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Continued Professional Training

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Predictable is Preventable: Understanding Real Risk Management

Thank you so much for inviting me here to Phoenix to speak to you. I welcome this very brief opportunity to give you my take on what you do so that all of you can better protect yourself, your women and men, your communities, your organization, and our nation.

For those of you I have met before, you know I have spent a huge amount of time studying tragedies. I got interested in this topic during graduate school (and what a lucky break that was for me) – one of my professors was the guru on maritime tragedies. Every night we studied shipwrecks – and there have been a bunch of them around the world. How do ships end up on the bottom of the ocean?

From there we graduated to train tragedies, bridge collapses, refinery explosions, nuclear power plant tragedies, aviation tragedies and other tragic events that had occurred in the past. Simultaneously, I was a young cop and getting involved in all the tragedies that occur in my profession at that time, law enforcement operations.

Also (and not to bore you) but during same time, I was fortunate to be a contributor to “The Hurt Report” – perhaps the most significant publication ever on how motorcycle tragedies occur. If you ride – you need to read this report. Professor Harry Hurt was one of my professors, and the lead author on this piece – and even today (36+ years later) his work is recognized as the leading authoritative work on motorcycle safety.

Risk managers study tragedies with one goal: If we can identify the cause of the tragedy, perhaps we can put together control measures to prevent similar tragedies from occurring.

Sadly, too many people have never been taught that a given tragedy will have multiple causes – including proximate cause, contributory causes, *root causes* and other *problems lying in wait* – that people knew about or should have known about and no one did anything about it.

As a result of this lack of knowledge, the control measures we put in place oftentimes do not address the real cause of the problem – and future similar tragedies continue to occur again and again.

So, what can be done to address the risks we face in your public safety organization? As I read the lawsuits, injuries and deaths, organizational embarrassments, internal investigations and even the rare criminal filing against our personnel I know that we can learn so much by studying the mistakes that have been made in the past. It all gets down to risk management.

Risks can be eliminated, minimized, controlled, avoided, shared, or transferred. Each of these is a form of risk management. There is not one of you in here today who has not heard the phrase, “risk management.” Unfortunately, the phrase is grossly misused, many times by people who have no clue what they are talking about.

Time out for an important consideration: America is a nation of laws. Unfortunately, we have also become a nation of lawyers. I do not say this as lawyer bashing. I do not bash lawyers. Lawyers are fine people with good hearts and intentions, but with an extremely limited scope of thinking. They work in a different paradigm. Their entire lives are focused on fixing things after they go bad. That is what they study in law school (case law) and that is what they do in their practices (clients with existing problems).

Again, they are good people, but with a limited scope of vision. Many of our fine elected officials at all levels of government are lawyers. They bring this thinking of post-incident correction with them into government work.

Risk managers do not think this way. Their whole lives are focused on pre-incident prevention of problems. I don't know one educated and trained risk manager in America who holds elected office. Not one! Do you?

Take a look at any government phone book and compare the number of lawyers listed to the number of risk managers. In the State of California phone book, there are several pages of lawyers and two line entries for risk management.

Let me take this a step further. Take a look at any government organizational chart (including yours) and compare the position of lawyer to where the risk management position is. Too often, risk management is not even on the organizational chart and if it is it shares a box with Human Resources or Maintenance.

This is not something that all of a sudden became important to me on September 11, 2001. This has been my focus for the last 37 years. What will it take to wake people up?

Prevention is better than correction. Small, smart expenditures of effort and money up front can prevent massive downstream problems. I can talk from today through tomorrow to prove the contents of the prior sentence.

Please do not leave my program today (or this conference) thinking that nothing can be done to prevent bad things from happening. You can make this happen individually and organizationally.

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.” As a follow then:

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

Or, more simply stated, risk management is the process of looking into the future (short or long term) and asking what can go wrong and then doing something about it to prevent it from going wrong.

It all gets down to **RPM** – Recognizing the risks you face, prioritizing them in terms of frequency, severity, and time to think, and then mobilizing (acting) to do something about the risks you face.

