPRM accreditation will evolve into a standard that people inside and outside the industry respect. She said many government RM positions already required candidates to be accredited as part of selection criteria.

"It's becoming more widely known and more recruiters will understand that those who have it will be of a certain standard," Ms Friday said.

## RMIA Update

### **TRANSITION TO ISO 31000 WORKSHOPS**

A ballot of ISO member organisations on the proposed ISO RM Standard was to finish by the end of July. In anticipation of a positive vote, the Australian/New Zealand Standards Committee has already approved adoption of the new standard as AS/NZS/ISO 31000:2009 – RM – Principles and guidelines and for AS/NZS 4360:2004 – RM to be withdrawn and consigned to history.

To assist RMIA members, a workshop, Transitioning to the New RM Standard – AS/NZS/ISO 31000:2009, has been developed by Kevin Knight AM, convener of the ISO Working Group on RM that developed the standard. The workshop content has been approved by a quality assurance panel and endorsed by RMIA.

To enable RMIA members and others the opportunity to gain an appreciation of the new standard and its application to their existing RM programs, the workshop will be offered in the following locations:

Adelaide: Aug 24, Oct 22  
Brisbane: Aug 20, Oct 16  
Canberra: Sept 10, Oct 19  
Cairns: Nov 25 (after the RMIA Annual Conference)  
Hobart: Sept 8  
Melbourne: Aug 18, Sept 9, Oct 21  
Perth: Aug 25, Oct 23  
Sydney: Aug 19, Sept 11, Oct 20

A registration brochure will be available soon. To express your interest in attending a workshop, email [msc@rmia.org.au](mailto:msc@rmia.org.au).

### **CPRM/CRMT ASSESSMENT DATES**

RMIA members seeking accreditation as a Certified Practising Risk Manager (CPRM) or Certified Risk Management Technician (CRMT) need to book an accreditation assessment.

The dates are below. For more information, email [education@rmia.org.au](mailto:education@rmia.org.au).

**CPRM:**  
Portfolio submissions are required six weeks before the assessment date.

Canberra: Aug 21–22  
Brisbane: Oct 30–31  
Cairns: Nov 21

**CRMT:**  
Interviews are conducted via a teleconference. Portfolio submissions are required two weeks before the assessment date.

Dates: Aug 20, Sept 24, Oct 22, Dec 3.

### **FUNDAMENTALS OF RISK CONTROLS WORKSHOPS**

The Fundamentals of Risk Controls one-day workshop is for individuals working in all types of organisations who need to acquire knowledge of how controls help identify and manage risks.

The workshop aims to give participants fundamental and essential information to be successfully able to identify, assess and improve controls in their organisations.

The content provides practical tools and activities to ensure participants can explore issues and problems with their peers.

It also examines the latest methodologies, developments and research in the area of risk and controls.

The workshop has been designed and developed in consultation with subject matter experts, industry experts and education specialists and has undergone a Quality Assurance process to become RMIA endorsed.

Scheduled dates are:

Hobart: Sept 2      Melbourne: Oct 13

For more information, go to [www.rmia.org.au](http://www.rmia.org.au) or email [education@rmia.org.au](mailto:education@rmia.org.au).

### **FUNDAMENTALS OF MANAGING RISK WORKSHOPS**

Participants who attend the Fundamentals of Managing Risk workshop acquire the skills and knowledge to apply the RM process in their organisation by understanding the AS/NZS 4360:2004 standard.

Reference is also made to the draft ISO 31000 RM standard throughout the workshop.

The delivery method is a combination of practical application of theory through case studies in an interactive individual and group environment.

The workshops are delivered by facilitators who are RM practitioners and qualified, experienced presenters.

The workshop has been endorsed by RMIA and a Quality Assurance panel consisting of industry

experts and educational specialists to ensure the content delivered is current to industry trends and the broader business climate.

Sydney: Wednesday, Thursday – Aug 26–27  
Perth: Tuesday, Wednesday – Sept 22–23  
Darwin: Monday, Tuesday – Oct 12–13  
Melbourne: Tuesday, Wednesday – Oct 27–28  
Wellington, NZ: expressions of interest welcome

For further workshop information or bookings, go to [www.rmia.org.au](http://www.rmia.org.au).

### **RMIA 2009 ANNUAL CONFERENCE**

The RMIA Annual Conference, *Risk management: the road to resilience*, is in Cairns, far north Queensland, on November 22–25.

It provides an excellent opportunity to partner with RMIA as a sponsor or showcase your products and services in the exhibition area. The partnership prospectus is available on the website, [www.rmia.org.au](http://www.rmia.org.au).

RMIA 2009 gives all commercial partners the chance to consolidate in or further penetrate the emerging RM marketplace throughout the Asia-Pacific region.

The conference is endorsed by the International Federation of Risk & Insurance Management Associations and the Federation of Asia Pacific & African Risk Management Organisations.

The conference is the pre-eminent learning and professional development event for RM professionals in the region.

It attracts more than 600 delegates from Australia, New Zealand, the Pacific Islands and south-east Asia.

The conference will be a global forum for the transfer of practical skills, knowledge and understanding from risk professionals and companies that have achieved an extraordinary state of robustness when many of their contemporaries are struggling and fighting for survival in the global financial crisis.

Email [conference@rmia.org.au](mailto:conference@rmia.org.au) for more information.

### **CPRM ACCREDITATIONS**

Congratulations to the following people who have achieved Certified Practising Risk Manager accreditation.

Martin Booth – Victoria  
Lester Nation – Tasmania

## Risk Management Institution of Australasia Ltd

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