

# **Ventura County Management Council**

## **Continued Professional Training**

January 31, 2013

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## **AFFAIRS OF GOVERNMENT 2013:**

### **Some Thoughts on Risk Management**

Thank you so much for inviting me here to Ventura County to speak to you about our chosen profession, Government. You have chosen a complex profession, and I welcome the opportunity to give you my views on your operations in the world of Ventura County government.

Regarding my presentation today, I spend a lot of my life studying tragedies caused by errors, mistakes, lapses or omissions – and looking for the “cause” of the tragedy. All too often, when people search for “cause”, they default to the event that immediately preceded the tragedy – and somehow that event is given the title of “cause”.

Here is a “primer” on Risk Management. The event that instantly preceded the tragedy can be identified the “proximate” cause. Real risk managers like to go back in time and search for “Root Cause” or “conditions” or “cultures” within the organization – issues that really caused the tragedy.

When you do this “analysis” conscientiously, oftentimes you will find “problems lying in wait” that people knew about or should have known about and no one did anything about it. I gave you a number of these from various disciplines this morning and your profession is not an exception to this rule.

And to conclude this thought when you identify “root cause” you can then put appropriate “control measures” in place to help prevent a similar tragedy from occurring again.

I have addressed County Government personnel now for better than thirty years, all too often I hear the stuff about our job being “so complex” that you cannot prevent bad things from happening.

To be fair, not all tragedies can be prevented. If some idiot is bent on shooting a Deputy today in Ventura County (like you have witnessed recently around America), or lighting off an arson fire in your hills in July, he is going to pull it off. It is very difficult to prevent intentional misconduct.

But almost all of your tragedies (injuries to personnel, death of personnel, lawsuits and organizational embarrassments) are caused by mistakes and thus can be addressed proactively – and you have a key role here in going back to your respective departments here in Ventura County and establishing appropriate control measures to address the real risks you face. How can this be done in your high-risk and very complex profession?

Allow me to introduce you to my “Five Concurrent Themes”. This is a “checklist” (and I love checklists – and please read the book “Checklist Manifesto”). The first of these themes involves the concept of “risk” and the management of risk.

County Government operations (regardless of Department or job description) entail various amounts of risk. Risk can be eliminated, avoided, shared, controlled or transferred. Each of these is a form of Risk Management. Every identifiable risk is a manageable risk. Unfortunately, many government operations have no clue as to what *real* risk management is all about. Allow me to explain this briefly.

Let’s start off with what Risk Management is not! Real Risk Management is not an “other assigned duty” of the Finance Director. Real Risk Management is not a quick mention of the topic during supervisor training. Real Risk Management is an ongoing process that permeates everything we do.

Real Risk Management starts with an understanding that bad things do not have to happen in your specific County department operations and once this is understood then you practice **RPM**. Risks must first be **recognized**. Then you must **prioritize** these identified risks in terms of potential, frequency, severity and available time to think.

Finally, you must **mobilize** – meaning you have to act on the identified risks. Risk management must be part of everything we do!

Time out for a definition. Webster takes a stab at defining risk as the possibility of meeting danger or suffering a harm or loss, or exposure to harm or loss. Therefore,

**Risk Management is any activity that involves the evaluation of or comparison of risks and the development, selection and implementation of control measures that will change outcomes.**

Or more simply stated, Risk Management is the process of looking into the future (5 seconds to 5 decades) and looking for things that can go wrong, and then doing something right now to prevent it from going wrong.

It all gets down to **RPM**. You will be hearing that phrase throughout our time together. First you must recognize the risks you face. Next you must prioritize them in terms of frequency, potential severity and available time to think. Finally, you have to mobilize

(act) to do something to address the recognized and prioritized risks. Everything we do involves a level of risk. Every identifiable risk is a manageable risk.

From the simple stuff like wearing seatbelts and securing a trip hazard, to the complex stuff like avoiding hiring losers into your County operations (yes, you do have a role here) or terminating an employee, it is all about Risk Management.

There are a wide variety of focused topics in the arena of Risk Management (in a longer program I would talk about the “ten families” of risk), but here is an overview of our day together. I will divide risks and the management of risks into two types.

First, the big picture, organizational risk management (**ORM**), or how to manage the overall risks of your organization. This big system contains a number of sub systems, and when they all work together, things end up going right.

I will cover this briefly today, but each of you has a key role in getting and keeping good **people**, developing good **policy**, assuring that all personnel are adequately **trained**, making sure that **supervisors** are doing their job, and understanding the importance of **discipline** in your operations.

Second, the smaller picture, operational risk management (**orm**), or how to manage the risk of a specific event or incident, for example, a specific task your people get involved in, a specific performance evaluation, tree trimming, trench shoring, chemical spill, overtime audit, traffic light replacement, pursuit, background investigation, employee termination, internal workplace violence event or similar single event. I will refer to this issue throughout the day as Theme One.

Both **ORM** and **orm** involve the proper development and full implementation of systems. Theme Two for the day is the concept of Systems and what more importantly what your role is with respect to the systems of your department operations.

What is a system? Webster defines systems as “processes” or “procedures” “ or my favorite – “a structured approach to doing a given task”. I love systems, but only when they meet the **DUI** Rule. For our purposes here today, I will refer to “systems” as or department Policy. These are the rules that guide your operations on a daily basis.

Properly designed policies, kept up to date, and fully implemented will never let you down. You who serve as a department supervisor or manager have a key role here in Systems (policy) design, update and implementation.

BTW, if you take an honest look at tragedies in government operations, so many of them get down to systems (policies) not being followed. Why does this happen? The three attitudes that cause us grief are arrogance (the rules do not apply to me), ignorance (I have no idea what the rules are) and complacency (We have always done it this way and have not had a problem yet).