This is my 40 year speaking to public safety people about risk management. Hopefully my programs have matured over the decades, but as I look at my material I was building in the late ‘70s – it was pretty bleak. But my audiences were interested in the topic of managing risk and the early adopters were asking, “I like what you are saying, but where do we get started?”

When they posed that question decades ago, I did not have an answer. But the question kept on popping up over and over – and as I expanded from just talking to cops into the world of the fire service, the same question was asked. And when I moved from the fire service into other high-risk occupations, the question continued to be asked.

So, over a period of years I pondered on this query and in the early ‘90s I had a thought: Let’s take all of the thousands of risks we face in any high-risk occupation and put them into ten families. We can start by identifying the greatest risks we face in each of these families in any specific organization (or if you are geographically decentralized – in any outpost of that organization) and then put together an ongoing process of risk assessment to make sure that we are aware of the risks we face and that we have viable control measures in place to address those risks.

So, here are the ten families of risk. Your job this morning is to think as I am talking about the risks you face in your specific operations in each of these families. The follow up question is “Do we have control measures (policies, procedures, protocols) to address these risks?”

Your assignment continues when you get back to your specific workplace. Make sure that you (and your agency) have some ongoing process to identify the risks in each of these families to prevent bad things from happening. Let’s get started.

1. External Environment – Risks arising from outside the organization that impact your operations. And we know there are a number of these and they are increasing in frequency and severity. Weather is an external risk. A pandemic is an external risk. Terrorism is an external risk. Criminal street crime is an external risk. Arson is an external risk. I put this as family one because it is the most difficult family of risks to address.

If you have pipelines under your facility, that is an external risk. If you are near a body of water, that is an external risk. If you have a prison in or near your community, that is an external risk. If you are in the flight path of a major airport, that is an external risk. If you have a high-risk occupation in your community (chemicals, mining, refinery) that is an external risk.

We have to do something about the American attitude on complacency. The current thinking of many citizens is that the disaster will not happen, and if it does happen, it will not happen here. And if it happens here, it will not impact me. And if it does impact me it will not be severe and if it is severe, I could not have done anything up front to prevent it.

I commend *Predictable Surprises* by Bazerman and Watkins to you as an excellent read on this issue.

When I take over (more on this later) risk management will be taught in grade school, but here are some worries I have right now about the future of our great nation:

Birthrate	Immigration
Water and Food Supply	Iran and Korea with Nukes
Global Warming	Fundamentalist Religions
Population Change	Demand for Transparency
Terrorism	Pandemics
Entitlement Attitude	NBC/WMD
Natural, Intentional and Accidental Disasters	Criminal street gangs
Economic issues	Homegrown terrorists

Strategic Hints for Your Consideration:

What are the three most common external risks you face in your specific division here in your risk management operations? I told you earlier that I would be asking you this – but now I would like you to think (individually at this point) about these three risks and list them on the next page.

Risk #1 _____

Risk #2 _____

Risk #3 _____

2. Legal and Regulatory – Risks arising from the complexity of or non-compliance with of the legal framework imposed on your operations in your specific state. If there is a law, ordinance, or statute that requires action or prohibits action this rule must be known and followed.

And I am jumping way ahead in the program, but the easiest way to lose a lawsuit is to have a law or policy in place and not have that rule followed by your personnel. Are you in full compliance with the requirements that organizations like yours face?

I am always amazed at how many organizations (including big ones with huge budgets and staffing) are not in compliance with state and/or federal requirements. One of the greatest violators of the California Public Records Act is the California Department of Justice. Perhaps we suffer from the same attitude that many citizens have regarding complacency.

Strategic Hints for Your Consideration:

Have you talked to your attorney regarding the laws and regulations that apply to your specific job description in your operations in your state? Please think of three laws that impact your specific operations. Are you in compliance with these laws and regulations?

Law/Regulation #1 _____

Law/Regulation #2 _____

Law/Regulation #3 _____

3. Strategic – Risks arising from the lack of priority setting and appropriate planning leading to a reactive organization that is not prepared or flexible enough to deal with unforeseen events. This goes on a lot, particularly in smaller organizations that do not have sufficient personnel or time to plan for the future.

