



**BE
PREPARED...**

**A RISK
MANAGEMENT
PERSPECTIVE**

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WHAT IS RISK MANAGEMENT?



RISK = effect of uncertainty on objectives

EFFECT = a deviation from the expected.
It can be positive, negative or both and
can address, create or result in
opportunities or threats

WHAT IS RISK MANAGEMENT?

Objectives can have different aspects and categories and can be applied at different levels.

Types

- Financial
- Operational
- Organisational
- Community

They may be at Corporate, Division and work unit level.



WHAT IS RISK MANAGEMENT?

Risk is usually described in terms of;

- risk sources,
- potential events,
- their consequences and
- their likelihood

Risk Management =
coordinated activities to direct and control an
organisation with regard to risk

Ref AS ISO 31000:2018



RISK MANAGEMENT PURPOSE?

As a Fleet Manager, you may have experienced many unexpected events

Event = an occurrence or change in a particular set of circumstances.

It can be something that is expected that doesn't happen or something that is not expected that does happen



RISK MANAGEMENT PURPOSE?



A **consequence** can be certain or uncertain and can have positive or negative impacts on objectives.

The **likelihood** is the chance of something happening.

A **control** is a measure that maintains or modifies the risk



RISK MANAGEMENT PURPOSE?

The purpose of risk management is the **creation and protection of value.**

It improves performance, encourages innovation and supports the achievement of objectives.

WHAT DOES YOUR ORGANISATION VALUE ?

- Capital investments, funds
- Physical assets, fixed and mobile
- Contracts and revenue streams
- Human resources, experience, morale
- Intellectual property, knowledge, business practices
- Information systems and data



WHAT DOES YOUR ORGANISATION VALUE ?

- Brand, ethics, values and reputation
- Customers and service standards
- Market share, competitiveness
- Legal compliance
- Environmental performance
- Potential business opportunities, innovation



