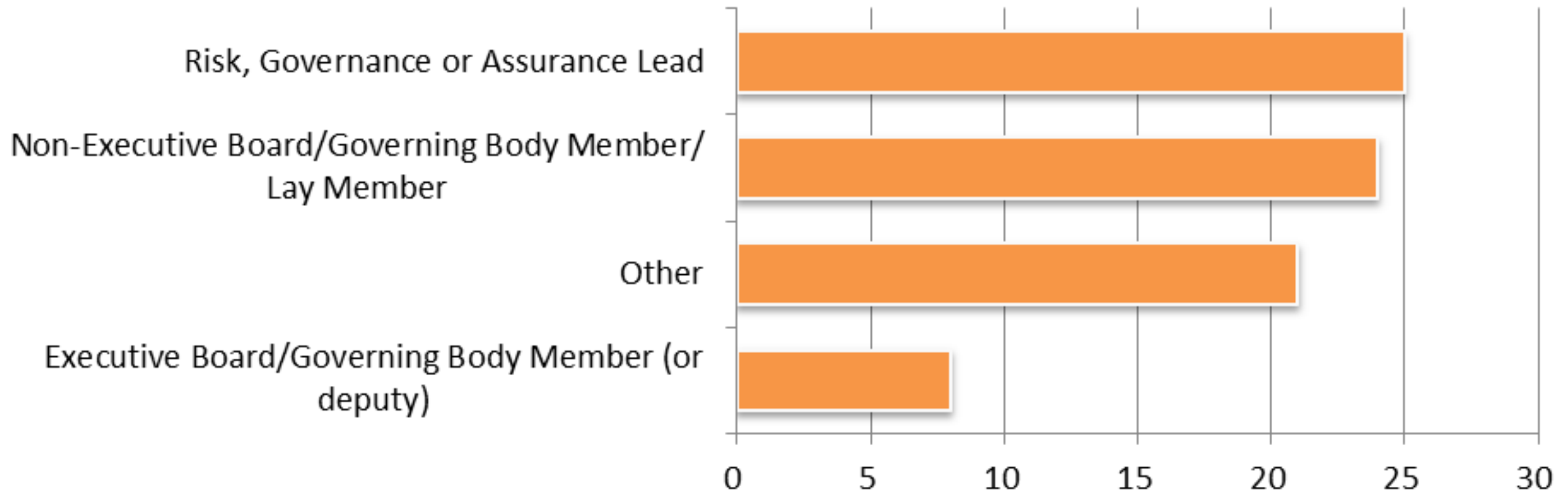


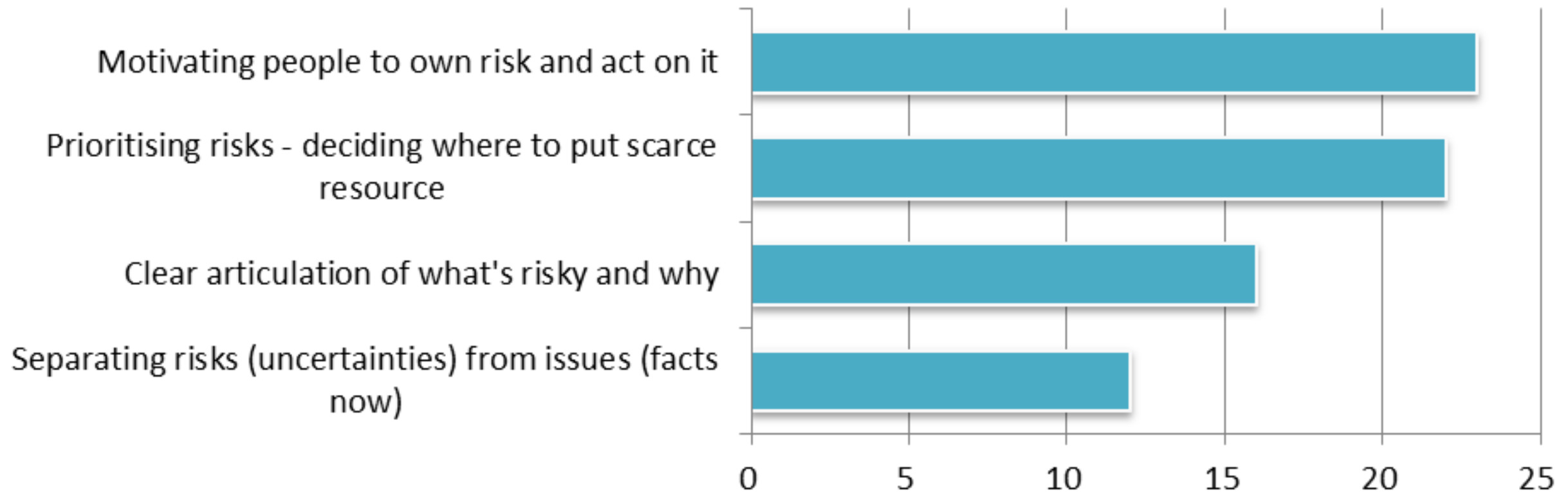
# Risk Management Event

11 September 2020

