
EVENT: NDSCC 2011
SPEAKER: SALLY BENNETT
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SALLY BENNETT:

How many of you here are from Victoria? How many have seen or been involved with a risk management project through NDS Victoria? A few of you.

I was asked to talk through the project we did for NDS, to provide a risk management tool for the disability sector. I will talk about what that tool is and why it was designed the way it was. Specifically, there is a tool that helps the disability sector to manage its risks. I'll talk about that today.

Can you get that back on...? Thank you.

I will start with why risk management is important.

In particular, it is a culture change journey. It is not just a compliance act activity. How do you get that culture change happening? I will then get into the details of the NDS Victoria framework. I will also give some hints and tips as to how to get it in your organisation.

Let's start with... Have a read through of that.

Does anybody want to guess who said that? Any ideas?

That is pretty much what risk management is all about. It is about saying "Are you looking forward to the risks that might impact your organisation's objectives?"

Looking at Bryce's strategic one page map is excellent. Risk management is helping achieve what you want to achieve. That is what it is all about.

What we were tasked with was to build a risk management tool that helps you implement the ISO-31,000 standard. This shows you what it is. Risk management has changed slightly in the last five years. I think you would all be aware of the risk management process.

That is what it was always about. When the new international standard came about, the standard never said what the framework was.

This site is about the framework. This is what you need to do to make it work in your organisation. I think anybody looking at that, particularly organisations like yours who put in place quality systems, if you look at the framework, it is the same as the quality framework, the safety framework, the environmental framework. You have to have those things in place in an organisation. Roles and responsibilities , resources applied... Those things make it work.

One of the things we found working with organisations, and trying to put in place the risk management process - the hardest bit of a process is the 'identify risk' section. If you can't identify them, you can't do anything about them. We are talking about enterprise-wide risk management, you're talking about all the risks we heard about in the last couple of days. Financial risks, sales and marketing risks, people risks, OHS risks - all sorts.

Thinking through all those, it is half the challenge. Once you identify them, then you can do something about it.

One of the other things that ISO-31,000 does is talk about principles of risk management. I'm not going to talk about all the principles but I will start at the top. Creates value.

If you do mismanagement in your organisation and it becomes a compliance nightmare and an

administration nightmare, and it doesn't create value, you're not doing it properly. Why do it if it is not adding value? It is a challenge to step back and question whether it is doing anything for your organisation.

The second point is critical. This is where it helps create the value. The more you integrate it into your normal business processes, the more likely you are to be successful in risk management. What that means is that a lot of people, particularly when we start talking to organisations, a lot of people mention they already manage their risks. You know what? You probably are right. You have it integrated into your organisational processes. What I would say is that if you are not specifically talking the language, you might be caught on the side like the Titanic was. You need to think it through.

The third point is the key. Anybody that creates a risk management culture means decision-making is done differently. If you don't make decisions that are risk-based decisions, you're not doing risk management. Those top three principles are the key to the drivers of a good risk management process in place.

Let's talk through the risk culture journey. I'm going to be interactive. The best example is the road safety example in Victoria. Road safety in Victoria is better than anywhere else in the world. That hasn't happened by accident. Cast your minds back as far as possible. What are some of your early memories of road safety in Victoria? Anybody have early memories of road safety?

Yes?

FROM FLOOR:

(Inaudible)

SALLY BENNETT:

No seatbelts in the back of the ute.

What else?

Engineering has changed completely.

What else?

Breath testing. I remember my parents doing things called progressive dinners. Some people can remember them. Glad to hear it.

Progressive dinners - talk about a drink-driving nightmare! You go to the first person's place, champagne, beer, cocktails, the next person's is for the wine and beer... By the time you get back after dessert, I can guarantee if my parents were breath tested, they wouldn't get home. That was normal back then. Something had to change.

This is what the first C is. Crisis. Things need to change. In Victoria, it was 'Declare war on 1034'. In 1971, over 1000 people were killed and it was realised that something had to change. The first thing is you need controls in place. Policies, procedures, systems. 0.5, seatbelts...

When they first came out, speed limits, drink driving laws, were we all good about it? It doesn't happen that way. It isn't until you get a consequence and police on the roads that you start getting the next C - compliant behaviours. I used to be a safety manager on a site. It was fascinating. The jungle drums were going. They used to know I was coming before I got there. I used to see perfect compliance. Sleeves

rolled down, protective gear was on, you could almost hear the sigh of relief when I turned around "Phew, she's gone."

That is the compliance behaviours. It is what you see when the auditors are coming. That is not business as usual.

The journey takes leadership. Unless you get the leaders driving the culture change, you are never going to get there. These things go hand-in-hand.