PRINCIPLES, FRAMEWORK AND PROCESS

AS ISO 31000:2018

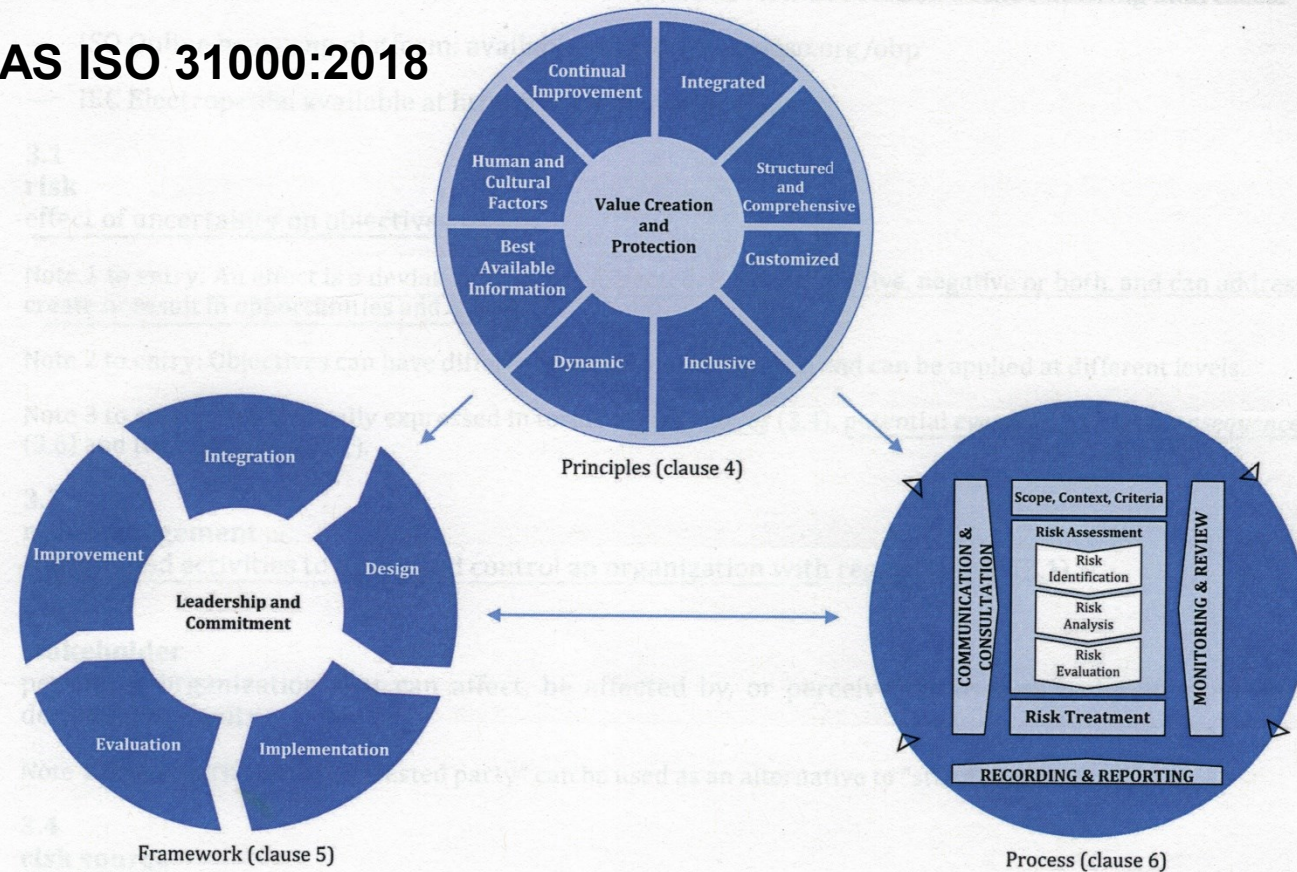


Figure 1 — Principles, framework and process

PRINCIPLES

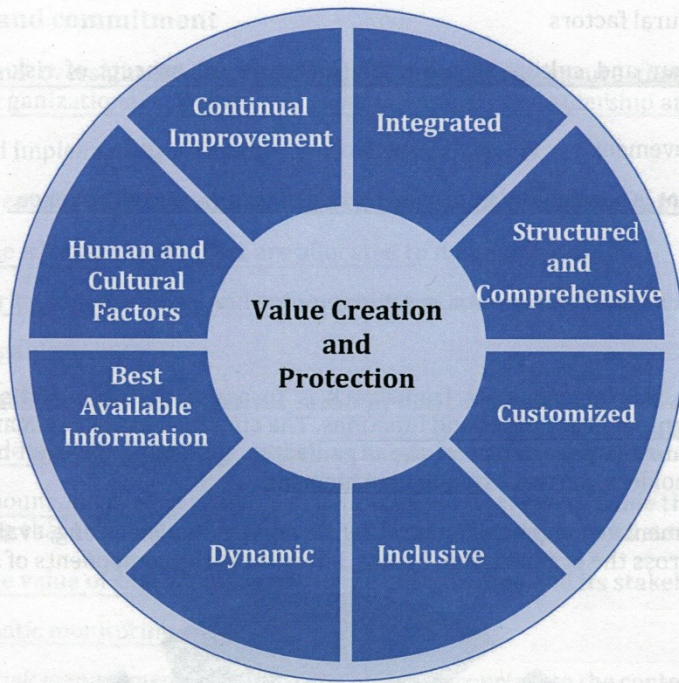


Figure 2 — Principles

- Risk management is an integral part of **ALL organisational activities**
- A structured and comprehensive approach is required
- The framework and process are customised to suit the organisation
- Appropriate and timely involvement of stakeholders captures their knowledge and perceptions