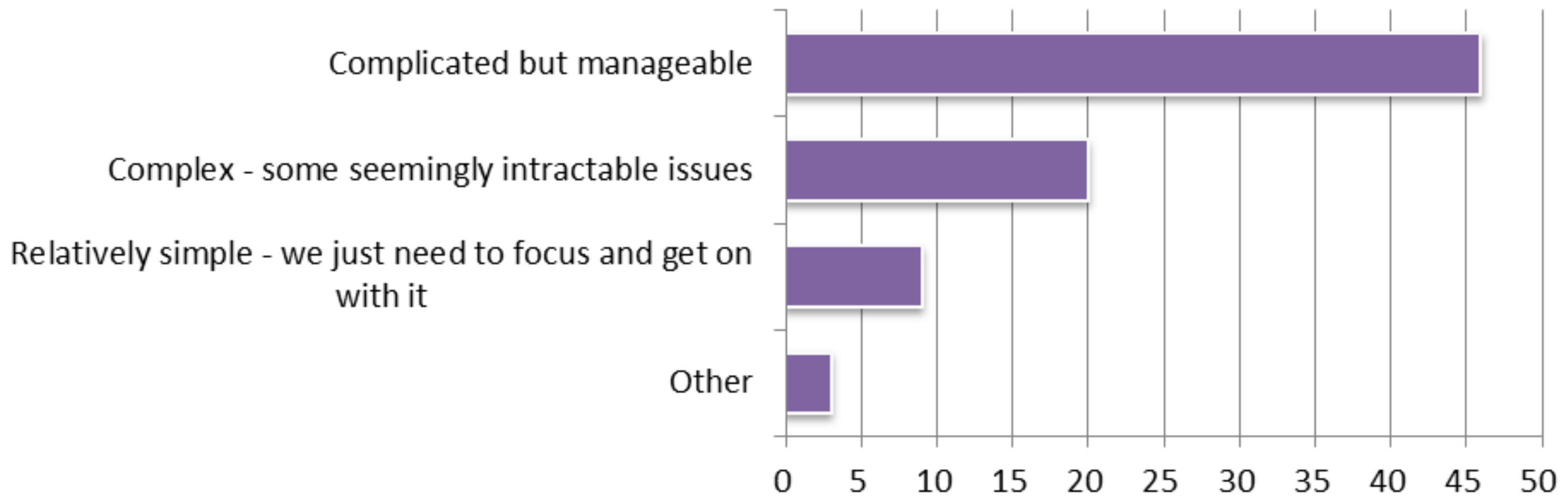
## Who do we have with us? Which category best describes your role?