While many things bother me, this is at the top of the list. America and Americans do not take this seriously. For your average American, the future is

Friday and the distant future is next Friday. Have you read some of the horror stories about how much people have saved up for retirement? Retirement planning must start early on in your career yet I still see people carrying massive debt (and might I add frivolous debt) into their retirement years.

Where will your profession be in 30 years? Where will your specific department be in 30 years? I can give you a hint. The future of many public safety agencies (some that you might manage, or within your own organization) is regionalization, outsourcing, consolidation, and technology – and those that understand this will prevail in the future. On a global level, please remember that our enemies (countries that hate the U.S.) are thinking about the next century and our concerns are not that strategically focused.

As for reading, I commend to you the works of George Friedman including *The Next 100 Years: A Forecast for the 21st Century* and *The Next Decade: Empire and Republic in a Changing World*. Also, Spencer Johnson’s great work – *Who Moved My Cheese?* is a 30-minute read but may make you look at things differently.

I am also acutely aware of the statement those who try to predict the future will look like fools. Please remember that there is a big difference between predicting and projecting. There are some trends in motion that cannot be ignored.

Strategic Hints for Your Consideration:

What other needs does your public/community have today that no one else is filling? Please list the three items that your organization could provide that you are not currently providing to your community.

Item #1 _____

Item #2 _____

Item #3 _____

- 4. Organizational – Risks arising from not clearly defining roles and responsibilities, not demonstrating the values of your agency or not having monitoring processes in place. As a leader in your organization, you have a key role in getting and keeping good PEOPLE in your, developing and maintaining good POLICY, building a TRAINING program that works, assuring that there is appropriate SUPERVISION of personnel, and having a

DISCIPLINE system in place to address the people who think that rules were meant to be broken.

Strategic Hints for Your Consideration:

PEOPLE – Recruitment, Backgrounds, Probation, Performance Evaluations, Audits

POLICY – Design, Update, Implementation

TRAINING – Initial and Ongoing is essential – Verification of level of knowledge

SUPERVISION – The primary mission of a supervisor is enforcement of organizational policy

DISCIPLINE – Remember that rules without enforcement are just nice words. Also, discipline is not a function of consequence – it is a function of policy. We cannot rely on luck to get things done right – we have to rely on processes.

- 5. Operational – This is all about how we manage the risk of a specific task, incident, or event. It is critical that supervisors are enforcing policy and making sure things get done right.

Back to your take back to work assignment – what are the HR/LF/NDT events that may occur in your jurisdiction and what control measures to you have in place to address that event should it occur?

Event #1 _____

Event #2 _____

Event #3 _____

I commend to you a great book *Boyd – The Fighter Pilot That Changed the Art of War* by Robert Coram. It is a good read for so many reasons.

- 6. Information – Risks arising from untimely, inaccurate, or unreliable information that supports the discharge of roles and responsibilities. Be aware of the dangers of ignorance, complacency, and cognitive bias. Also, we must have a free flow of information up and down the chain of command and between units within your specific operations.

You are going to think I am joking on this, but I ask you to jump to the Wiki piece on “Cognitive Bias.” Seriously, it is well done and will be of value to you. If there are any law enforcement personnel in here today (or if you manage risk for law enforcement personnel), take a look at *Picking Cotton – Our Memoir of Injustice and Redemption* by Jennifer Thompson-Cannino and Ronald Cotton. I hope nothing like this ever happens in your department.

I just finished rereading the final report on the tragedy in London (King’s Cross Station fire – you can Google it and read all about it) that killed 31 people. There was a ton of information that was not being shared prior to the tragedy. Risk managers, take note that there is a big difference between being a firefighter and being a cop. Cops learn individually – firefighters learn collectively.

We have to revisit how we share information. There are many formal and informal processes for doing this. I recall the informal get together meeting after shift. Lots of information was exchanged by and between people who did the same job. With everyone running parallel these days, these meetings are either infrequent or nonexistent.

Finally, for those of you who have not visited www.firefighterclosecalls.com or www.firefighternearmiss.com - please take a look at the value of non-punitive close call reporting. Let me give you the back story on those websites and the benefits of understanding the relationship between close calls, mishaps and tragedies.

