

Before the latest news unfolds, there is a special:

*** Advance Announcement ***

A date for your diary: Monday, 18th June 2007 – London Meeting

An afternoon meeting has been arranged to take place in London WC2:

- The date falls conveniently in the RM calendar, being after the **irm** exams but before the ALARM Conference.
- The speaker will be Richard Cayzer of Thomas International who will give a talk based on “Psychometrics” – staff behaviour, *trainability* and emotional intelligence.

Whilst there are a couple of months, and at least one *NEWSLETTER*, to go before this event, I would appreciate early advices from those wishing to attend to avoid disappointment, as places may not be unlimited.

At the end of last month’s *Waterfall* issue, we said this Newsletter would be produced quickly to catch up on outstanding articles and news.

Well, that’s what it said on the tin, so here goes:

This month’s Features:

1 of 3 - FSA “Arrow” framework – the third and concluding part of this article

Earlier contributions from Ruth Turner appeared in *NEWSLETTERS* No. 10 (October 06) and No. 11 (November 06). The ARROW framework. . . .

Appendix 1 attached

2 of 3 - BP in North America – catching up with this ongoing chronicle of disasters

Attention had been drawn to an article in the *Financial Times* of 17th January looking at the 374 page report

Appendix 2 attached

3 of 3 - Reactions of people under extreme stress – temporary autism?

Reader feedback from our “Human Emotions” Feature in November (*NEWSLETTER* No. 11), has produced an eye opening response based on

Appendix 3 attached

The next *NEWSLETTER* will be out during May and will include the first look at High Management and Leadership. In addition there will be an emotive report on a meeting called by an NHS Trust in the East Midlands to allay concerns about hospital parking - the theme generated into a heated debate about hospital hygiene and an unexpected patient death which had occurred in highly controversial circumstances. The poor spokeswoman, who was neither especially senior nor

experienced in this type of work had to deal with a very, very angry audience – and they were all over 50!

In the meantime, anything you wish to add or any comments in general – you know where I am.

Bruce Widdowson

Secretary

e-mail bruce.writer@btinternet.com Tel. 0115 986 3254

Appendix 1

FSA “Arrow” framework – the third and concluding part of this article:

Earlier contributions from Ruth Turner appeared in *NEWSLETTERS No. 10* (October 06) and *No. 11* (November 06). The ARROW framework took a pragmatic and appealing attitude to risk under these components: **Firms’ approach** used for assessing risks in individual firms; the **Thematic approach** used when assessing cross cutting risks (several firms / market as a whole) and **Internal risk management** used when assessing operational risk that might impact the FSA.

Ruth now writes:

We have now had three years of working within this framework, but as part of the FSA’s programme of work to improve our risk-based approach and make us easier to do business with we have made some significant improvements to our risk frameworks and the way in which we use them. For instance, over and above the process improvements we are making to the risk model, much work has been done developing our risk appetite and in using MI to drive effective risk-based decision making; making further progress in allocating resources to the greatest area of risk; recognising and rewarding good risk management through objective-setting and performance management; and ensuring that senior management role-model good practice (through, say, the amount of information required to take a decision, or the way in which “failure” is accepted and used to help the organisation learn).

As part of our overall programme of improvements. We identified a number of areas where progress could be made. These included:

- the amount of information that is required to make a decision as an issue escalates through the organisation. Without a clear articulation of risk appetite, which drives clear decisions, it will be difficult to ensure a proportionate approach is taken to managing risks.
- A greater focus on regulatory outcomes rather than inputs – with stronger links to resource planning / performance management and a more principles-based regime.
- A greater acceptance of failure / partial success as a practical outworking of non-zero-failure, and a willingness to learn from mistakes. Genuine “lessons learned” reviews, which are implemented (at both personal and organisational levels).
- Continued recognition of desired behaviours, not only through objective setting and performance management (including the Leadership Model) but also through public signals given out about what is valued / appreciated.