When we were building the risk management framework for NDS, the challenge we were given -the sector is going through huge changes, such as individualised funding, et cetera. There are small operators and large operators and regionally dispersed operators, multi service providers... A tool to fit that sector had to be able to be more than just one size fits all. We were also looking at this culture journey, so what we were doing was building... We were building a model that was saying one size doesn't fit all. If you are a small operator and early on in the journey, you just want some basic systems. If you are larger and more sophisticated an operator, you might want something larger. A small operator probably doesn't need a CRM, they just need some good databases. Maybe an Excel spreadsheet or an Access database. The tool we built was about saying that we recognise there is a journey and different levels of sophistication needed in risk controls.

What we did was run a lot of workshops with small CSOs, medium and large. We linked it to the business excellence model and asked "What would a great CSO have in place?" What are the controls that they have in place? What you see are the six headings - leadership, market focus, people, innovation quality and improvement, et cetera. We have a checklist. A checklist of all the things you need in place for it to be the best level. That becomes the risk identification checklist.

The template that we have developed on the NDS pictorial website has step one, go through the checklist. It is quite long but if you do some contextualisation and decide that you are only basic, you can make it easier for yourself. Pick the elements, then get a picture of where your strengths and weaknesses are. For some of the organisations we have worked through this with they might get to the end of that checklist and have 50 gaps. This is where your risk assessment comes in. "Which ones are the most important ones to us now?" You don't need to do all 50 this year. You don't need to be overwhelmed by this. You just need to decide whether high risk ones are for you and where you will start working. That's when you take it a step three, the risk improvement plan.

This is what the typical page of the template looks like. It is really simple questions, all developed from the disability sector, for the disability sector. The language is in your language. You can end up with charts like this, which are nice and easy to visualise where we want to be and what are the key things we want to focus on in the next 12 months, which is really what you should be doing.

If you look at this, you can see that planning is not doing very well, so you would focus on that first. This really helps you identify where your gaps are in your current system. You work out your top priorities. You have consequence and likelihood tables, and put things on your heat map and do the risk assessment. You might have a gap that doesn't have much impact on you as an organisation. Guess what? It's not the first thing to focus on. Only the things that are about to have a major impact on you should be focused on straight away.

Some hints and tips for the organisations that have been using it. We have seen a few organisations use it well. Some that are more sophisticated and have already been doing this management have used a checklist to doublecheck their systems. They have gone through and done an audit of their systems to see if they have every gap. As the consultant who has written this tool, one of the things I am proud of is that we haven't seen an organisation not find a gap. There is something in there to stretch every organisation, which to me shows it is a good system. Like any change management tool if you don't have

the commitment from the top with the CEO and the board driving it, it won't go anywhere. That is the number one hint and tip.

A planned approach is what you need. What steps you need to do in what order. Without that, it will be overwhelming. And you need to resource it. You might need training, consultants to help you. You definitely need someone driving it internally, and there is no point doing risk assessment if you won't put resources into looking at the risks identified.

The other thing is to set your goals. Work out where you want to be. If you don't all want to be best practice - some of you might want to be basic - then that is critical to work out from the start. Not everybody has to be aiming for best practice all the time depending on where they are at the time.

One of the keys to risk management that I have found in every organisation - safety and risk are quite similar, people say that it is everyone's responsibility. People don't know what their role should be. So developing really clear roles and responsibilities is a key part of that, and obviously providing the training to support that is key to making it come alive.

Involvement is key. There is a bit of a Kotter approach. When you get successes, celebrate them. When you have fixed a hole, celebrate it. When there are people involved, celebrate it. It gets people motivated.

So that's a quick overview. Any questions?

(Applause).

SPEAKER:

Just down the front. Please wait for the microphone. Anyone else? Please raise your hand.

QUESTION FROM FLOOR:

Golden City Support Services.. We found a number of people completed it but other people didn't understand about finances. They were just guessing about things as to whether we have things in place not. Who would you suggest... How would you suggest you complete the tool? Or who should?

SALLY BENNETT:

One of the things we found is valuable for people who have done this is getting a cross functional group to look through it. There is a perception gap thing. Finance might understand it but another group might not. Finance would then think that they don't understand what is needed.

It depends on how well it is embedded. I would say get the people who do know involved but have a look at the perception gaps in the cross functional involvement. The other thing with who's involved, some of the questions are corporate services questions. Once you get down the divisions, especially in the leadership area when he gets to governance, you need the people who can answer those questions to do it. You might need to split who gets involved.

QUESTION FROM FLOOR:

We were part of the start-up group, being involved with the training. If nothing else, I recommend this to people to find out where they are. It is an excellent tool and easy to understand. You can't approach it lightly. You have to be serious. I would commend it to everybody as certainly a starting point. I think it can take you through to having a very good risk management process in your organisation. Thank you for your presentation.

SALLY BENNETT:

Thank you. As part of the project, there is training. I would recommend that because a little bit of training helps. If you need to contact us to provide some training, we can do that.

SPEAKER:

Please join me in thanking Sally Bennett for her presentation.

(Applause)

– END OF TRANSCRIPT.