With regard to your take back to work assignment, please think about the three most significant events you were involved in as you did your various assignments. How did you do it the first time – and how would you do it better next time? Then please share your memory markers with those who do that assignment today.

Event #1 _____

Event #2 _____

Event #3 _____

7. Human Resources – Risks arising from work environments that do not receive adequate resource allocations, lack internal mutual trust, acceptable performance levels, or suffer from a lack of transparency or good management.

This is one of the greatest financial risks you face today in 2017. It is also the easiest risk to address. When you study the data involving litigation involving law enforcement operations around America, HR risks are among the top three most expensive risks.

If you don't get anything else out of our time together – please recognize that all employment law is discretionary time in nature – so please take the time to think prior to making any employment law issue. Get your thoughts to the good people at HR or Personnel or competent counsel prior to making the decision. Please list the three most difficult HR issues you have encountered in your experience as risk manager.

HR Issue #1 _____

HR Issue #2 _____

HR Issue #3 _____

Strategic Hints for Your Consideration:

Do you have a policy in place that requires consultation with HR prior to making an employment law decision?

8. Technology – Risk arising from outdated or unreliable information systems where user requirements are not met. Also, I am concerned that too many organizations do not have a true Chief Technology Officer. This position is often filled by someone who knows more about computers than you do. Just because someone is the smartest person in the room with respect to computers does not make him/her a CTO.

There are a lot of risks involved in cybercrime, malware, freeware, hacking, theft of confidential data, viruses and many others. Also, your average kid in your community has better computer systems than your government agency does and your average kid knows a lot more about how to use it than your employees do.

I talk to a lot of frustrated people in one major federal law enforcement agency about their focus on bank robberies rather than all the electronic theft that is occurring daily in the same bank operations.

Let me tell you about my experiences a few years ago in Copenhagen when I picked up an application to be a Denmark cop. Now, please list the three greatest tech risks you face in your department in your organization.

Tech Risk #1 _____

Tech Risk #2 _____

Tech Risk #3 _____

Strategic Hints for Your Consideration:

Do you have an up-to-date policy dealing with all the issues surrounding social media?

9. Financial and Reputational – Risks arising from improper budgeting, forecasting and expenditure controls, including contracting, asset management, internal audits, improper salaries, misuse of overtime and poor revenue oversight. I am always amazed at who is managing the money and what kind of background they had prior to the money management job.

There is rarely a week that goes by that I do not read about some major financial scam going on inside some public safety agency from theft of parking meter money, theft at the front desk involving fingerprint and report fees, misuse of asset seizure and forfeiture funds, and theft of property.

With respect to your reputation, so much of public opinion is based on what people read on the various social media sites. Does your organization have a presence on these sites – or do you think this is some passing fad? To not know what is being said about your organization (and your personnel) is a major *problem lying in wait*.

On the next page, please list three of the financial and/or reputational risks you face in your job.

Risk #1 _____

Risk #2 _____

Risk #3 _____

Strategic Hints for Your Consideration:

Who is running your office's budget and do they have a background in finance?

10. Political – All government personnel should stay out of the fray of politics. Your mission should not be impacted by which political party is in control of the country.

Strategic Hints for Your Consideration:

Do you have a policy regarding political involvement and is it up-to-date and constitutional?

Regardless of what your profession or discipline is, here are three statements that have guided me through most of my RM life. First is a quotation, albeit paraphrased, from the great risk management guru of the '40s, 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. Mines have figured out no new ways to collapse. Ships have figured out no new ways to sink. 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.

Fire departments and firefighters have not figured out any new ways to get in trouble. Law enforcement agencies and their personnel have not figured out any new ways to get in trouble. To be fair, there are always variations on a theme but it is the same stuff over and over again.

Please do not give me that nonsense that "bad things just happen and there is nothing you can do about it." I am sick of hearing that faulty "poor me" refrain.

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 fair, 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 '60s. 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 15th way, and we must constantly be looking for it. My third belief in life is a summary of the above two thoughts.

PREDICTABLE IS PREVENTABLE!

Again, thank you for giving me the opportunity to address you and if you ever need anything, here is my contact information.

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