We are also doing a lot of work on how our supervisors are recognised for managing risks (ultimately downwards) or maintaining them (“pressure cooker” approach), and for using resources efficiently and effectively. The greater clarity on organisational and local risk appetite statements will also help in these efforts, as will senior management role-modelling good behaviour and recognising desired behaviours – there is a considerable programme of

work going on around this at present. And, since March 2007 all of our supervisors have to attend bespoke training on our improved risk management processes and approach. We are also working with colleagues in HR, looking at how we “hard wire” all of this into team and individual objectives.

Thank you, Ruth. A thorough and interesting contribution. Ed.

Appendix 2

BP in North America – catching up with this ongoing chronical of disasters.

Attention has been drawn to an article in the *Financial Times* of 17th January looking at the 374 page report by James Baker. This was the product of interviews with 700 BP workers; a survey of 7,500 staff and contractors; all in addition to an assessment of 340,000 pages of documents. The consistent theme of the report was the lack of connection of the high ideals of BP’s board and the day-to-day practice of its operations – ultimately, that represents a failure of leadership!

The article went on to state that BP’s directors appear not to have been getting the right information, whilst there was an alternative suggestion that they did not effectively respond to information they had received. However, it was found that the Company had monitored information, but *under-reporting* of incidents and near-misses was cited as a probable cause, although it was held that there was not enough evidence to establish that BP had “intentionally withheld resources on any safety-related assets or projects. The *old chestnut* of understaffing was also mentioned.

A number of other, more detailed, facts also came out of the article - these have been recorded for release as they become relevant to matters raised by our SIG in the future. Returning to the fundamental issue of *Leadership*, the following main measure is being taken at BP: “A central 60-person operations and safety audit team has been appointed, led by an outside expert”.

Editorial comment:

No surprises that many of the findings regarding “ownership” were inconclusive and the article did not say to whom precisely the “outside expert” would be reporting to – hopeful the main board.

What is now of interest to our SIG from this case is mainly two-fold:

1 The lack of “reporting” – this was the very first FAQ that we raised
(*NEWSLETTER*

No. 4, in April 2006 by Edward Sankey).

2 The weakness in *Leadership*. In the same Issue (and again in *NEWSLETTER No. 5*,
May

2006) we commented on High Management, in particular the two levels – in BP’s
case,

London and the US. This is an area that the SIG will now move into very soon.

Appendix 3

Reactions of people under extreme stress – temporary autism?

Reader feedback from our “Human Emotions” Feature in November (*NEWSLETTER No. 11*), produced an eye opening response based on a quotation from Malcolm Gladwell’s book “Blink”. This was sent in by Shaun Delaney:

“In one chapter, about the ability to read external clues to inner emotions and motivations, he (Gladwell) suggests that extreme stress might cause temporary autism in which the ability to read such clues is lost. Gladwell gives some extraordinary examples, in which police officers under intense stress are able to describe how they have been able to watch (as opposed to “see”) their bullets hit someone. He reports that in interviews with police officers who have been involved with shootings:

“ . . . these same details appear time and again; extreme visual clarity, tunnel vision, diminished sound and the sense of time slowing down.”

The feedback continues including Gladwell having made reference to another author, Dave Grossman, who relates the syndrome to rate of heart beat to the point where the limbic system takes over.

Editorial comment.

I have selected these extracts from Shaun’s input as I feel they are the most relevant. We have already covered the scientific aspects of this as far as we as Risk Managers probably need to in the original article, which made reference to a number of authorities including our own members Ruth Murray-Webster and Dr. David Hillson.

What I think moves things on here, is the reference to “inability to read clues and “watching” their own actions etc.” Clearly, by this time RM is all but useless, it should have been done properly at the planning and training stages. In the scenario of the Police shooting innocent people, my own gut feeling is that in all but exceptional cases, “ownership” lies with senior, or even chief, officers, not the marksman.