

Introduction to **Risk Management**



What is risk management?

According to Webster's New World Dictionary:

Risk: the chance of injury, damage or loss

Manage: to control the movement or behavior

Risk Management enables you to control the chance of bad stuff happening!

Why do we have risk in our lives?

Because of:

- What we plan to do
- What we actually do
- Important things we forget to do
- Uncontrollable conditions

Where can they come from?

Examples:

- Starting a new venture
- Introducing new products
- Personal investments
- Medical decisions
- Merging with another business
- Buying a home
- Deciding to buy or lease a new vehicle

How most of us handle them!

- We identify them!
- We talk about them!
- We worry about them!
- We avoid doing anything!
- We bury them hoping they won't happen!
- We regret and lament "I won't let that happen again!"
- We apologize!
- Sometimes, we find ourselves looking for a new job!

Do not despair!

There is a better way!

Introducing *How to Handle Risk*

Adapted from the Simplest Most Powerful Tool in GE

This process **IS NOT**:

- Complex formulas
- Financial forecast models
- Confusing

It IS:

Common Sense

Harnessed in a simple process

But, what makes it unique?

“4 Easy Steps” enable you to Handle Risk!

I. IDENTIFY and document risks (issues)

Get worries out of your head and onto paper

II. ANALYZE (assess/rate) them

Change subjective screaming into objective decision making

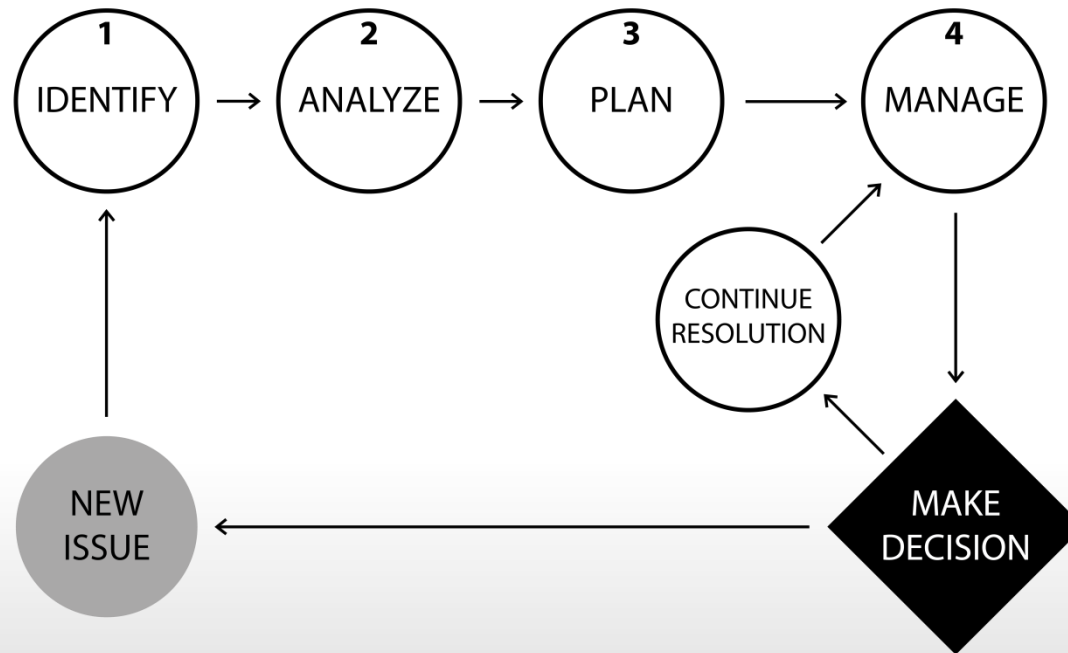
III. PLAN and communicate abatement activities

Define what to do, when to fix them and who makes it happen

IV. MANAGE and track resolution

Manage issues to resolution

It's not one shot – it's a continuous process!



Even if you get it “perfect” the first time, you can't walk away.
No process works by itself.

It requires **Constant Touch** and **Attention to Detail**.

Where did it come from?

