

# RISK PROFESSION

## Secret to crisis RM - expect the unexpected

"Kidnapping is an ancient crime and continues to be profitable. No part of the world is immune," says crisis management consultant Leslie Edwards.

Mr Edwards, who works for Clayton Consultants, spoke at AIG Australia-sponsored RMIA Risk Leadership Perspectives breakfasts in Sydney and Melbourne.

The former infantry officer in the British army leads the Clayton team responsible for resolving kidnap and hijack incidents in Africa, Europe and the Middle East.

"Organisations sending staff to dangerous locations have a responsibility to protect their employees," he said. "Businesses that fail to train employees about the dangers posed by hijackers or kidnappers, or that fail to take steps to get them released safely and quickly if they are a victim, open themselves up to potentially damaging litigation."

He said US companies were more aware of the liability of employees suing if a crisis was not handled correctly, but insisted there was no 'golden rule book' with all the answers for kidnap negotiation and resolution.

"Every kidnap situation is different. I always say you have to play the cards you were dealt, but there is a process crisis consultants follow, where possible. That involves first checking to see if hostages are alive and healthy.

"We then try to [develop] a kidnapper profile, depending what part of the world we're dealing with, and then consider their demands. The majority of kidnappings are settled safely and quietly with payment of a ransom or some other concession."

Mr Edwards, who has been involved in kidnap resolution for 11 years, said it was better to be ransomed alive than rescued dead, but many victims were guilty of walking straight into their own kidnaps.

"The biggest factor in kidnap prevention is accepting that employees are at risk in areas

where [kidnapping] is prevalent. We can train organisations so their employees know how kidnappers work. This enables staff to become kidnap aware," he said.

"Most kidnappers, if they are not amateurs, will invest time and money in planning a kidnap but, if anything indicates the target is too difficult, or too kidnap aware, kidnappers will, in many cases, move on to an easier target."

The techniques depended on the location. "What may apply in Latin America may not be appropriate in Nigeria. Avoidance training needs to be customised."



Leslie Edwards

Mr Edwards said dealing with amateurs was a particularly hazardous scenario. "They are the most dangerous people we have to deal with. Amateurs generally change their demands. They can panic and are prone to kill hostages in the first week. In areas where amateur kidnappers work, avoidance training is imperative."

He said hijacking was on the increase and revealed the difficulties in resolving hijack situations. "Maritime hijacks are complex. The boat will be registered in one country, for example, a German company headquartered in Holland, with a Russian crew and a cargo headed for South Africa.

"These situations involve authorities from different countries with different priorities. If governments are involved, things can become political, but it is essential incidents are handled in the correct way to achieve the best possible outcome."

Mr Edwards believes preparation is the key to avoiding death and financial loss when operating in dangerous parts of the world. "These situations are extremely traumatic for those involved, and an organisation dealing with a kidnap incident may face huge losses from ransom payments, business interruption, litigation and even adverse publicity.

"We can go in and usually resolve the situation, but an organisation operating in or near a kidnap or hijack hotspot should be aware of the risks and have taken some preventable measures. It's not always possible to prevent an incident, but crisis management professionals are there to assess the risk and help provide solutions before a situation occurs," he said.

## Risk ownership focus for 31000

RMIA founding director Kevin Knight is confident the new ISO 31000 RM standard will replace AS/NZS 4360 within 12 months.

Mr Knight, chairman of the ISO Working Group on RM and a former RMIA president and vice-president, told an RMIA workshop in Sydney that ISO 31000 would introduce the concepts of risk ownership and risk responsibility.

"What we are doing with this process is not just reinforcing RM strategies, but allowing an organisation to tailor RM frameworks to suit its needs," he said. "ISO 31000 is the legitimate international standard that will take RM forward."

With the global financial crisis creating turbulence for risk managers everywhere, Mr Knight said: "All risks must have owners who have the authority and responsibility to take decisions on the treatment of the risk.

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"That will become more apparent under ISO 31000."

He said there would be no glaring changes, as AS/NZS 4360 had worked very well since its inception.

"AS/NZS 4360 will be consigned to history, but it has been a good standard. Business will need assistance in implementing ISO 31000, but the new standard has been worked on long enough for a business to be able to weave it into its own organisational structure."

Mr Knight said consultation would be available when the standard was implemented but stressed it was a guideline rather than a set of rules. "I expect consensus within the RM industry to be reached very quickly.

"Staff have to be trained to get the message across and get to grips with new terminology, but the message from the top needs to be that ISO 31000 will raise the bar for an operational risk framework. There are no significant shock factors to be aware of; just ensure staff are well trained in risk awareness."

Mr Knight said ISO 31000 took into account the human factor. "Good implementation will flow down through an organisation and this needs to be communicated to all staff. We are human and we make mistakes, but a good board will set a tolerable level of risk, depending on the business."