PRINCIPLES

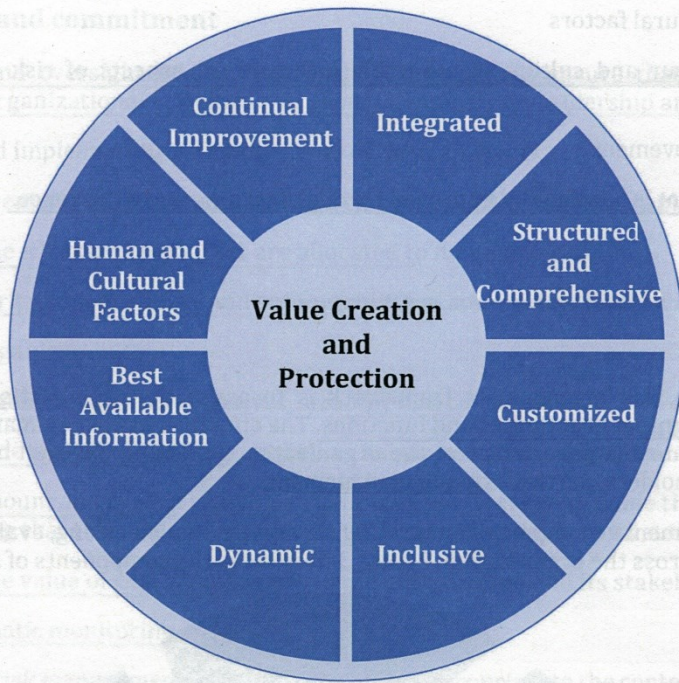
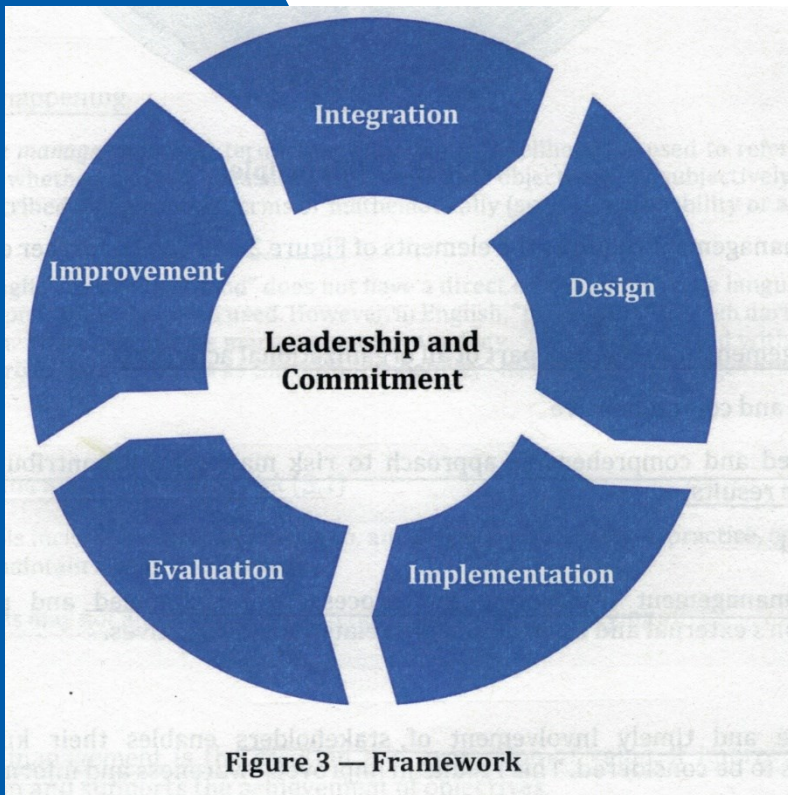


Figure 2 — Principles

- It is dynamic as risks emerge, change or disappear. Risk management anticipates and responds to changes
- Use the best available historical and current information
- Human behaviour and culture influence risk management significantly
- Risk management is continually improved through learning and experience

