

irm
People Risk SIG
NEWSLETTER NO 7.
July 2006

Please excuse this issue being a little longer than usual - I attended the joint APM*/**irm** meeting at Manchester on 6th July, which I regarded as being a *Landmark* event and will deal with some of the points raised which are relevant to our own area as the second feature.

*Association of Project Management

Continuing our ongoing theme dealing with:

- **Organisational culture and motivation**
- **Communicating**
- **Training** (staff), **educating** (managers) and **incentives**.

I am grateful to Catherine Afolabi for observations in support of a clause in the contract of employment regarding the need to report incidents and a warning being given to someone not so reporting that in future it could be a disciplinary matter.

I feel that this should be taken further to avoid any misunderstanding – it being confirmed verbally in group training sessions, especially to all new recruits, so that the message is clear – it is not wrong to report matters which could affect the common enterprise.

A further point Catherine makes, is if people are reporting the right things? This is not dissimilar to the point made previously by Brian Rowlands regarding the right data being converted into information for passing “up the system”.

Again, my own feeling is there should be basic guidance on *risk perception* to new recruits by training, possibly in the same sessions as the reporting point mentioned above. Some people sense the right things instinctively, others need guidance in risk perception – training can help.

To conclude this months feedback report, Brian Rowlands made a final point that the flow could be “two way”. There may be more incentive for employees to report if they have seen updates on what is being done by management (*I feel* maybe across the organisation, or business unit), on earlier reported incidents, keeping names out for confidentiality if need be.

Feature 1

“Greed in litigation” - a sad aspect of people risk.

I read with some heart an article in the May NEWSLETTER of *The Geneva Association* (The International Association for the Study of Insurance Economics) which I had to carry forward from last month due to lack of space. The item referred to one of those “wonderful” mass US cases we hear of brought by 10,000 plaintiffs (great to see that word again) against 250 Corporate defendants for exposure to silica - apparently, most of them bogus!

The Judge found that just 9 MDs had diagnosed 99% of the cases and in fact one doctor had diagnosed 3,600 of these - without seeing the patient! Apparently, the diagnosis was done from just a glimpse of the lung X rays - the hand picked doctors being hired by the screening companies. The cases were thrown out and a New York grand jury is carrying out a criminal investigation and has issued subpoenas. In addition, The House of Representatives has launched a major investigation. Readers wishing to know more about these cases, should contact *The GA* at www.genevaassociation.org - their NEWSLETTERS are issued free to risk professionals.

I think the lesson to be learned here, is the problem of a culture with a loose structure which can allow greed to flourish without check, almost to the extent of mass hysteria. Further, I feel that this concept can apply in other areas beside litigation - some of you will be old enough to remember *Red Robbo* and his mates working for British Leyland in the 1970s, claiming pay for work not done and workers skiving off or sleeping on their shift whilst they had second jobs.

I would welcome members' comments and additions to this “Rogues Gallery”.

Feature 2

The APM/irm Conference Report.

Firstly, for the benefit of those of you who are students, I would put the historic position, that risk was once left to the Insurance Industry - the main problem being that as companies merged to gain greater strength, there was less commercial fear of the consequences of limiting or withdrawing cover when justified. Insurers are not unlike bankers - they have to be *risk adverse*. I once heard someone say that if you developed a powder from household waste that could convert water into petrol, a banker would say, “how much equity have you got in your house? A venture capitalist would say, “put a little in this tumbler of water and let me see what happens.”

As risk managers we must emulate the venture capitalist in this scenario.

Our profession has developed partly away from the insurance world, indeed the founding of the **irm** to operate in addition to the CII (Chartered Insurance Institute) and join with engineers and many other like minded practitioners, is regarded by many as the “coming of age” of the RM profession. More recently, the adoption of “Project RM” thinking into the main stream has been a very major development.

I said that I regarded this meeting as a *Landmark* event – the title was *Risk Culture – The Behavioural Influences*. There were seven good speakers covering six sessions, which virtually covered the whole spectrum of the issues involved. My only criticism was that the organisers tried to cram too much into one day.

The following six extracts were of especial interest to our group:

- 1) The frequent reward, by promotion, of managers who were good at *fire fighting*, the reasons for the original problem apparently being long forgotten (*my comment is*: that as life nowadays seems to be so much about *fire fighting*, is this a quality that Society actually seeks in managers? If so, it is something we must strive to improve – but alas, the process will only be gradual).
- 2) A team of *Risk Champions*, perhaps 20 or so in a large organisation is needed to support the Risk Manager.
- 3) People were often good at identifying risk, but not so good at carrying things out.
- 4) The importance of feedback (see also BR’s comments in the opener to this *NEWSLETTER* about two way traffic).
- 5) Emotional Literacy – a specialised subject which is an important part of risk perception (to be incorporated in a *keynote* feature later on).
- 6) The advantage of less reliance on checklists (agreed as essential for H&S and similar fields) and greater involvement of talking to people in interview and getting them to “think aloud”.

There were other points and these and a greater depth study of the above will be incorporated into our future work. In the meantime, for more detail, I am told that the notes are to be displayed shortly on the website – www.apm.co.uk (a useful reference for students and others anyway).

To conclude, I said that the incorporation of Project Risk thinking had been important. I think it will continue to be so, but *People Risk and Communications* will be the next great frontier in Risk and Uncertainty Management (RUM).

Newsletter - No. 8

As the holiday season is upon us, I will use the next letter to simply codify what we have covered so far and set out a draft schedule for subjects to be covered in the autumn and winter – by then, the rate of progress will speed up considerably.

In the meantime, I always welcome new information, so:

PLEASE KEEP SENDING THOSE COMMENTS IN.

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Secretary

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