He said a well-communicated approach would allow risk managers to work within a company's operational risk framework, ahead of the introduction of ISO 31010, the draft standard for risk assessment techniques. "ISO 31010 is our



Kevin Knight

shopping list for risk managers," Mr Knight said.

"We have debated the pros and cons, come to a consensus and developed techniques that are robust and very thorough."

While he is confident of a successful vote on the standard, he is prepared if initial voting fails to ratify ISO 31000. "If at first this doesn't get the ISO vote, we will take the draft and see if we can tighten it up in a few areas.

"With all the time we have spent debating, I think we'll see ISO 31000 adopted as the new standard quite soon. What is contained in ISO 31000 is simply what would have been included in an updated, clarified AS/NZS 4360."

## Risk-aware culture great for business

Brian Williams says a well-established, risk-aware culture within an organisation will stand it in good stead in an evolving enterprise RM (ERM) environment.

Mr Williams, Delta Electricity business & RM officer, was speaking to the NSW RMIA chapter on business continuity planning.

"A sound, robust culture ensures all stakeholders are well informed and engaged with regularly. That feature is intrinsic to ERM, and Delta has adopted ERM as a means of achieving consistency in RM applications."

He said a power outage was not just another event to be dealt with, but an opportunity to cater for clients. "We now model the full impact on the business so the full consequences can be understood. We have the right tools to ensure we can instigate the right response if the worst happens."

Mr Williams places great stock in systems as a means of looking at potential outcomes to any given event, but he said good RM planning needed more. "You have to use software but maintaining staff testing and training is crucial.

"At Delta we have a proactive, well-educated, risk-aware, flexible workforce. We have regular meetings and workshops so when we have an event we are well prepared for all eventualities."

He said it was important to have action plans so everyone was singing from the same hymn sheet and to ensure stakeholder communication was open and regular. "For a major event, you need to identify your key stakeholders and communicate with them.

"This is not just about governments, councils, staff, shareholders or customers. The media is important. How they report the event is crucial to customers and the business's reputation. Reputation is second to none so keep the media happy and well informed."

Mr Williams stressed the importance of up-to-date documentation. "It should be current, concise and simple. Your testing and training materials will be based on the same principles so they need to be accessible for staff to create a risk-aware culture."

He said organisations would always encounter the "unknown unknown," a once-in-a-lifetime event. "You may not have prepared for something like that. But if you have well-trained staff and the right culture in place you should be able to respond."

## Focus on core drivers

Business & Risk Solutions director Kym Williams says strong leadership is essential to face the global financial crisis, but he also stresses the benefits of thinking about RM in terms of values and ethics.

"Good leadership in good times is decisive and open, but needs to be a few steps ahead when facing a recession," he told delegates at the SA/NT chapter's Risk Odyssey in Adelaide. "That includes not panicking and holding onto your biggest asset, your staff."

Mr Williams, a former regional general manager with Parsons Brinckerhoff, said businesses needed to focus on key risk areas of leadership and communication.

He said good leadership should be inclusive. Staff engagement was the key to avoiding a communications gap between management and blue-collar workers.

"Boards or directors can sometimes be too busy to communicate with employees. The risk of not being open and honest, of being fearful, leads to staff and stakeholders filling the vacuum with their own information.

"The right leadership will always be forward-looking and prioritising, but will include plans for the workforce. Companies may still cut staff, but the slash-and-burn approach usually implies no other options have been explored."

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Mr Williams said the slash-and-burn days should be consigned to the bin if organisations wanted to ride out the recession with their reputations and businesses alive. "Risk managers are not just technocrats. Organisations are made up of humans and we make mistakes. We should look at an innovative approach that retains our long-term competitive advantage."

The approach should be an example set by those at the top, creating a culture of success. "Creating an environment where success is inevitable only comes about long term through being a value-driven organisation."

He said there was a balance between strategic and value-based RM approaches. "Many controls are enterprise based but, by going back to basics, we could weave enterprise and value-based ideas into one."

Returning to basics meant looking at a company's core services or products and focusing on those rather than projects or areas the organisation may have diversified into during boom times.

"Keep it simple," he said. "You have to know what your main business drivers are and concentrate on those. In good times, businesses think they can do everything, but the focus always needs to be on core business drivers so you don't have a situation where the tail is wagging the dog."

## CPRM profile

### Accreditation boosts standing

Echelon risk manager Amanda Dobie-Brown says becoming a Certified Practising Risk Manager has boosted her standing in the competitive consultancy field and helped her take stock of her career and focus on the challenges ahead.

Ms Dobie-Brown had been with Echelon parent company Jardine Lloyd Thompson since 2000 and moved to Echelon when it was created in 2004 as manager of RM services. With a background in OHS and rehabilitation services, she enjoys the challenge of RM in a strategic context.

"I had more of a focus on OHS initially, but when Echelon started I was introduced to a broader RM regime, including enterprise RM. It made me think about risk in strategic terms rather than a day-to-day way," she said.

