

Things to consider...

- How (is?) your agency organized to address risk?
- How is your organization addressing risk?
 - Enterprise
 - Program
 - Project
 - Activity
- What are your needs when it comes to addressing risk?

Managing Risk Across the Enterprise

A Guide for State Departments of
Transportation

NCHRP Project 08-93

Project Objectives

- Produce a guide
- Provide a framework
- Develop tools
- Assist implementation
- Demonstrate benefits
- Build on previous research

Findings

- ERM
 - Provides documented benefits
 - Is applicable to state transportation agencies
 - Builds credibility, transparency
 - Supports decision making
 - Complements performance
 - Provides consistency and continuity in services
 - Minimizes threats, capitalizes on opportunities

Risk Management Defined



- “Risk management is the cultures, processes and structures that are directed towards the effective management of potential opportunities and threats.”

Definition of the Process

- “The risk management process is the systematic application of policies, procedures, and practices to the identification and management of uncertainty or variability upon achievement of agency objectives.”
- Think of dynamically “managing risks” instead of risk management

Why the Third Pillar?

- Asset and performance management drive performance
- Risk management is an enabler
- It identifies, mitigates uncertainty to objectives



Why Manage Risk?

- Risks are inevitable
- If something is inevitable, it's irresponsible to ignore it
- We practice either risk management or crisis management



Additional Benefits

- Builds public trust
- Explicitly recognizes uncertainty that faces objectives
- Capitalizes on opportunities



MAP-21 Requirements

- Measures for states to assess:
 - IHS and NHS pavements
 - NHS bridges
 - Performance of IHS and NHS
- Risk-based asset management plans
- Safety measures to achieve:
 - Serious injuries per vehicle mile travelled
 - Fatalities per vehicle mile travelled
 - Number of serious injuries
 - Number of fatalities

Expansion of Risk Management

- Risk management used to be a specialty area for controlling insurance costs
- Now it is a much broader architecture for enhancing corporate competencies
- Risk management required for publicly traded corporations
- It is a basic competency for Australian agencies

Managing Risk at All Levels

- Guide explains how to cascade risk management to all levels of organization
 - Enterprise
 - Program
 - Project
 - Activity



Enterprise: Risks to the organization's strategic objectives, or which involve multiple levels.
Responsibility: Senior executives, policy makers.

Program: Risks that are common to groups of projects that achieve strategic goals.
Responsibility: Program managers.

Project: Risks that are specific to individual projects.
Responsibility: Project managers.

Activity: Risks that are specific ongoing functions that support programs or projects.
Responsibility: Activity managers.

Conclusion

- Guide provides a comprehensive framework
- Quick Guide provides a brief summary
- Chapters provide a “get started” roadmap
- Advanced tools support more mature practitioners