## Which parts of risk management are you finding the most difficult to get right at the moment?



## Thinking about managing risks to your objectives at the moment, is the challenge:



# Dr Ruth Murray-Webster



Practitioner

Advisor

Facilitator

Author

Researcher

**Potentiality UK:  
unlocking the potential performance  
from uncertainty and change**

Act Upon  
\_DISRUPTION



Willem de Kooning installation, Rotterdam. Ruth's own photograph

# Agenda



Timings	Activities
Until 10.00	Input in response to your questions (1)
10.00-10.30	First breakout session
10.30-10.45	Break
10.45-11.30	Feedback and discussion
11.30-11.40	Input in response to your questions (2)
11.40-12.00	Second breakout session
12.00-12.20	Feedback and discussion
12.20-12.30	Final thoughts and close

# Things have changed

New routines for  
infection  
prevention and  
control

Changed capacity  
for non-COVID  
related services

Different  
perceptions about  
the safety of  
accessing health  
services

AND focus has been  
diverted from other  
risks that are no less  
risky than before  
incl BREXIT related  
and usual winter  
pressures

Acceleration of  
progress with  
digital enabled  
health provision

Different  
perceptions of risk  
to health

Different  
behaviours  
leading to  
different profile of  
need

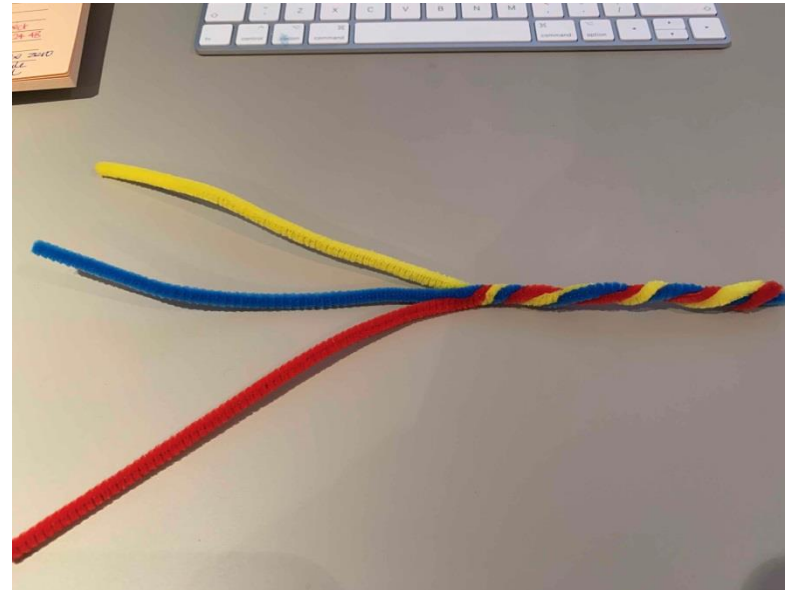
How can you ensure your risk appetite is appropriate, balanced, shared across the wider system and population, avoiding a solely heuristic approach?

# The triple strand of influences

**Conscious, situational  
assessments**

**Subconscious mental  
short-cuts**

**Visceral emotions**



**Perceptions of what's  
risky and why and how  
that influences our  
choices and decisions**

Adapted from Hillson & Murray-Webster, 2007

*The bottom line about this is that you need to create a culture where you carve out the time to have a good conversation about risk (objectives, facts, uncertainties, decisions) – more on this later – for now the basics of getting it right.*



# The vital first step is being clear about the objectives that are 'at risk'



## **What are the objectives?**

Specific, Measurable, Assignable, Realistic, Time-bound

## **Who cares about which objectives?**

Key stakeholder groups

Which are the givens – everyone cares?

Which are complementary?

Which are tradeable?

You may know this now, and if you don't, then its really worth the time – it makes everything else easier. One way to approach the task...