Echelon made good use of her skills and she grew within the company, but there was a snag. "Most of my career has been spent in consulting roles with little time for training or professional development opportunities.

"Then I saw tenders advertised that stipulated a CPRM requirement. I became aware this was critical to aim for, especially in a consulting role." She began researching courses to take her career forward and soon discovered RMIA.

"There was something on the RMIA website about CPRMs. I attended RMIA education sessions and spoke to clients who said their risk managers were all CPRMs. That drove it home that, as a consultant, I had to apply.

"I spoke to other people about RMIA and the CPRM process. They told me about their experiences and what to expect," she said.

"The professional development opportunities with RMIA were very good and the help I'd received made me appreciate the network of risk managers willing to help one another.

"Because the CPRM designation is competency based, I took time to compile my portfolio. I was worried because I was a consultant and not a practising risk manager in an organisation, which I thought was a handicap.

"But I found the process valuable for realising where my gaps were, what I had to offer and the value of my own achievements," she said.

Ms Dobie-Brown says her OHS skills have been useful in RM. "OHS helps you develop good analytical and observational skills and a good rapport with people, which all help in RM."

Sitting before the accreditation panel late last year, Ms Dobie-Brown admitted feeling like a teenager about to sit HSC exams.

"I was a bundle of nerves because it was my peers but they went to great lengths to make me feel at ease."

She was recalled after the interview to complete another task, before being told she had attained the accreditation. "It gave me the feeling I had achieved a certain level in the industry. It boosted my confidence and definitely assists in the consulting environment."

Ms Dobie-Brown wants to take part in a mentoring program and share her knowledge with the CPRM community.

"When meeting other CPRMs, you talk about the same processes and the same principles, but you can take those away and apply them differently," she said.

## CRMT profile

### Shared knowledge fires passion

Despite having "a relatively good appreciation of RM and its role in corporate governance and designing internal controls", David Jackson didn't realise its value and importance until he became a risk manager.

The newly-accredited Certified Risk Management Technician is risk manager at CorpTech, a business unit within the Qld Department of Public Works that designs, builds and maintains corporate information systems to manage Qld Government finances and human resources.

Mr Jackson said his interest in RM stemmed from previous roles in systems audit and information security management, because risk was driving much of his work. "There's a lot more to risk than people think. Risk is used frequently in a generic sense but, in my experience, not clearly understood and shrouded in mystery. I want to de-mystify RM."

Mr Jackson has been a risk manager for more than two years and was seeking a way to improve his skills and experience when he was introduced to RMIA via CorpTech's appraisal process. "Part of that process encouraged self-development. I wanted to enhance my skills and do more RM training. RMIA was well recognised, as were its accreditations."

Having not attended university, he did not meet the criteria to become a Certified Practising Risk Manager, but he was more than qualified to become a CRMT.

"I was doing a lot of research into professional development when I heard about RMIA. I stopped looking, concentrated on [joining RMIA] and decided to become a CRMT."

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David Jackson

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Mr Jackson was being mentored by a CPRM at the time and said sharing knowledge and ideas fired his passion for his work and professional development.

"There was quite a lot of work involved. A colleague at the time was considering going for CRMT [accreditation] but thought there was too much work. I just think that means you have

to earn the designation. I had support from my employers, they were happy to pay for my application, and I was confident in my skills, knowledge and experience."

Mr Jackson faced the panel in February. "It was quite straightforward. One assessor had experience in RM in the Qld Government, which made for an interesting discussion, and the feedback I received at the time was very positive."

He was awarded the accreditation in May and is happy to have CRMT on his resumé. "It's good to achieve a professional goal and have it on your CV.

"What it did for me was justify that I'm on the right track professionally and doing the right thing in RM. It's given me a confidence boost and I feel I can now speak with more authority about RM,"

Mr Jackson said.

## RMIA Update



### 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 - August 21-22  
Brisbane - October 30-31  
Cairns - November 21

CRMT:

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

Dates:

July 23, August 20, September 24, October 22, December 3.



### TRANSITION TO 31000 WORKSHOPS

RMIA will, subject to the successful outcome of current voting within ISO, launch Transition from AS/NZS 4360:2004 to AS/NZS/ISO 31000:2009 workshops in late August 2009 across Australia.

The workshop content will address the new RM principles and framework and the enhanced RM annex set out in the successor to the AS/NZS 4360 standard.

Practical application of how this will affect your organisation's RM framework will be a key component in the workshops.

A panel of three to four facilitators/RM practitioners will guide participants on how the framework may be implemented in organisations.

More information, including dates, will be available soon.



### WORKSHOP - FUNDAMENTALS OF RISK CONTROLS

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:

Perth - July 29 Hobart - September 2

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 - August 26-27  
Perth: Tuesday, Wednesday - September 22-23  
Darwin: Monday, Tuesday - October 12-13  
Melbourne: Tuesday, Wednesday - October 27-28  
Wellington, New Zealand – 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.

## Risk Management Institution of Australasia Ltd

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