- **GE Aircraft Engines**
 - U.S. Government requirement
- **Originated as a risk assessment tool**
 - Identify and assess issues
- **Grew into Risk Management**
 - Added Plan/Communicate abatement actions
 - Added Track and Manage corrective action plan
- **Integrated with New Product Introduction**
- **Built a model and spread it across GE with Six Sigma**

Applications of Risk Management

- Exclusive engine for Boeing 737
- Exclusive engine for Canadair Regional Jet
- Diesel engine repair locomotive application
- Digital x-ray development
- New zero defect refrigerator line
- NBC Olympics (?)
- American Standard and Trane products

Proven Management Tools

- Risk rating guide
- Scorecard
- Thermometer Chart
- Communication Template
- How to Hold Effective Reviews
- Effective Meeting Protocol
- Ownership Test

Let's Focus on Three!

Risk rating guide

- Changes subjective screaming to objective decision making!

Scorecard

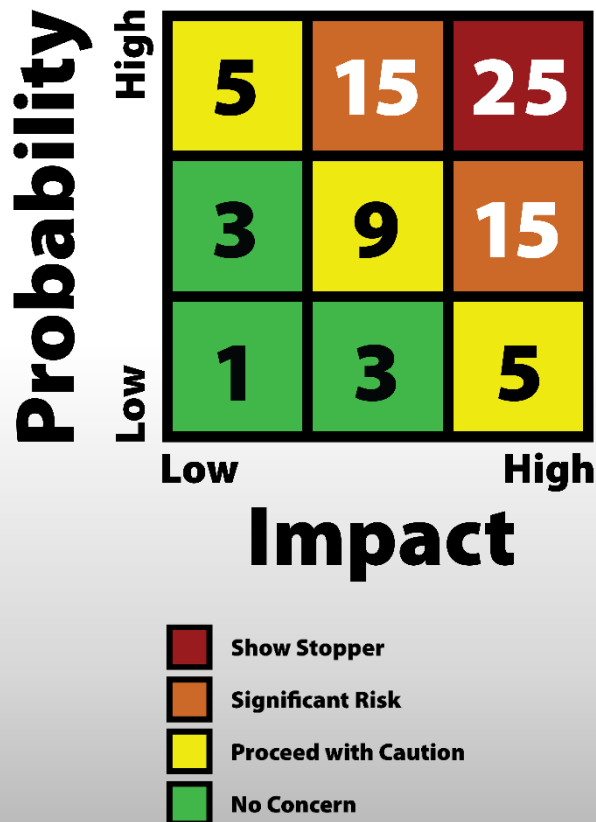
- Clear picture of what's critical and what's not
- Raise the flag without fear
- Helps remove roadblocks
- Crosses traditional barriers
- Enhances communication

Ownership Test

- Responsibility
- Authority
- Skills
- Accountability
- Reward/Recognition

Risk Rating Guide

The Leadership Team adapts the assessment criteria for the project.

