Successful Living in a Risky World

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You have a stable job with a successful organization. You feel your daily work life is good, seems well organized. It appears the client's resources, time and money are managed well. However, what about things that we imagine can go wrong, especially the things we can't see coming? Did we do enough to prevent things from going wrong? When things do go wrong (and we all know they do), have we planned for how to minimize the impact to employees, the company and our clients?

If any of this made you stop and think for a moment, let alone doubt the answers to these questions, you have just entered the world of risk management. Simply (or not so simply) defined, Risk Management is the identification, evaluation, and prioritization of risks (defined in ISO 31000 as *the effect of uncertainty on objectives*) followed by coordinated and economical application of resources to minimize, monitor, and control the probability or impact of unfortunate events.

OK, that is more than a mouthful, and I meant to do that. You may think, especially with definitions like this floating around the internet, that risk can be a challenging concept to get one's mind wrapped around, let alone managed properly. Not so, with some illumination and simple tools to aid in the process. So, let's break it down into simpler pieces we can all understand.

Identification

What are risks? They are basically events that, when triggered, cause problems. Some call them hazards or undesirable events . Basically, it is assessing what can impact our operations in any way. What could cause us not to reach our objective? What possible scenarios can impede our success? Examples might include weather events, inability to obtain testing supplies, staffing issues, the list may be long. Just think of anything that might stop you from taking care of a client's needs and you will easily identify risks.

Now let's go through the steps needed to properly manage these risks.

Evaluation

We have thought about a risk, what is next? Now we need to evaluate that risk for what could cause it, and what happens if the risk is realized. These are called "Threats" and

“Consequences”. Bad weather can cause an interruption in our operations even if it is sunny and 70 degrees outside. Weather could impede shipping to our facility, cause a decrease in raw materials for a manufacturer or cause our suppliers to shut down for several days. Incorrect results being provided to a client could have many threats. It could be improper equipment calibration, incomplete training, incorrect specimen storage, handling or delivery. Once we know the risk, it can be pretty easy to see what might cause that to happen.

Even simpler at times is to identify the outcome, the consequence resulting from the event taking place. We might upset the client and drive them to a competitor, impact our financial viability, impact our client financially, cause fellow employees distress, create job loss, the list goes on depending on the risk.

The next step in evaluating our risks is to identify “Controls”. Think of these as ways to prevent the threat from happening in the first place or minimize the impact if it actually does happen. Preventive controls may include documented procedures, having extra supplies on hand, cross training employees, developing more robust hiring practices or developing intuitive and well trained specimen routing processes. Then we need to identify controls we have in place to reduce the impact if something goes wrong. This might again be documented procedures, developed reaction plans, quick communication or back up vendors.

Prioritization (Assessment)

We now have a pretty good idea of our risks, how to reduce the potential of them occurring and how to minimize the impact when they do. Now we need an objective way to prioritize everything. This is where risk assessment comes into play. Everyone has likely seen some form of risk matrix. These come in variously levels of complexity, sizes and colors. It is basically a way to look at a situation and objectively determine the level of seriousness. This usually comes in the form of reviewing two issues (though there can be many more): Likelihood and Severity.

First, what are the chances of this happening? A crippling storm may be less likely than a sample being mis-routed to the wrong section. An employee’s child getting sick is more likely to happen than an active shooter on campus. For each situation we identify how likely this is to happen then generate some form of score. This may be a number from 1-5 or as simple as “low, medium, high”.

Next, if it does happen, how severe is it? Is it a minor inconvenience we just have to adjust slightly to overcome or is it catastrophic and could shut down all operations? Again, we identify an objective score for this.

We then combine these two into an overall risk score. We should have a score for the risk before and after our controls are in place. We can also have a target score for each risk. Where do we want to be? Are all of our controls in place or are some planned? This could impact the score for sure. We might know that the implementation of a control will substantially reduce our risk score, but right now it is planned and will take time, personnel and resources to implement. So, our current score is higher (more risk) than our target score.

This entire section should never be done alone. Many people, the management team at a minimum, should be involved in identify risks, threats, consequences, controls, determining the risk matrix and scoring. It takes times and effort, but the result not only protects the organization when something happens but can prevent things from happening in the first place.

Management

Now that we have identified the risks we can more easily manage it. We can periodically review and assess the risk, especially whenever a related document (identified as a control) is revised. Periodic management and quality team review meetings are great times to go over our identified risks We definitely want to review things when something related to the risk comes up to ensure we are managing the risk in the best way possible.

Through a concerted effort to identify what may cause risk to our organization and operations, we can protect our employees, clients, institutions and even animals involved. A robust risk assessment program has implications across our entire organization, even involving our financial resources. Taking the time to set up and assess our risks now will have a lasting impact on our future.

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