Theme Two for our day together is your role in Systems, and your role in eliminating the arrogance, ignorance and complacency that regularly cause us problems. Before we move on, let me ask you one question. Does “Bud” work for you? And so that there is no doubt here, there are also “Buddette’s” in your workplace.

Our third theme today is Customer Service. I will not be spending any time on this topic today, but I will remind you that there are three core ingredients necessary to provide great customer service.

**Getting things done right.**

**Treating people right.**

**Add in some “WOW” whenever you can.**

Our Fourth Theme for today is Accountability. This is a dying concept in so many organization, with craziness abounding. Statements like “... that is not my job...” and “she doesn’t work for me...” and “...we have never done it that way before...” are getting a bit tired and quite frankly the public is getting fed up with Government employees who are unable or unwilling to accept the fact that they need to be accountable.

Every one in the organization, up, down and around the chain of command, has accountability. There are different levels of accountability, but each of us is accountable to do our jobs correctly.

For the executives present here today, your accountability starts with building good policies and keeping them up to date. Your accountability continues with having “audits” in place to assure that the policies are being taken seriously.

And you have further accountability to make sure that you are promoting good women and men into the ranks of supervision and mid management who have the guts to do their job – making sure that your “systems” are being implemented.

Finally, you have accountability to have a “discipline” system in place to address those few employees who are convinced that “arrogance, ignorance and complacency” are acceptable behaviors in your workplace. Rules without enforcement are just nice words on pieces of paper up on a shelf.

The final theme for the day is integrity, and the manifestation of integrity, ethical behavior. Without the public trust, we have nothing, and without ethical behavior on each and every incident, we will never get the trust of our good public. Our public is fed up with a lack of integrity and ethical behavior.

Unfortunately, violations of public trust seem to be more and more frequent these days. One only has to read the paper and watch the news to see examples of inappropriate behavior at all levels in government. This is just wrong and it is costing us dearly!

So why have I wasted an hour plus of your life with this. Your job is extremely complex. I am not kissing up to you, and I do not say this when I talk to a group of real estate people or a group of accountants.

County Government work can be complex stuff, and it is getting more complex. Here is a checklist (and remember, I love checklists) for you to use in your future department operations.

**What is the Risk involved in this task, and how can I best manage that risk?**

**What is our Department system (policy) and how can I best assure its implementation?**

**Is there a customer service opportunity present here, and if so how can I maximize customer service on this task?**

**Who is accountable for what on this specific task?**

**What are the issues of integrity involved in this specific task?**

If you try this for just a week, you will get it down to a couple of seconds per task. And if you use it regularly, you will have a higher probability of getting things done right and staying out of trouble.

And if possible, get your people to start using this checklist approach to their job. I give them this approach when I get the opportunity to speak to them, and it sure would be nice if you followed up on it. And the anchor for these Five Concurrent Themes and my focus for today is the wonderful discipline of Risk Management.

There have been a lot of people who helped develop the principles of managing risk. The discipline can be traced back to 3500 BC, when people started figuring out that if you studied enough of the past, you could start predicting the future.

Here are three statements that have guided me through most of my RM life. First is a quote, albeit paraphrased, from the great risk management guru of the 40's, Archand Zeller.

“The Human does not change. During the period of recorded history, there is little evidence to indicate that man has changed in any major respect. Because the man does not change, the kinds of errors he commits remain constant. The errors that he will make can be predicted from the errors he has made.”

What does this mean? We have not figured out any new ways to screw things up. We are making the same mistakes over and over again. Ships have figured out no new ways to sink. Miners have figured out no new ways to collapse. Refineries have not figured out any new ways to blow up. Restaurants have not figured out any new ways to kill people. Planes have not figured out any new ways to crash – and if you want to read something funny as heck – google “the flight of the Vin Fiz”.

On a county level, your employees in every department have not figured out any new ways to get in trouble. Please do not give me that nonsense that “bad things just happen and there is nothing you can do about it”.

I can show you organizations in every high-risk profession that are underrepresented in problems because they understand the principles of Risk Management starting with the reality that there are no new ways to get in trouble.

To be sure, there are variations on a theme, but in reality it is the same stuff over and over again. Let me jump ahead in the lecture.

## **IDENTIFIABLE RISKS ARE MANAGEABLE RISKS**

The second statement important in my life thus far came from my mentor, professor and friend Chaytor Mason. He was a risk management guru in the 60's. Here is a capsulized version of his response when I accused him of being the smartest person who ever lived.

“The smartest person in the world is the woman or man who finds the fifteenth way to hold two pieces of paper together.”

My instant response when I first heard this was confusion, but then I figured it out. While there are no new ways to screw things up (Zeller) there are always new ways to fine tune and revisit our existing systems to prevent bad things from happening and simultaneously making us more efficient.

We too must be looking for new and improved ways of doing this most complex job, and you are the ones who can do that. There are better ways to hire personnel, and there are better ways to train them. There are better ways of doing performance evaluations, and there are better ways to track personnel to identify future problems. Status quo (we have always done it that way – we have never done it that way) does not work.

There is a better way of doing business, the 15<sup>th</sup> way, and we must constantly be looking for it. My third belief in life is a summary of the above two thoughts.

“Things that go wrong in life are predictable and predictable is preventable.”

Thanks for your patience. I have been using this line since 1980 and I appreciate your indulgence. Want proof? Take a look at your newspaper today and quickly you will see that it is all...

## **Predictable and Preventable**

**Again, I thank you for allowing me this brief opportunity to speak to you. It was an honor to be able to address you today, and I thank you for all you are doing.**

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