



An Organization's Top Priority is Critical Risk Management

Risk is inherent in all tasks, operations, and personal activities, regardless of routine. Risk is the potential for an unwanted outcome resulting from an incident or event, as determined by its likelihood and the associated consequences. Risk information enables us to prioritize work.

"Competing successfully in any industry involves some level of risk, but high-performing businesses with high-pressure cultures are especially vulnerable. As a manager, you need to know how and why these risks arise and how to avoid them." - Professor Robert Simons, Harvard Business School.

The most common cause of incidents, events, or failures is human error due to the inability to manage risk successfully. Appropriate risk management aims to reduce risks by systematically identifying hazards, assessing and controlling the associated risks, and allowing decisions that consistently weigh risks against task benefits.

According to Professor Simons, strategic risk derives from three main areas: growth, culture, and information management¹.

Failsafe has been helping organizations manage risk and learn from incidents since 1985. We have come to understand that the common thread associated with risk stems primarily from people. Growth involves an increase in personnel. People make up your organization's culture, and they are the ones managing information, i.e., implementing effective communication systems. We have learned that people cause problems. They may inappropriately assess the risk associated with an event, ignore procedures that were put in place to ensure safe operation, or perhaps they were never trained or informed. The bottom line is that people always play a part in why things go wrong.

¹ <https://online.hbs.edu/blog/post/risk-management>



We definitely need to understand and manage risk well, but when something goes wrong, we also need a robust process that effectively helps people recognize the role they played and offers the opportunity to address it moving forward

People may feel better hearing that the event happened due to an inappropriate risk assessment, but ultimately, there was a person who made that assessment. And likely not just one; it was reviewed and signed off by others. If we don't have a process in place that helps people understand their role and learn, then we will condemn ourselves to similar incidents in the future.

In our civility, we want to resist placing blame and avoid highlighting who did what wrong. However, in doing so, we often focus on the individual's role, in this example the risk assessor, and fail to understand the circumstances that led people to act as they did. **Learning fosters change and builds trust.** We need more openness in our efforts to prevent incidents. *We don't place blame, in fact we systematically ban blame in order for people to safely look at the moving parts of an incident and see their part.* Failsafe's Latent Cause Analysis is a process that can help. It eliminates blame and equips everyone involved in the event with the tools to identify their contributions and what needs to change moving forward. Learning from things that go wrong means seeing changes that need to take place. Those changes will involve people. When people learn they will change.



“What we ignore grows, and what we condone multiplies.”