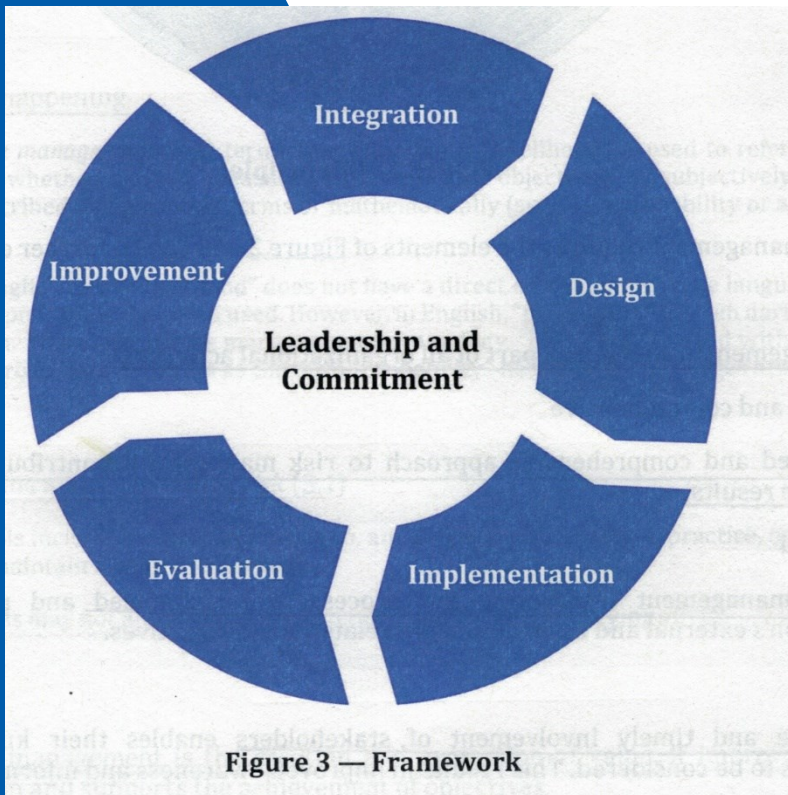
FRAMEWORK



A framework will assist the organisation in integrating risk management into all significant activities and functions

Leadership from the top is essential by providing policy direction, resources, authorities and accountabilities.

FRAMEWORK

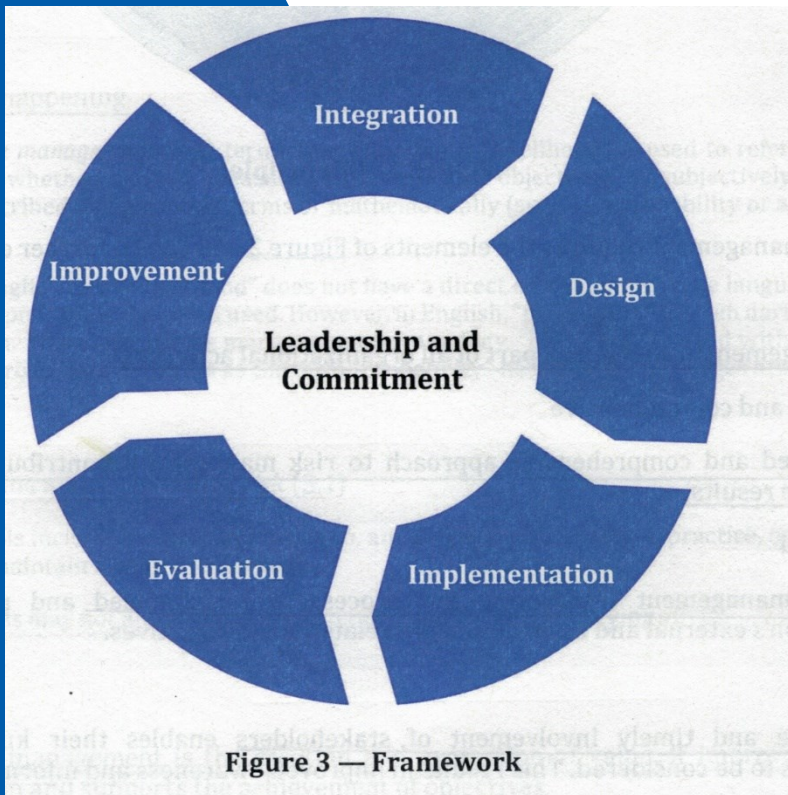


Top management is responsible for managing risk.