# What are the objectives at risk? What is the relationship between these?

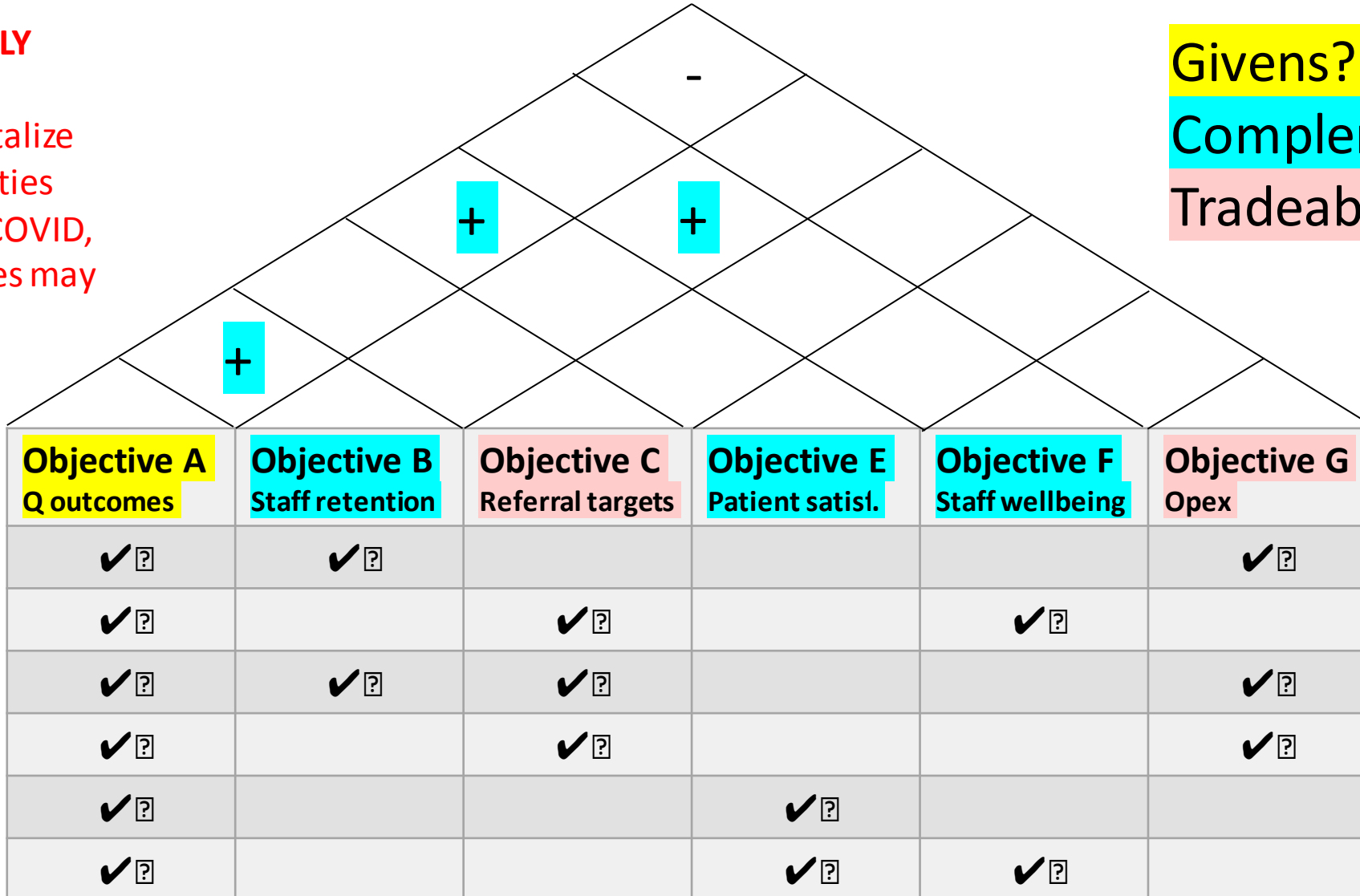
## EXAMPLE ONLY

Note: to capitalize on opportunities arising from COVID, new objectives may be needed?

