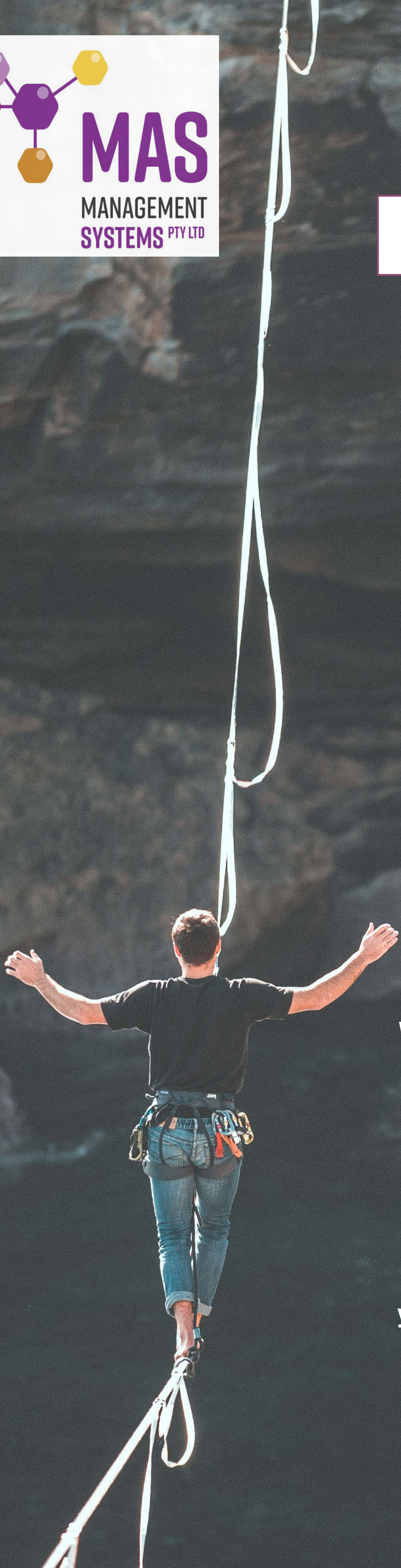
MAS MANAGEMENT SYSTEMS PTY LTD

RISKY BUSINESS

TOP TEN TIPS ON RISK MANAGEMENT FOR YOUR LAB



We know that businesses are often walking a tightrope between what must be done and what's possible with the tools and resources they have available.

Laboratories face a particular set of challenges with compliance and maintaining accreditation while still remaining competitive and viable.

We've put together this list of hints and tips to help you consider some of the risk management issues that your laboratory may face.

www.masmanagementsystems.com.au

Number 1: Know your appetite

The decisions you make in risk management processes should be based on your organisation's appetite to risk. Risk appetite defines the amount and type of risk that an organisation is prepared to pursue, retain, or take.

Risk appetites should be aimed at improving business performance. This means that any definition or statement of risk appetite should be relevant to business units on a day-to-day basis. Risk appetite should be linked to business decisions and the appropriate metrics collected and shared. So how risky are you?

Number 2: Risk be gone!

Well, actually no. We live with risk every day from the moment we get out of bed.

Risk management comes at a cost which is why prioritising risks is critical. This means looking at which risks can be avoided if possible, those that can be accepted and managed, and those that can be accepted with no special initiatives in place. The risks with the highest impact are usually surprises that are unexpected and therefore not prepared for – so plan on surprises!

Risk should be managed and not just eliminated. The costs of elimination may be too high.

Number 3: Is it too difficult?

Risk management activities should be appropriate to the level of risk faced by your organisation, its size and complexity. To effectively manage any risk, the focus must be on identifying and managing the risk itself, not the results or the outcomes. There are risks in taking, not taking or deferring actions so this should also be considered in the context of your organisation.

Number 4: Why are you doing it?

Risk management activities should be aligned with other organisational activities and the approach should be comprehensive. There must be clarity as to how risks are identified, estimated, measured, and controlled. Remember risks are both internal and external so look outside your organisation and prepare for both.