Oversight bodies are accountable for ensuring that:

- the risks are understood
- systems are in place to manage risk
- the organisations objectives are considered and
- the management of risk is properly communicated.

FRAMEWORK

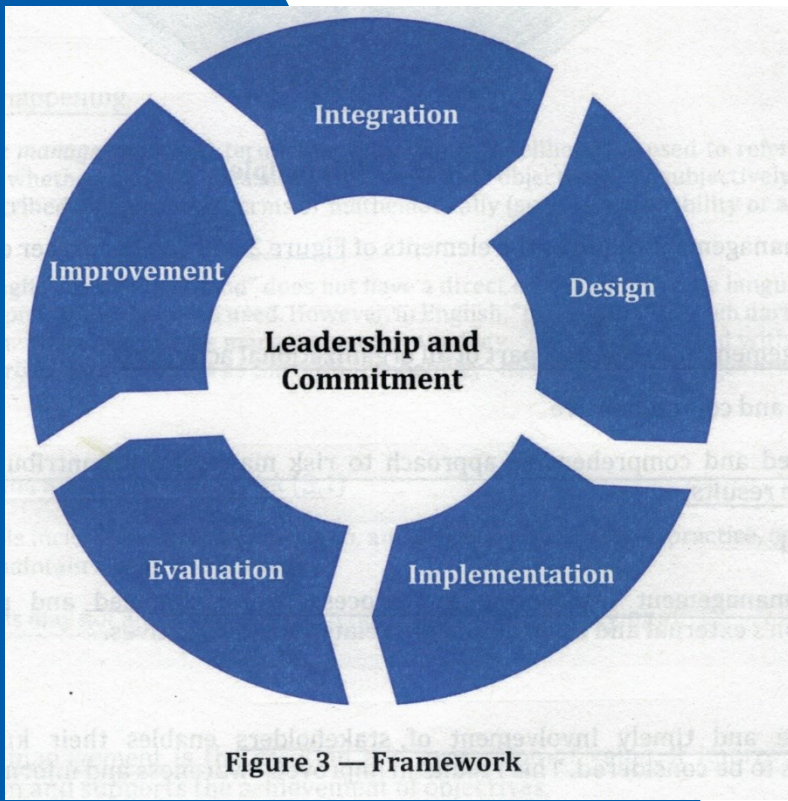


Everyone in the organisation has responsibility for managing risk.

Risk management should be an integral part of the organisations:

- Purpose
- Governance
- Leadership
- Strategy
- Objectives
- Operations

FRAMEWORK



The design must include both the external and internal context, and all aspects of the organisation

Implementation requires a plan with time and resources

Understand where, when and how decisions are made across the organisation

PROCESS

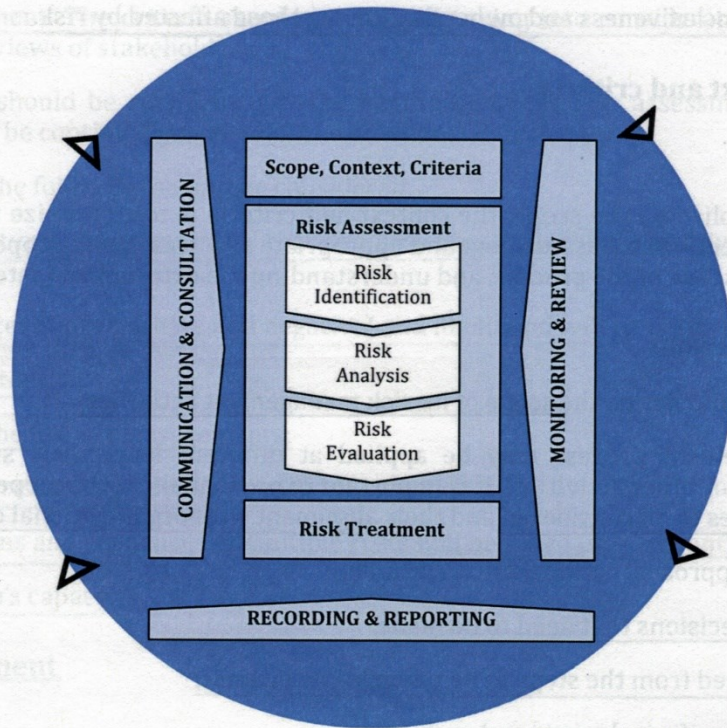


Figure 4 — Process

Define the:

