WHAT DO YOU MEAN WHEN YOU SAY RISK MANAGEMENT?

CONCEPTS, PRINCIPLES, TOOLS,
CONCEPTS

- DEFINITIONS – DIFFER ON INDUSTRY, CULTURE, TECHNOLOGY
- APPETITE – I THINK OF THIS AS THE WILLINGNESS TO ASSUME RISK
- REWARD – OLD SAYING: NO RISK, NO REWARD
- SHARE – SHARE RISK WITH SUPPLIERS, PARTNERS, CUSTOMERS
- TRANSFER – NICE WHEN YOU CAN DO IT
CONCEPTS

GENERAL DEFINITION – MANAGING (REDUCING) THREATS TO $ OR SAFETY

• INSURANCE
• INVESTMENT BANKING
• AVIATION
• HEALTHCARE

APETITE – WILLINGNESS TO ASSUME RISK
CONCEPTS

GENERAL DEFINITION CONTINUED

• ENTERPRISE
• PRODUCT SAFETY
• FINANCIAL INVESTMENT
• COMPLIANCE

SHARING RISK – MOST COMMON IS TO SHARE WITH A SUPPLIER OR PARTNER

TRANSFERRING RISK - CUSTOMERS
COMMON PRINCIPLES

IDENTIFY
ASSESS
CONTROL (REDUCE OR ACCEPT OR MINIMIZE NEW RISKS)
MONITOR
CHANGE MANAGEMENT
COMMON PRINCIPLES

IDENTIFY

• HAZARDOUS SITUATIONS

• HARM
COMMON PRINCIPLES

ASSESS

• IMPACT / SEVERITY
• PROBABILITY OF OCCURRENCE (FREQUENCY)
• DETECTABILITY (SOMEWHAT CONTROVERSIAL)
• RISK/BENEFIT ANALYSIS (ALSO INCLUDED IN “TOOLS”)
• CONTROLS (MITIGATION)

QUANTITATIVE / SEMI-QUANTITATIVE/ QUALITATIVE
COMMON PRINCIPLES

MONITOR

DOES ACTUAL = EXPECTED?
• COMPLAINTS (REACTIVE)
• CUSTOMER FEEDBACK (PROACTIVE)
• CHANGE MANAGEMENT
• NEW PRODUCT OR SERVICE DESIGN
COMMON PRINCIPLES

CHANGE MANAGEMENT

• CHANGE MANAGEMENT IS A KEY INPUT INTO RISK MANAGEMENT
• RISK MANAGEMENT IS A KEY INPUT INTO CHANGE MANAGEMENT
TOOLS

HHE - HEALTH HAZARD EVALUATION
FMEA - FAILURE MODES AND EFFECTS ANALYSIS /FMECA – …
CRITICALITY
FTA – FAULT TREE ANALYSIS
RISK / BENEFIT ANALYSIS
TOOLS

HHE - HEALTH HAZARD EVALUATION - COMMON IN LIFE SCIENCE COMPANIES
TOOLS

FMEA - FAILURE MODES AND EFFECTS ANALYSIS /FMECA – …
CRITICALITY

MOST COMMON TOOL USE. ONLY ADDRESSES RISK ASSOCIATED
WITH A PRODUCT OR SERVICE MALFUNCTION; NOT RISK ASSUMED
WHEN OPERATING NORMALLY
TOOLS

FTA – FAULT TREE ANALYSIS

TOP DOWN, DEDUCTIVE FAILURE ANALYSIS. VERY VISUAL
TOOLS

RISK / BENEFIT ANALYSIS

ESPECIALLY USEFUL FOR HIGH RISK PRODUCTS OR SERVICES. GOOD FOR “BEST OF THE WORST SITUATIONS”. EXAMPLE: EXTENDING LIFE OF A TERMINALLY ILL PERSON BUT HAS SEVERE POTENTIAL SIDE EFFECTS.
DISCUSSION