Givens?

Complementarities?

Tradeables?



# Has your capacity to bear risk changed?



More or less  
funding?

More or less  
resource?

More or less  
reputational  
goodwill?

Short-term changes that you can capitalize on?

Longer-term expectations?

How does this change the limits on the amount of risk you can take?

# How much is too much? Defining risk appetite

## The rules!

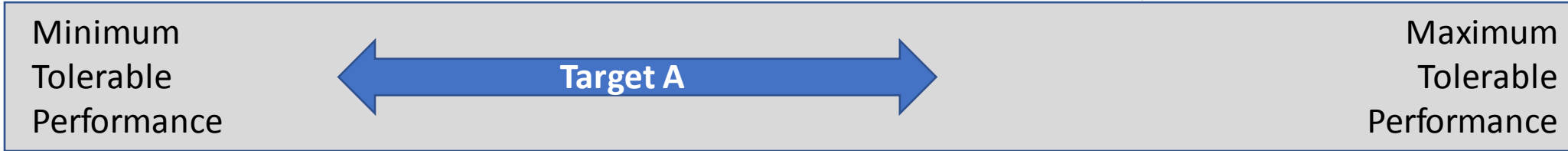
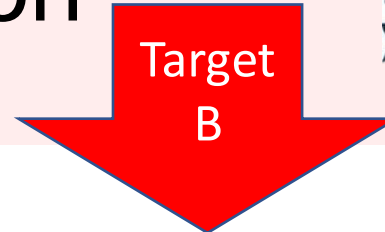
- Appetite for each objective 'at risk' (you need to have an impact scale relevant to each one so choose carefully – aim for 10 max)
- Expressed in the same unit as you express the objective
- Collectively – within capacity – so some targets will need to be challenged
- RANGE – not a single-point target
- 'Given's will be a smaller range than 'Trade-ables'
- Requires a MEANINGFUL CONVERSATION



Rational to invest  
resources to  
better this

Irrational to invest  
resources to  
better this

# Calibrating impact scales based on expressed appetite



Rational to invest resources to better this

Irrational to invest resources to better this

RISK IMPACT	increase in referral/treatment time for a national priority	Number of patients not referred/ treated with target window	Variation from target patient satisfaction
VHI (5)	> 8 weeks	>40%	> +/- 8%
HI (4)	4-8 weeks	20-40%	+/- 4-8%
MED (3)	2-4 weeks	10-20%	+/- 2-4%
LO (2)	1-2 weeks	5-10%	+/- 1-2%
VLO (1)	< 1 week	<5%	<+/- 1%

**EXAMPLE ONLY**

# Expressing risks and devising controls

RISK IMPACT

VHI (5)

HI (4)

MED (3)

LO (2)