- scope of the risk management activities and understand the context
- amount and type of risks that can be taken considering the obligations to and the views of stakeholders

PROCESS

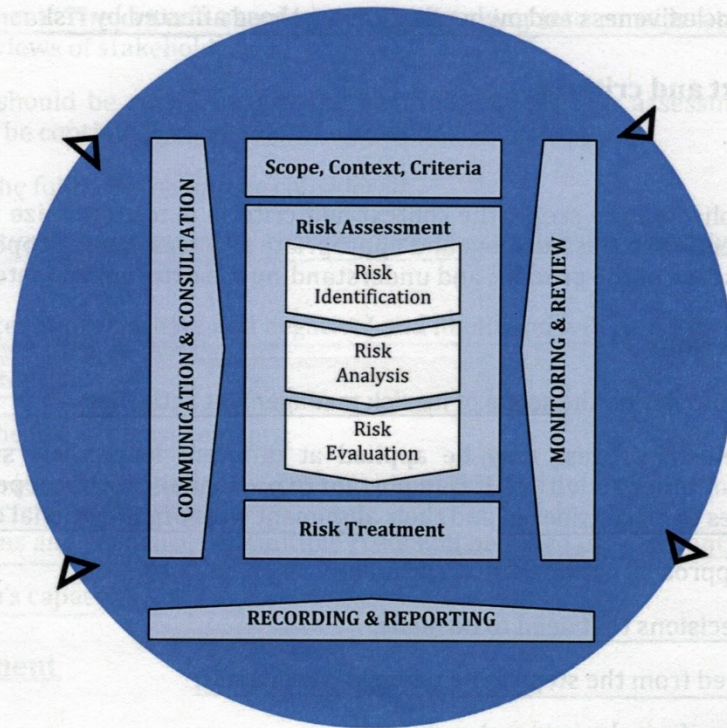


Figure 4 — Process

Risks must be:

- Identified
- Analysed
- Evaluated

Analysis includes the likelihood and magnitude of consequences, time and volatility, existing controls and confidence levels

Evaluation to determine if any further action is required, reconsider objectives, do further analysis, consider options

PROCESS

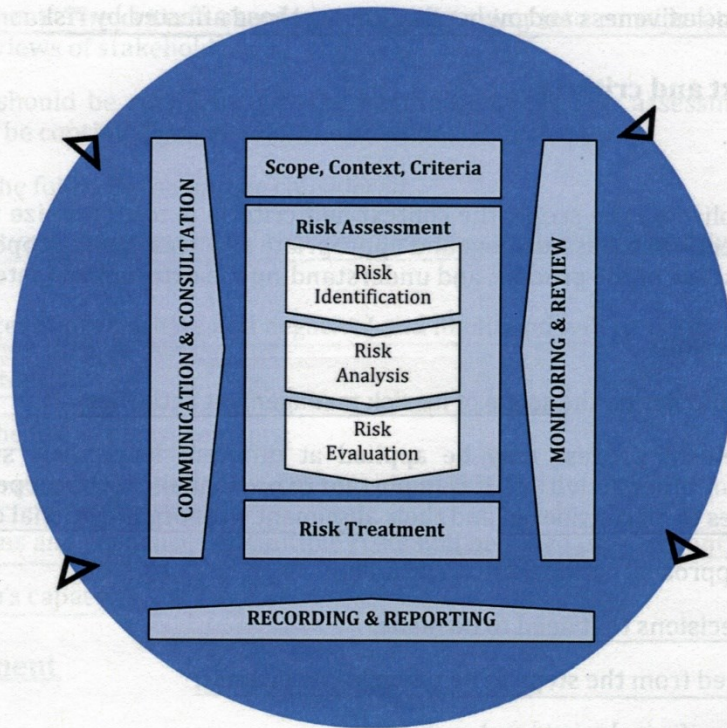


Figure 4 — Process

Select the risk treatment including:

