



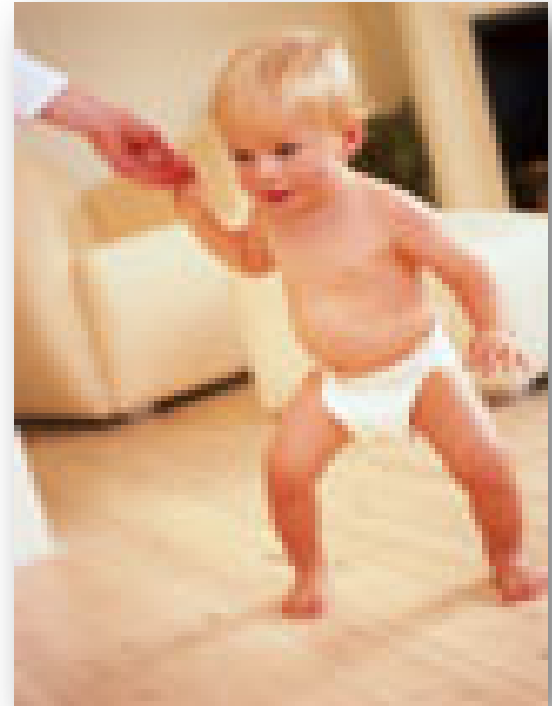
Advancing Your R/M Plan

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Risk management is ...

- ▶ Instinctive
- ▶ Intuitive
- ▶ Influenced by
 - Experience
 - Culture
- ▶ A balancing act



Four Myths

1. Focus is on Policies and Rules
2. Insurance and Waiver Forms
3. R/M ends initiatives
4. “Additional duty as assigned”

- ▶ “Take calculated risks. That is something quite different from being rash.”
 - General George S. Patton

Exploit opportunities



- ▶ Evaluate opportunities VS threats
- ▶ Don't let fear of risk over-rule sound opportunities
- ▶ Take advantage of opportunities when benefits outweigh risks

Risk v. Opportunity

- ▶ R/M lets you seize opportunities
- ▶ Improves odds of a good outcome
- ▶ What does the customer want?
 - Use what they want to your advantage
- ▶ Look for 'quick hits'
- ▶ – but know there is no 'perfect' solution
- ▶ Let employees manage risk within their reach

Best Practices

- ▶ Established formal method for defining corporately-acceptable risks
- ▶ Stress tests are used to validate risk tolerances.
- ▶ Senior leadership support of effective R/M program
- ▶ Coordinated planning and risk reporting cycles improves informed business planning/decision making

▪ Ernest & Young report, Feb. 2012

You know the obvious risks

- ▶ The trick is finding the less obvious ones ...



Risk Management Goal

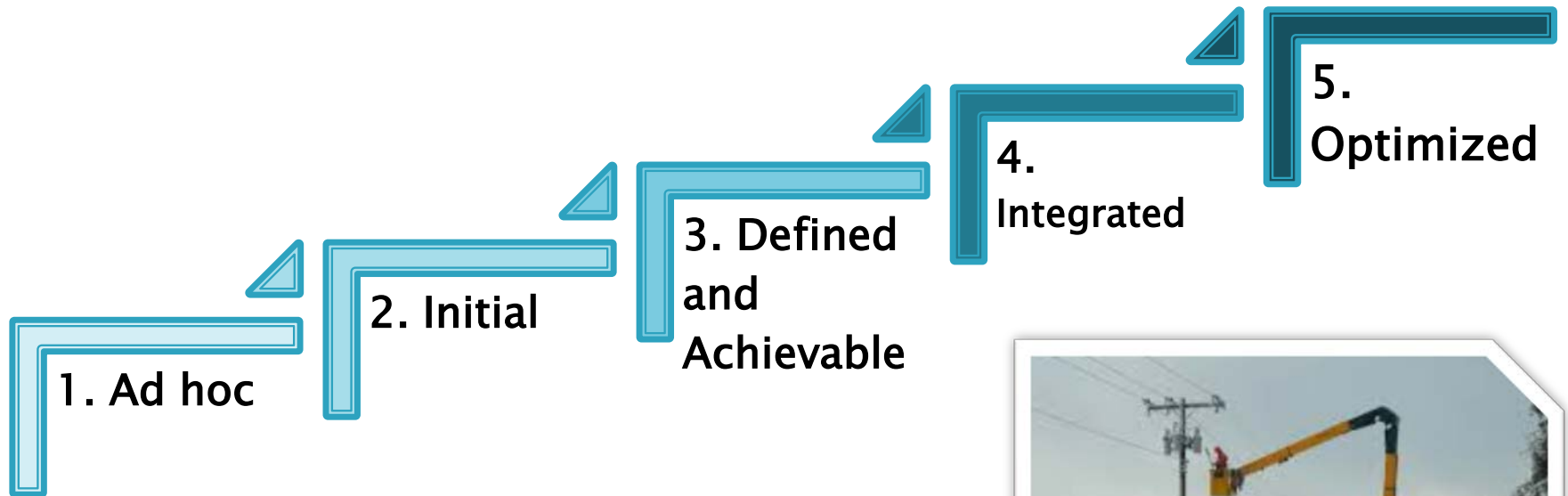
- ▶ To minimize negative exposure to reputation, finances, facilities & people
- ▶ Is not an “other duty as assigned”
- ▶ It is about everyone doing their job – safely and diligently!

Where to start ...

- ▶ Where you are right now
- ▶ Build on your current methods:
 - Deliberate assessments
 - Time-critical
 - Strategic
- ▶ All (none) of the above?



Status of Your R/M Program



Assign control to controllers

- ▶ Those with control determine what happens
 - Know who has control – often front-line workers
- ▶ Learn from mistakes – identify the root cause
- ▶ Perfect solutions are impossible
 - Choose those with the best chance of success
- ▶ Celebrate successes!



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Lawsuits: Why Sue hydro utilities?

- ▶ To get
 - Compensation,
 - An apology,
 - Improved loss prevention, and
 - Vengeance.
- ▶ The bigger you are – the bigger the target.



Cost of R/M Strategies? \$-\$\$\$\$

- ▶ Management support – \$
- ▶ Training: \$ – \$\$
- ▶ Identification – \$ – \$\$
- ▶ Implementation – \$ – \$\$\$
- ▶ What is the cost of doing **nothing**?



Be Proactive

- ▶ Aim to reduce frequency and severity
- ▶ Keep standards up-to-date
- ▶ Set deliverable standards
- ▶ Demonstrate reasonable efforts against accidental losses/costs



Summary



- ▶ Good R/M practices help you
 - Address all risks – not just insured ones
 - Make good decisions
 - Reduce the costs of risk
 - Demonstrates corporate commitment to safety and shareholder value

A photograph of a winding road under a blue sky with clouds, with the word "Questions?" overlaid in large white text.

Questions?