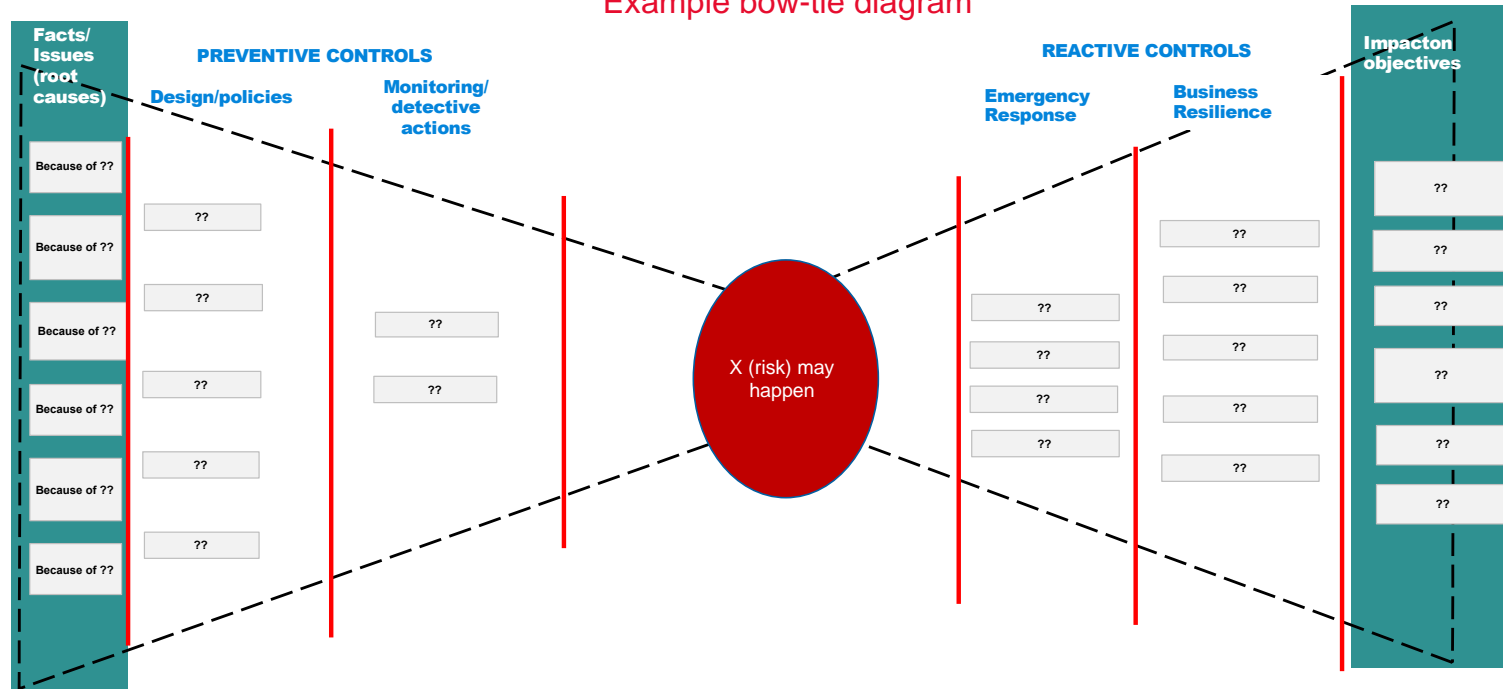
VLO (1)

CAUSE  
Because X is happening

RISK  
Y might happen, that would  
result in Z impact

Some of you say that in your 'risk' register you have a combination of issues and risks. You must make it clear what is certain and what is uncertain.