Number 5: Risk management is not an event

Risk management must be embedded within the organisation and responsive to emerging risks. Your risk management process should be defined, documented, and approved but not seen as a standalone function. Risk management activities should be an integral part of routine and ongoing decision making.

Number 6: Does it add value?

Your risk management activities must add value to the organisation and this must be clear to all employees. If staff understand how risk management applies to their role and its potential impacts, they're more likely to take ownership. Processes must be user-friendly, easy to understand, and take into account human factors such as reactions to events, failings, and the likelihood of errors.

Number 7: Risks must be reviewed

Your risks must be continually reviewed, monitored and kept up-to-date to ensure compliance with best practice. Although decisions need to be made with the potential change in risk in mind, consideration should also be given to the level of uncertainty or confidence associated with estimating that risk.

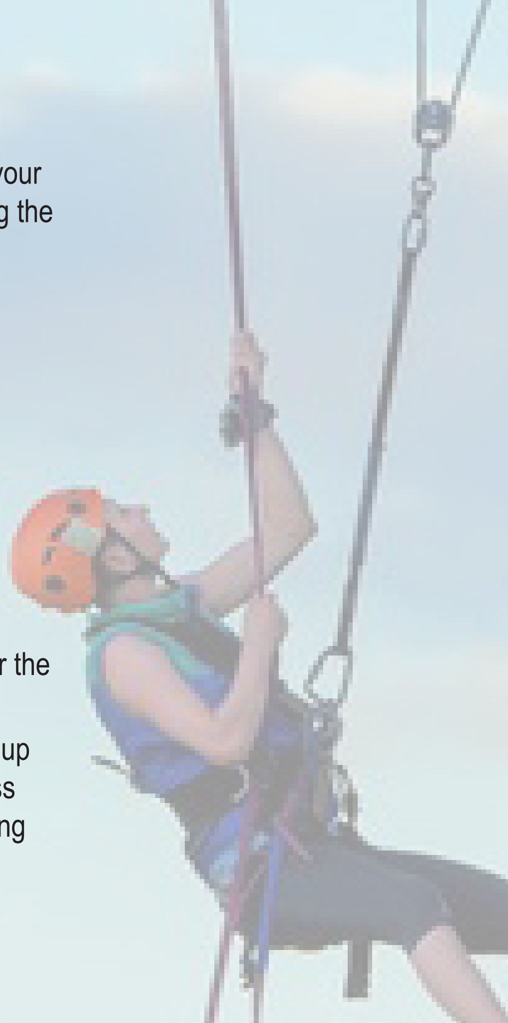
Number 8: Improve your process

As with all processes, there should be an expectation that the risk process can be continually improved. This could include gathering and examining information from your internal audits and open discussions with staff to gain their feedback. Are you getting the most out of your risk management activities?

Number 9: Is it really a risk?

For every downside there could be an upside. Consider if the risk is actually an opportunity to improve your organisation or gain a competitive edge.

For example, staff retirement can leave a knowledge vacuum. Creating a simple mechanism to capture and retain that valuable industry and corporate knowledge means you can protect your productivity and operational efficiency



Number 10: Don't stop

Your risk management activities shouldn't cease just because you've been 'lucky' for the past ten years. Continually measure your exposure as well as your history.

Remember to make sure your risk management plan is linked to your goals and set up a way to measure its success. Provide sufficient resources for implementation across the organisation and explain about risk management to all employees including during induction of new staff.

BONUS TIP:

Risk transfer means moving risks to other organisations such as banks, insurance companies etc. This is only an option if the cost of doing so is outweighed by the financial impact of the risk. If the organisation decides to transfer its risk, properly constructed contracts are critical. A trusted legal knowledge source should be sought to ensure that your risk transfer is understood and covered appropriately.

Our friends at **Lab Law** can help with this - email maree@lablaw.com.au.

What if I need help?

That's what we're here for!
Register for Risky Business for Labs, our risk management workshop specifically for laboratories right here
For support and advice you can phone Maree on 0411 540 709.

Remember, you don't have to do this alone!