- Avoiding the risk
- Taking increased risk
- Removing risk factors
- Change the likelihood
- Change the consequences
- Sharing the risk, through insurance, contracts
- Retaining the risk

PROCESS

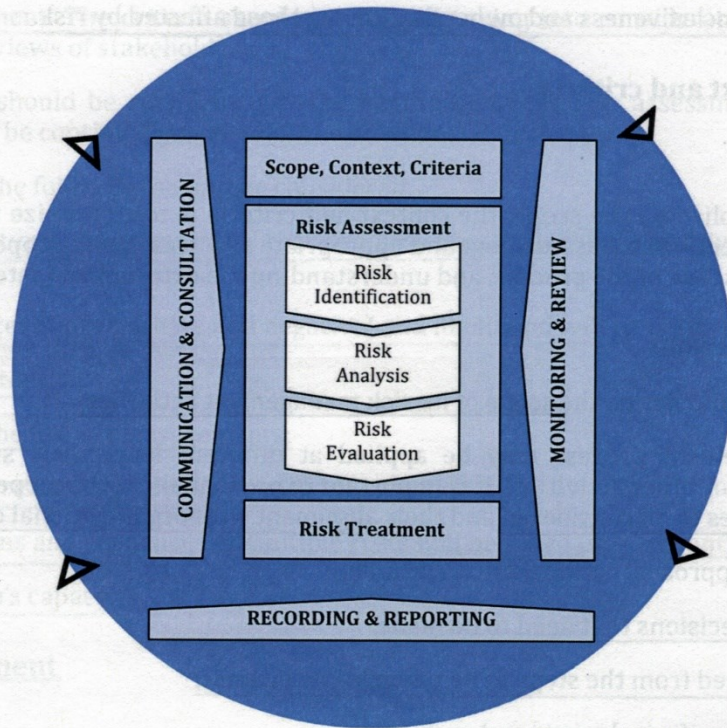


Figure 4 — Process

- Always consider the stakeholders
- Monitoring and review
- Recording and reporting

FLEET MANAGEMENT RISKS

- Inadequate funding, leasing capacity
- Loss of key staff and experience, reduced morale
- Failures of leadership, teamwork, consultation
- Inadequate reporting and use of KPI's
- Business plan not current or not prepared



FLEET MANAGEMENT RISKS

- IT governance and Cyber attacks
- Policies not updated
- Damage to assets, injuries to drivers, operators and public
- Fraud, theft, vandalism
- Environmental accidents



FLEET MANAGEMENT RISKS

- Service delivery failures, customer dissatisfaction
- Inadequate EV transition strategy
- Loss of tied customers, market share
- Supply chain disruptions and costs
- vehicles, plant, fuel, materials, labour



FLEET MANAGEMENT RISKS

- Failure to protect intellectual property, designs, knowledge, business practices
- Damage to reputation and stakeholder impacts
- Legal compliance failure
- Lack of innovation, failing to maintain technology currency, obsolescence



FLEET MANAGEMENT RISKS

- Failure to benchmark, share performance standards
- Poor asset utilisation
- Reactive Natural disaster management and support
- Political uncertainty, change



WHAT CAN YOU DO?

REVIEW

- Current organisation risk register. Where do your responsibilities lie?
- Recent events that have impacted you. Were you prepared?
- Consult organisation's audit function to review any areas of concern
- The level of current insurance arrangements
- Key contracts for possible interruptions, failures and vulnerabilities
- Customer satisfaction level



WHAT CAN YOU DO?

UNDERSTAND

- The risks inherent in your current business practices and the external environment
- Consult your key stakeholders to determine their confidence in your risk management preparedness



WHAT CAN YOU DO?

