

Extra issue - Feedback Response

1) Three items of feedback on recent issues

2) *and now for something different – “early warning signals”*

The SIG is pleased to advise the need for this extra issue in view of member interest in current matters. Thanks to those who responded, all were helpful and the contributions were appreciated.

1) Three items of feedback on recent issues

(i) with regard to the Spectrum feature in Issue No 64

“ . . . do these factors only influence a certain type of individual? Maybe these are the factors that people who work in Risk/Compliance/HASAW and HR might find alluring but I could equally send you a list of folk who wouldn't give two hoots about any of them and still perform. . . .what about that large segment of selfish people? Money and status rule, they have no interest in the above (I realise you could extend Justice to include remuneration but I don't see that this is your main thrust here)”

Comment

Oh yes, indeed. This type of model is for people interested in RM, the majority have far better uses for their time! Hopefully the keynote *NEWSLETTERS* to follow will give an indication of how the *end product* of our sector of RM can be introduced more widely.

You have correctly identified greed and remuneration, the idea of RM in this respect is illustrated at a very basic level by the simple example of safe driving bonus schemes – there needs to be a penalty system for drivers being caught out not reporting accidents as well as bonus for no or few accidents. But the deeper context of remuneration as a whole, in particular ratio of basic salary to performance bonus, is for a later issue.

(ii) re the “Jaguar” feature in Issue No 63

“wouldn't it have been simpler just to say to the Police that it would introduce an additional cost to interrupt the production run and leave it at that?”

The contributor then offered an alternative, “look, it would actually cost more to change the way the car is produced, so what we'll do is give you a bit of discount which would mean you can get it (*walnut dash – Ed*) past potential critics”.

Comment

This hearsay story was introduced as an interest feature, especially as there was a rather nice library photo available. To use it as an actual case history is difficult due to having limited information – we don't know who exactly Jaguar were dealing with; the local force or the Home Office or if the former how much say the latter had, also the rank of the negotiating

officer and if he was the decision maker or even if a civilian procurement person was involved.

However, in general terms I quite liked the idea of the second point about giving discount, but remember we were talking about the culture of the 1970s and how much purchasing power even quite senior officers had on their own – the danger would be to inflame the situation by challenging the rigid standards of the *establishment* that a matt black dash had to be cheaper because the wood underneath was of a lower quality. The exact exchange of information in negotiation would be decided by the Jaguar sales negotiator “on the hoof” according to good heuristics by seeing how reaction was perceived from prompts fed into the discussion – if the wrong thing was said, then the relationship might have been prejudiced. I suppose this brings us back to the wisdom thing!

(iii) back to the Spectrum etc in Issue No 64 *star feedback item*

“If we take this model and the Swinging Chairs isn’t there a danger of implying the risk role covers everything? My two concerns here are that the risk manager can then be “blamed” for anything (not a danger in my firm but in many firms) and also, where do you draw the line between risk manager and CEO?”

NB The “two x two chains” of people and communication RM model was in Issue No 55 in early April 2010 and is downloadable from the SIG area of the Website at:- www.theirm.org

Comment

You have hit on an important point – the “risk role”.

Remember that the Risk Manager is merely a facilitator of RM services rather than a true manager of risk, except of course for own department risks and how the company car (if any) is driven. Responsibility for risk needs to be across many shoulders with the Chief Executive Officer carrying the ultimate burden. Now another of your points is interesting - surely, should not the *risk role* cover everything?

Moving on, it must be appreciated that even the facilitation of risk management is often spread over others besides the risk manager - the interface with Internal Audit and their responsibilities in this area is well understood and Health and Safety is usually entirely separate with the manager concerned perhaps reporting to a director or senior manager in another division from the one to whom the RM reports. Depending on the organisation, other professionals also will have their own specialist areas too e.g. working with children, legal services and so on. There needs to be a form of co-ordination of all this information into one cohesive package for the CEO and the board (or public sector equivalent) to make key strategic decisions. I would argue that there is no specific one size fits all answer, but the risk manager needs to be as widely involved as is practical.

The mission is to develop Risk Management towards the best possible solution, hence the need for the Risk Manager, who is the obvious overall person, to have unrestricted access to strategically placed champions and effective communication links which will vary from one organisation to another. If the RM function is from within internal audit there is perhaps a greater challenge than if it is fully independent. Consequently, different draft models illustrating how this function could be dealt with will apply.

For RM to be both enterprise wide (ERM) in one dimension and embedded deeply into as many people and processes as possible in the other (Holistic), all the necessary information should be readily available to the CEO/ board /equiv in the above mentioned cohesive

package - the SIG sees better interface with Human Resources as being an important step (amongst others) and being helpful towards this objective.

By the way, “blame” and “just blame” have not been forgotten, indeed the subject has been mentioned before and will be covered in the keynote issues where appropriate.

2) and now for something different - “early warning signals”

There has been another item of feedback, this time in response to *NEWSLETTER No 62*, which has involved ongoing correspondence with the member concerned:

“Thanks for another thought provoking issue. The organisational wisdom section caught my eye to look at “early warning signals that an organisation can improve / develop to help prevent or lessen the impact of harmful events”.

The contributor continues to include reference to “barriers” as well as “enablers” then concludes with: “. . . definitely a people and communications consideration, I think”.

Comment

Good point about “barriers” – I would argue that there need to be enablers that can overcome barriers as well as the ones that achieve other objectives.

The philosophy about this falling within “organisational wisdom” is not wrong, but I would further argue that this subject is multi-dimensional (like virtually everything else is) and also needs coverage in some contexts in earlier keynote issues, especially the “Performance Management” number - and earlier still, within *Communication Capers*, coming out next month..

and a thought to leave you with:

Many of you will have received notification of the “IRM Risk Leaders”, meeting in London on the 19th November – indeed two of our members, Alex Hindson and Richard Anderson, will be contributing, although only Alex is speaking on a subject specifically within our area. Good wishes to all involved with the event.

However, it was one of the other players that caught my eye – Holly Andrews of the Unit of Worcester is making a presentation on:

“Snakes in suits – Dealing with Psychopaths in the Workplace and the Boardroom”

I’ve met quite a lot of these sorts of people during my time and I would so love to reveal all, but entertaining as that might be, I really couldn’t – for *legal reasons* as they say in the best of circles!

If anyone would like to contribute further, including on “early warning signs” or write a short report on anything interesting heard on 19th November at the “IRM Risk Leaders” event, that would be appreciated..

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