

# One Minute Risk Manager

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According to best practice risk management, standards and guidelines, the responsibility for identifying, managing and monitoring risks is spread across an organisation. Whilst most councils will have a dedicated risk management resource, their responsibilities often extend to insurance claims, investigations and work health and safety. The ultimate risk owners or managers are also often "too busy" or time poor to manage risks as they complete their daily tasks and projects. So here is the challenge. Can we make it easier for managers/risk owners to think about risks and controls more frequently and proactively apply risk management thinking to problems and opportunities in minutes?



## What's in a minute?

The One Minute Manager is a book by Ken Blanchard and Spencer Johnson that has sold millions of copies and has been translated into over 30 languages. The book identifies three techniques that take only a minute but purportedly have lasting benefits – they are one-minute goals, one-minute praising and one-minute reprimands.

The notions of setting goals, praising and reprimanding were not invented by Blanchard and Johnson; these have been around for hundreds of years. What Blanchard and Johnson did, however, is make it easier for managers who are often time poor to understand and apply these techniques every day.

## Breaking down the problem

Risk management is fundamentally about understanding the potential risks around an activity, project, strategy, process, system, decision, etc, and putting controls in place to reduce the likelihood and consequence of the risk and ensuring that the controls continue to work.

Therefore, in the spirit of the One Minute Manager, let's break down the risk management process into three parts - risk assessment, control evaluation and risk monitoring to see if you as a manager can

better understand, engage in and manage risk. Let's face it...taking a minute to think about risks can save a whole lot of time, cost and problems down the track!

## One minute risk assessment

The purpose of a risk assessment is to simply identify and understand the risks and determine the inherent level of risk, i.e. high, medium, low!

**1. Know what to assess.** The term 'risk blindness' has been used to refer to organisations that have failed to adequately understand their risks and in particular failed to identify areas of risk or the risk universe to ensure adequate risk management occurs in those areas. It is critical that you as a risk owner know what to assess and prioritise accordingly.

**2. Identifying the risk** involves thinking through some of the sources of risk and asking questions like – What can go wrong? How can it happen? What could stop me achieving my objectives? Of course, these questions will vary depending on the context of the activity and source of risk...but you get the idea. Also think about recent incidents and near incidents at your Council or other Councils. Once you identify a risk, write a brief risk statement describing the risk.

**3. Understanding the risk** is about putting together all the information you have about the risk, thinking through the sources, looking at the possible causes and potential consequences. The quality of information you have will have a direct relationship to the quality of the risk assessment. As a general rule, the greater the likelihood of a risk and the greater the impact, then the more information you need.

**4. Determining the level of risk** is about measuring the level of inherent risk. Simply, this is the amount of risk involved, e.g. very high, high, moderate or low. Typically, the level of risk is measured by considering the likelihood of a risk occurring and the consequence if it does.

## One minute control evaluation

The purpose of a control evaluation is to identify and assess the controls that work to reduce the risk. Where the controls are lacking, actions should be taken immediately to improve them.

**1. Identifying controls** involves thinking about those things that are currently in place to reduce the likelihood and consequence of a risk event. These can include policies, procedures, plans, checklists, training, authority levels, structures, position descriptions, quality

reviews, secondary checks, supervision, testing, maintenance, approvals, passwords, access controls, system limits, insurance, contracts, meetings just to name a few of hundreds of potential controls.

**2. Evaluating controls** involves thinking through just how effective the current controls are. Council may have a policy, but when was it last reviewed? When was it amended? How is the policy enforced? Do people understand the policy intent? The biggest mistake risk owners make is to assume controls are effective when in fact they are lacking.

**3. Enhancing controls** involves developing plans that enhance controls and the control environment. This could involve additional new controls like introducing another check or simply modifying the current controls such as code of conduct refresher training or reinforcing/ communicating an existing control.

**4. Embedding controls** is the process of integrating control procedures into everyday activities/processes so that they become the 'norm'. The clear benefit here is that people are managing risk by simply following procedures and without having to rethink the risk assessment.

## One minute risk monitoring

Over time, things will change – new staff, new procedures, new laws, news systems and even new Councillors. The purpose of risk monitoring is to ensure the risk owners understanding and evaluation of risks is current.

**1. Monitoring your activities** involves looking at your responsibilities and the progress made. Have you assumed new projects or tasks that involve risk?

**2. Monitoring your risks** involves re-evaluating your risks including level of risk. Ask yourself - are there new risks? Have risks changed from low to high? Have there been incidents that need to be better assessed and controlled?

**3. Re-evaluate your controls** requires an assessment of the ongoing adequacy of your controls. Ask questions like - is that policy still relevant? Should procedures be improved and better documented? Should delegations be updated? Do new staff need more training? Have the control improvements been implemented?

Whilst an important management function, the management of risk can often be a cumbersome and frustrating process. Risk owners should not lose sight of the basics, take a step back and rethink the risk assessment, controls and risk monitoring before making critical decisions. In reality, this will take more than one minute – but five to ten minutes here and there over time is better than nothing at all.

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