Example bow-tie diagram

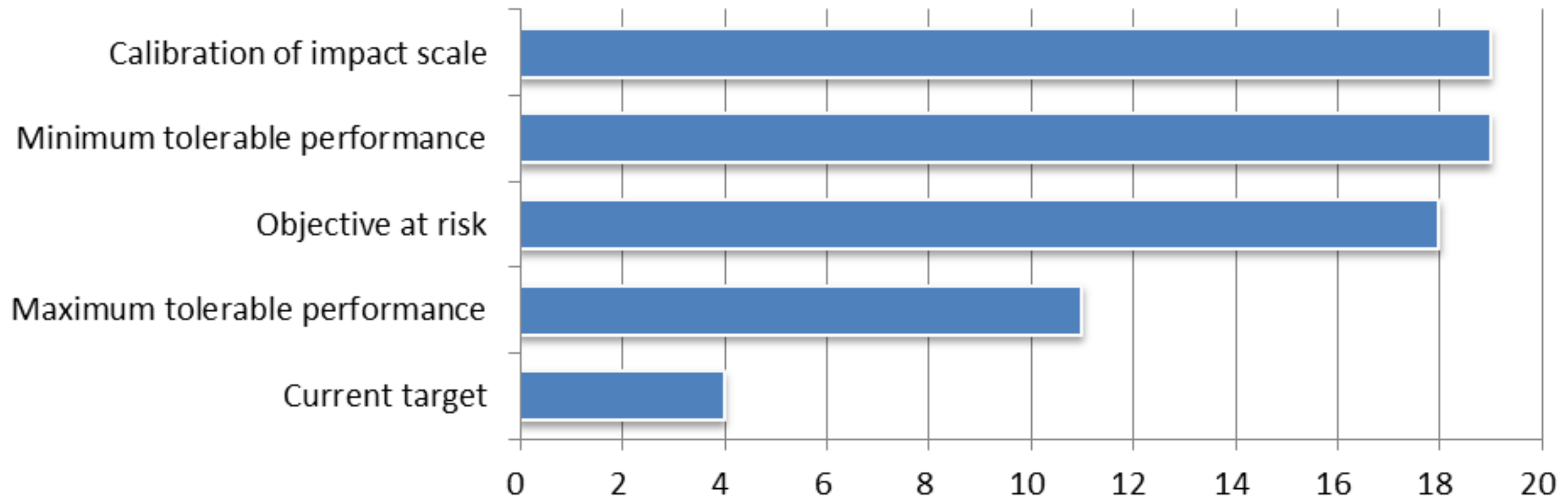


# First break-out: template



<b>Objective at risk</b>	Overtyping this text with a SMART objective. Tell us whether you consider it to be a 'given' or 'tradeable' and why.
<b>Current target</b>	Overtyping this text with details of any current target and where this comes from.
<b>Minimum tolerable performance</b>	Overtyping this text with details of your view on the minimum tolerable performance, and why (it should be rational to invest to better this)
<b>Maximum tolerable performance</b>	Overtyping this text with details of your view on the maximum tolerable performance, and why (it should be irrational to invest to better this)
<b>Calibration of impact scale</b>	Overtyping this text telling us how you'd calibrate an impact scale to assess risks to this objective and why
<b>Describe a threat to this objective</b>	Because of x, y may happen that would result in z impact on the objective
<b>Describe an opportunity for this objective</b>	Because of x, y may happen that would result in y impact on the objective

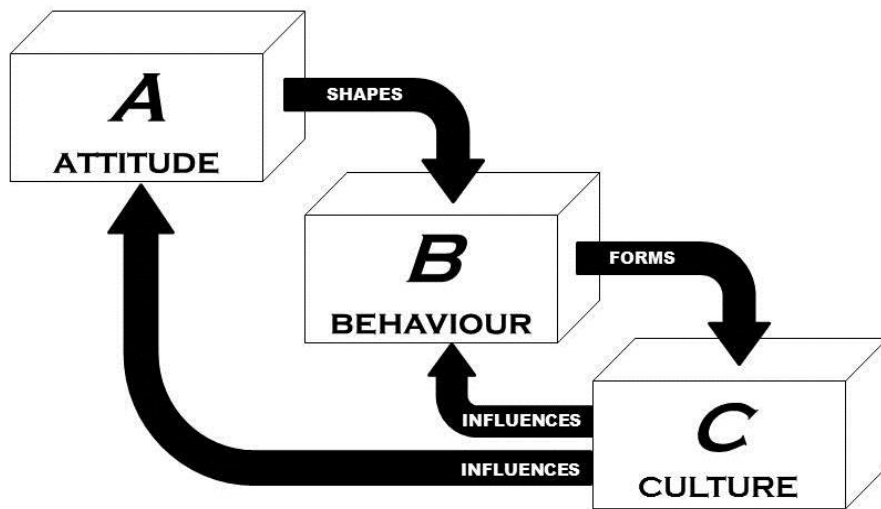
## Which row of the table was the hardest to complete/generated the most debate?





# Risk culture

- How can I engage the Board for long enough to do this work?
- How can I convince sceptical Board Members of the benefits of doing the risk appetite work well?
- How can we stop the ‘rolling eyes?’
- How can we create a learning, rather than a target chasing culture?