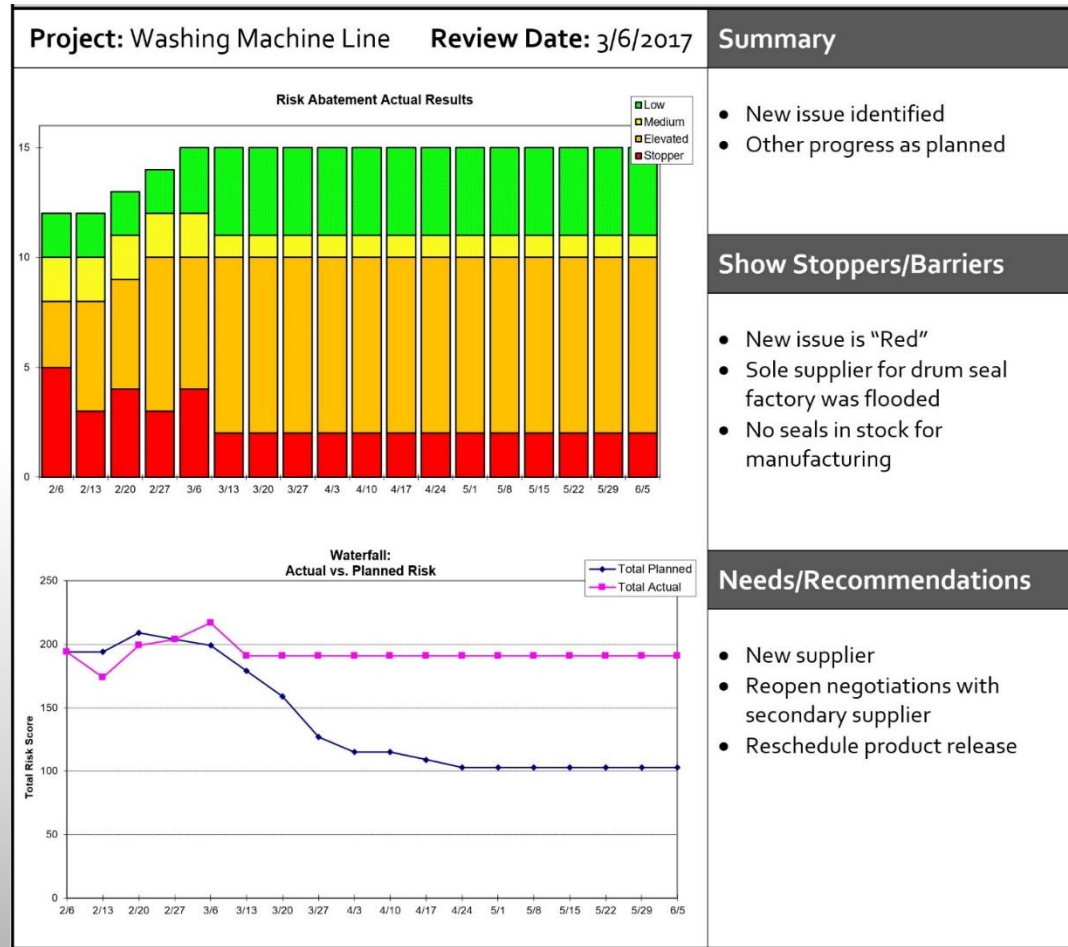


| Ranking | Probability | Impact |
|---------|---|--|
| High | <ul style="list-style-type: none"> Major uncertainties remain No or little prior experience or data Infrastructure and/or resources not in place | Performance, quality, cost or safety impacts resulting in major redesign and program delay |
| Medium | <ul style="list-style-type: none"> Some uncertainties remain Some experience and data exist Infrastructure in place but under-resourced | Performance, quality, cost or safety impacts resulting in minor redesign and schedule adjustment |
| Low | <ul style="list-style-type: none"> Few uncertainties remain Significant experience and data exist Infrastructure in place and fully resourced | Performance, quality, cost and safety requirements met within planned schedule |

Benefits of the Risk Rating Guide

- **AVOIDS** unproductive arguments
- **ENHANCES** productive discussions
- **CLARIFIES** issues
- **ENABLES** you to:
 - Rate
 - Prioritize
 - Organize
- **LEADS TO EFFECTIVE:**
 - Decision making
 - Problem resolution
 - Risk management

Scorecard



Scorecard

A Unique Tool with Unique Benefits

- Provides visual tracking
- Brings focus to what's critical
- “Raises flags for help”
- Manages and Tracks Corrective Action
- Keeps teams and leaders on the same page
- Helps avoid surprises
- Eliminates excuses

Ownership Test

**Developed and proven over 20 years
of experience!**

OWNERSHIP is critical to success!

This test defines requirements for **SUCCESS**
&
exposes possible causes for **FAILURE**

Ownership Test

To pass the test, your team members must have:

- **RESPONSIBILITY** to complete the task!
- **AUTHORITY** to make decisions!
- **SKILLS** to accomplish the task!
- **ACCOUNTABILITY** to finish the task!
- **REWARD/RECOGNITION** for completing the task!

If any of these elements are missing,
**YOU MOST LIKELY WILL
EXPERIENCE SOME LEVEL OF FAILURE!**

Ownership Test

Because:

- **RESPONSIBILITY** alone is not enough.
- **AUTHORITY:** Responsibility **plus** authority is still not enough
- **SKILLS:** Without the right skill set you will still fail.
- **ACCOUNTABILITY:** Even if you have the above three, if you are accountable for something else, you will still fail.
- **REWARD/RECOGNITION:** Your team can reach the goal BUT without reward or recognition, long term success is questionable.

