



Bulletin No. 48

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## JIG Business Risk Assessment and Risk Management for Joint Venture Operations

Each Joint Venture (JV) should periodically review its business risk<sup>1</sup> in order to provide assurance to the JV Board / Management Committee, Participants and Users that it is effectively managing the key risks affecting the ability of the JV to deliver its business objectives.

The JIG Business Risk Assessment and Risk Management of JV Operations document (CP 4.01) and accompanying JIG Business Risk Assessment Tool (contained within CP 4.02) have been developed<sup>2</sup> to help JVs assess and manage the Health, Safety, Security and Environmental (HSSE), people, customer service and legal compliance risks that are typically found at Airport JVs<sup>3</sup>.

The JIG Business Risk Assessment Tool is intended to help JV management to systematically consider three questions that are critical to effective risk management:

1. What could go wrong?
2. What systems prevent this from happening, and are there additional barriers that can be introduced to further reduce the level of risk?
3. What verification and measurement processes are in place to check that systems are working effectively?

The JIG Business Risk Assessment Tool should be completed by JVs with the assistance of an external facilitator who is familiar with risk assessment techniques and who can, with the assistance of JV personnel, assess the type and effectiveness of existing management systems (ie. plant, procedure and people control measures and barriers to mitigate risks).

### **Actions Arising from this Bulletin**

As outlined on page 2, each JV Board / Management Committee is requested at their next meeting to consider and agree to: (i) complete its first JIG Business Risk Assessment (between 2011 and end 2014) and (ii) embed the Ongoing Business Risk Assessment Annual Review Cycle in their management system.

### **Reference Documents (also downloadable from [www.jointinspectiongroup.org](http://www.jointinspectiongroup.org))**

- CP 4.01 v0 310811 JIG Business Risk Assessment and Risk Management of JV Operations.doc – the Common Process document.
- CP 4.02 v0 051211 JIG Management System Best Practice.xls which contains the Business Risk Assessment Tool.
- CP 4.03 v0 051211 JIG Business Risk Assessment.ppt – presentation to introduce the Business Risk Assessment process

<sup>1</sup> Business risks affect the ability of a JV to deliver its business objectives. All areas of a JV's business activity should be considered to identify key business risks including: Health, Safety, Security and Environmental (HSSE), Financial Control, People, Customer Service and Legal Compliance.

<sup>2</sup> The JIG Business Risk Assessment process has been successfully trialled at Stansted, Arlanda and Dubai Airports.

<sup>3</sup> Joint Venture participants and/or statutory authorities may require a more detailed quantitative risk assessment to be carried out for larger / more complex operations.


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### **Business Risk Assessment Implementation Plan and Review Cycle**

- 1. First Business Risk Assessment (Implementation Plan between 2011 and end 2014)**
  - a. JV Participants to agree date for each JV to complete its first JIG Business Risk Assessment (timing should be influenced by the risk involved in each JV's activities and availability of skilled facilitators to assist each JV to complete its first JIG Business Risk Assessment).
  - b. JV to complete the JIG Business Risk Assessment Tool (contained within CP 4.02) facilitated by a Lead Participant or 3<sup>rd</sup> party (individual competent in risk assessment) – typically 1 day JV Management preparation + 1 day facilitation.
  - c. JV Board/ Management Committee to consider risk levels and confirm they are acceptable or that additional barriers are required to further reduce risk to an acceptable level.
  - d. By the end of 2014, all JVs are expected to have completed their first JIG Business Risk Assessment and have the Business Risk Assessment Review Cycle embedded in their management system.

- 2. Ongoing Business Risk Assessment Annual Review Cycle**

Once the JV has completed its first JIG Business Risk Assessment it should then be embedded in the JV Management System as follows:-

- a. JV Manager to close out any additional risk reduction actions (barriers) by agreed target dates.
- b. JV Manager to complete critical barriers checks at the agreed frequency for each risk.
- c. JV Manager to provide assurance to JV Board/ Management Committee (copy of the Business Risk Assessment Tool) at least once annually.
- d. JV Manager to ensure that the Business Risk Assessment remains valid and to submit to JV Board/ Management Committee to confirm operational risk levels identified remain at an acceptable level. (Annually or when JV activity significantly changes).
- e. Business Risk Assessment to be reviewed with competent individual (Participant or 3rd party every three years).

#### Notes

1. The Lead Participant is expected to be the same participant that has been identified to lead the JV through replacement of the existing Aircraft Refuelling Indemnity (Tarbox) Agreements with updated versions which are currently being prepared by an Industry Tarbox Legal Committee.
2. The JIG Common Processes Committee is arranging to train Lead Participant facilitators to assist JVs to complete their JIG Business Risk Assessment.
3. Training for JV Managers is also being considered for inclusion in the next series of JIG Workshops

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