**“Culture is an environment - a petri dish in which certain behaviours and characteristics are allowed to flourish, or not”**

*Institute of Risk Management, Risk Culture – under the microscope for Boards, 2012*



A-B-C Model of culture (from Hillson, 2013)

# What behaviours will you allow to flourish?



An early peek at some content of Chapter 6 of a new book written by David and me.

## 1. How you communicate

- What you say and do, and don't say and do
- Clarity of expectation about how much is too much – what's a given, where is it 'very best efforts'
- What changes in you when you're under pressure?

## 2. How information is shared

- To enable respectful challenge and gracious responses – empowerment and transparency
- Conversations about risk are never 'true' – so how do you avoid the scorn of the alternative perspective?
- How safe is it to share views around you?

## 3. How people are supported

- What learning & development is needed?
- Where do you need skilled facilitators to help the group to do their best work, challenging bias

## 4. How (informed) risk-taking is recognised and rewarded

- Can getting lucky be rewarded more than a risk-informed decision gone wrong?

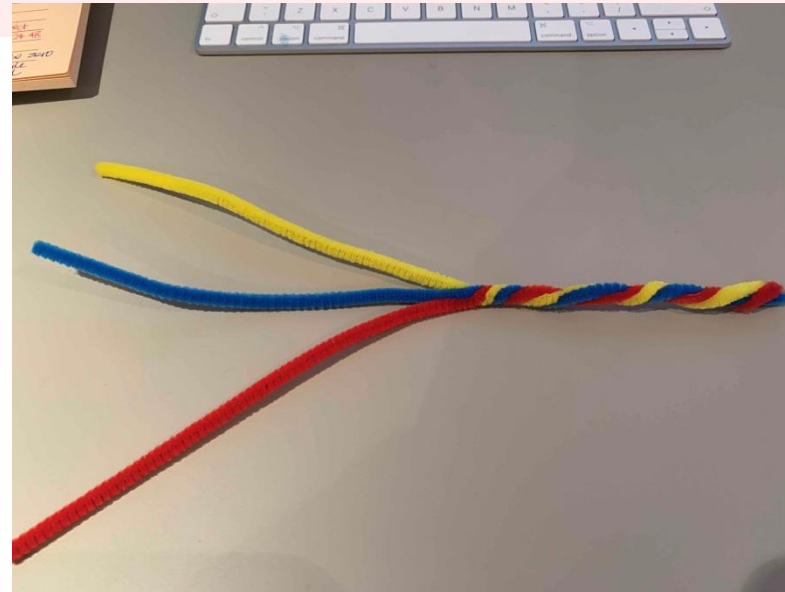
# Virtual meetings and the triple strand of influences



**Conscious, situational assessments**

**Subconscious mental short-cuts**

**Visceral emotions**



**Perceptions of what's risky and why and how that influences our choices and decisions**

Adapted from Hillson & Murray-Webster, 2007

Blessing	Curse
You can control input to some degree – especially if you use chat/polls etc. Better all virtual than mixed.	You lose lots of non-verbal communication. Cameras on important if you want people to share.
Gives permission to get input in advance, process off-line, then discuss on-line.	Facilitation of virtual meetings is a skill that many people are just learning – in extremis – it's different
My view is that it's no more likely to lead to illogical decision-making than when face to face – and might be better? Less likely to have cliques. More likely to speak up?	It's got to be more difficult to build relationships with new people – we need to work on this.

# Second break-out: template



**Describe three things it is in your gift to do to improve the quality of conversation about risk at your Board/Governing Body?**


# Final thoughts

- It's a complex area that can't be made simple – subjective, perception-based, but related to performance so high emotions.
- But it can be made simpler by doing the things I've suggested today.
- Doing risk management well is a leadership challenge more than a technical one.
- What's new? Latest thinking is to take a network view and look at risk connectedness in addition to likelihood and impact.
- But you can't make that approach give insightful information if you can't do the things we've talked about today.
- It's all about having a good conversation about risk in a dynamic context.
- Good luck!