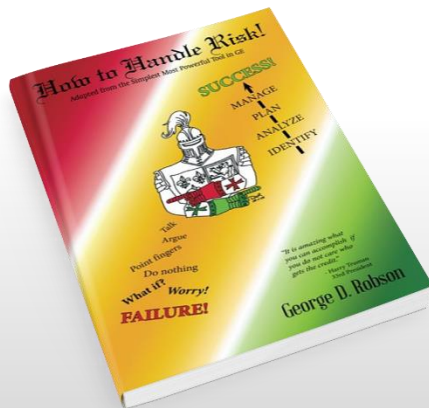
Benefits of the Ownership Test

- Upfront verification that you can accomplish the task set before you.
- Avoid “doomed from the start” syndrome.
- Establishes resources
- Solidifies team composition
- Raises the bar for success

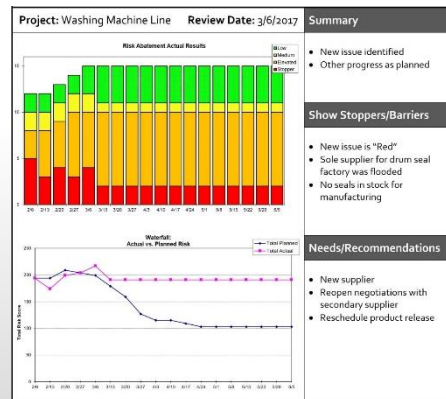
R A S A R = Success

Resources

The Book



Online tool

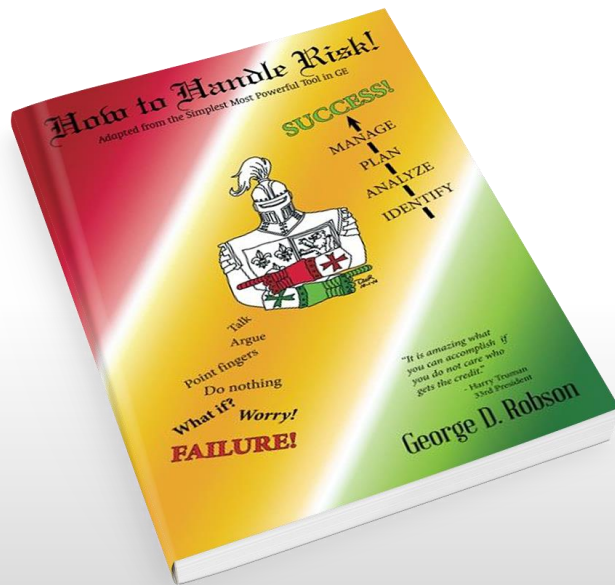


Support Services

- Consulting
- Training
- Implementation

How to Handle Risk!

The Book



How we choose to handle our issues can lead to success or failure. This simple process will help you address your challenges with an increased level of confidence and a reduced level of stress.

Available from xLibris, Amazon, Barnes & Noble, and Google Play

George D. Robson



George D. Robson holds a B.S. Aerospace Engineering from The Pennsylvania State University and an M.S. from the University of Tennessee.

He is retired from the General Electric Company where he held leadership positions in domestic and international businesses. He was also project leader at the GE R&D Center and program manager/educator at the GE Management development Center.

He developed and led implementation of New Product Introduction and Risk Management across the company. He was a member of GE's Six Sigma Quality team and a Master Black Belt.

Risk Management Online Tool

- Team data is always in sync
- Automatic reminders for tasks
- Roll up reports
- Lessons learned documentation
- Embodies all the proven management tools
- Unlimited projects, unlimited users, low monthly fee

www.howtohandlerisk.com

Support Services

Consulting

Training

Implementation

Consulting@HowtoHandleRisk.com

The Vision

People will

- See value and benefits of this process
- Apply it to everyday situations
- Improve and simplify life!
- Experience stress relief!
- Share the good news
 - “Stop worrying”!
 - Pass it on!
 - Experience positive change!

Exhortations

- Apply to business and personal life
- Don't skip steps
- Hold regular reviews
- Work the process throughout the project
- Share lessons learned
- Train key personnel as facilitators

Make risk management part of your daily life!

Exhortations

- Manage available information to:
 - Use what you know
 - Understand what you don't know
 - Minimize what you don't know you don't know!
(That's not double talk!)

Make risk management part of your daily life!

A Bit of Wisdom

“It is amazing what you can accomplish if you do not care who gets the credit.”

-Harry S. Truman

Share your successes! It makes life better!

Always Remember

*A process is only as good
as the people who use it!*

Let us help you use it!