ASSESS

- The likelihood and consequences of events arising from the risk categories and rate them high, moderate or low.
- The consequences may be **more** than financial impacts
- Consider the adequacy of your current mitigation strategies
- Prioritise resources to those with a **HIGH** rating



WHAT CAN YOU DO?

EXAMPLE

ID Reference	Risk Description	Existing Mitigation Strategies / Controls in Place	Current		Rating	Additional Controls to be Enacted	Future		
			Likelihood	Consequence			Likelihood	Consequence	Residual Rating
1	Inadequate data capture, whole of fleet reporting and analysis and the lack of effective use of KPI's.	Limited reporting and analysis	(1) Almost Certain	(4) Major	HIGH	See recommendations	(4) Unlikely	(3) Moderate	LOW
2	Inadequate focus on strategic fleet management, planning, procurement and consultation.	Limited strategic business planning, good consultation.	(1) Almost Certain	(4) Major	HIGH	See recommendations	(4) Unlikely	(3) Moderate	LOW
3	Fleet procurement that is focused on end user desirability, low purchase price instead of on life cycle costs.	Reasonable procurement practices	(1) Almost Certain	(4) Major	HIGH	See recommendations	(4) Unlikely	(3) Moderate	LOW
4	Inappropriate retention periods, frequent asset replacements.	Focus on short economic life and long warranty	(1) Almost Certain	(4) Major	HIGH	See recommendations	(4) Unlikely	(3) Moderate	LOW
5	Inadequate fleet maintenance planning/scheduling and cost controls. Inconsistence performance of external maintenance services suppliers.	Limited management focus on maintenance performance and cost management	(1) Almost Certain	(4) Major	HIGH	See recommendations	(4) Unlikely	(3) Moderate	LOW
6	Inadequate fuel use controls and analysis.	No effective analysis	(1) Almost Certain	(3) Moderate	HIGH	See recommendations	(4) Unlikely	(2) Minor	LOW
7	Fleet type selection exceeding or not meeting task requirements due to limited fit for purpose analysis.	Limited understanding of fit for purpose requirements	(2) Likely	(3) Moderate	MODERATE	See recommendations	(4) Unlikely	(2) Minor	LOW
8	Underutilisation of some fleet assets.	Limited data capture and analysis	(2) Likely	(3) Moderate	MODERATE	See recommendations	(4) Unlikely	(2) Minor	LOW
9	Variable disposal arrangements without extensive and consistent market testing.	Flexible arrangements with limited controls	(3) Possible	(3) Moderate	MODERATE	See recommendations	(4) Unlikely	(2) Minor	LOW
10	Sub-optimal external fleet asset design, supply and modification arrangements. Some use of risk assessments as part of fleet procurement.	Focus on demonstrations rather than comprehensive specifications	(2) Likely	(3) Moderate	MODERATE	See recommendations	(4) Unlikely	(2) Minor	LOW
11	Sub-optimal fleet management resources, skills, systems, training and commercial awareness.	Limited awareness of sound fleet management practices	(3) Possible	(3) Moderate	MODERATE	See recommendations	(4) Unlikely	(2) Minor	LOW
12	Limited vehicle accident analysis.	Good analysis of accidents not linked to ongoing awareness programs, no benchmarking	(3) Possible	(3) Moderate	MODERATE	See recommendations	(4) Unlikely	(2) Minor	LOW
13	Inconsistent driver/operator training, awareness programs and long-term induction/training.	Good initial induction only	(3) Possible	(3) Moderate	MODERATE	See recommendations	(4) Unlikely	(2) Minor	LOW
14	Variable use of contracts for tyres, batteries and smash repair work.	Use of several established contracts but limited analysis of performance and costs.	(3) Possible	(3) Moderate	MODERATE	See recommendations	(4) Unlikely	(2) Minor	LOW





SUMMARY

It is essential to have a fully integrated risk management program designed to:

- help create and protect the organisation's value
- supports innovation, and
- help ensure that the agreed objectives are achieved.



SUMMARY

- Be proactive
- Understand your risks
- Consult
- Evaluate
- Plan
- Resources
- Action
- Report and review