

# RISKPOST

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## *Risks Lurking in Unmanaged Conflicts of Interest*

– Adrian Sparrow

### Contents

- Risks lurking in Unmanaged Conflicts of Interest
- Editorial
- Chairman's Corner
- Check out the new Forums page on the RiskNZ website
- Executive Officer's Musings
- Finding opportunity risks in failure
- Implications for D&O Liability Insurance for New Zealand Companies
- Book Review: Project Management: The Managerial Process (Australian Edition) by Erik Larson
- A useful reminder for any risk manager...
- Meet the RiskNZ Membership Board – Part 2
- New members
- RiskNZ news and information

***Conflicts of interest are a leading indicator of significant regulatory issues. They play an important role in regulators' assessment of which organisations to examine, what issues to focus on, and how closely to scrutinise them.***

If ethical concepts are the white blood cells that make an organization's "immune system" effective – its compliance and risk management systems and culture – then conflicts of interest are viruses that attack the immune system. Viruses come in a wide variety of constantly mutating forms, and if not neutralised, even the simplest virus can be deadly (especially when combined with the wrong culture and incentives).

Basically, a conflict of interest is where someone has an incentive to serve one interest at the expense of an obligation to another interest. It mixes matters of law and ethical decision-making, exposing organisations to reputation risks that can be damaging when technically legal decisions are not in keeping with the spirit of the law.

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Late last year I bought a cap with Donald Trump's presidential campaign slogan – 'Make America Great Again' on it. I bought the cap because it was a joke. I thought it would be a funny memento of a narcissistic man's doomed political aspirations. For starters the slogan was all wrong – America is a continent not the United States, that the US is already great, and besides - the US would never let someone like Mr. Trump into the Whitehouse (not again).

But I don't wear that cap now. It's not a joke anymore.

While the rest of the world looks on in wonder and some trepidation at an orange spray-tanned man with fake hair evangelising hatred and segregation, Donald Trump continues to win votes. And the risks he poses not only to the US, but also for global peace and prosperity, continue to grow.

Even though Mr. Trump's views on almost everything are baseless and largely wrong, so what? The people that want to vote Mr. Trump in are the people that were already anti-establishment and who have already been oppressed by a bad economy. Mr. Trump is addressing the questions these people want answered and is doing so in the way they want, with supreme charisma and total confidence.

Even though the United States Government is an established and powerful organisation, it has still fallen prey to this 'Trump' risk and I can't help but think about what we, as risk managers, can learn from this. Maybe it's that unlikely risks can quickly become very real imminent risks, or that emerging risks need just as much scrutiny as the top level risks. Maybe it's that governance needs to ensure it does not hogtie its risk management within bureaucracy, or is it that there are just some risks that we cannot control?

These are just a few of the myriad causes for Mr. Trump's ascendancy, but no matter what they are Mr. Trump is now the top event, one just wonders how severe the consequences might be.

## Risks Lurking in Unmanaged Conflicts of Interest

*Continued from front page 1*

Just about any bad behaviour can be explained in terms of conflicts of interest, but it's particularly offensive where people who hold themselves up as ethical and right-thinking fall to social and peer pressure, misaligned incentives, herd behaviour, or just personal weaknesses. The best way to manage this risk is to foster an open and challenging environment, where the opinion leaders around the organisation are seen to think independently, rigorously, and objectively.

Conflicts of interest are inevitable. Failure to manage them has been a continuing theme of financial and political crises for centuries, most recently in the role of auditing firms and rating agencies leading to the 2008 Global Financial Crisis. As new products and services evolve to meet changing needs and circumstances the nature of the conflicts will morph too. This means that organisations should update the assessment and treatment of the risks that potential conflicts of interest will bring.

External regulators have an obligation to be diligent about identifying and addressing conflicts of interest as they emerge. They need to share their concerns so that executive, risk and assurance managers cannot claim to be taken by surprise, for example, raising possible conflicts of interest between different business units or activities, and emerging industry practice that could give rise to conflicts of interest like commission incentives.

Internally, the effective management of any conflict of interest risks rests on three factors:

1. An effective process, reviewed by the senior leadership team, to identify and understand all conflicts in the business model in terms of a) practical business implications; and b) relative to legal standards. This means scanning for new conflicts and deciding if previous conflicts are still being appropriately controlled as business circumstances change. This should be part of the standard context evaluation of risks as the business model evolves, and continual review of mapping risks to the control framework.
2. Consciously high standards of ethics and compliance that address the conflicts of interest the organisation has identified and prioritized. The U.S.A. Federal Sentencing Guidelines 2004 (Amended 2010) highlight seven factors that are worth checking off:
  - Standards and procedures. A process to identify and manage conflicts of interest that may otherwise lead to court action or reputation damage.
  - Oversight. The senior leadership team knows about potential conflicts and is satisfied they are being handled properly.

# Risks Lurking in Unmanaged Conflicts of Interest

*Continued from front page 2*

- Leadership. Exclude from any position of leadership any individual who does not act ethically.
  - Education and Training. Run a programme tailored to suit specific conflicts in the business model and the operating context.
  - Auditing and Monitoring. Testing the effectiveness of the organisation's policies and procedures to manage conflicts of interest.
  - Incentives and discipline. Alignment of rewards and sanctions to stated values (especially incentives) that are inconsistent with the obligations individuals owe to the organisation or its customers.
  - Response and prevention. Reasonable steps to respond to any substandard conduct and to prevent its recurrence.
3. Integration into the overall risk framework. The business is the first line of defence responsible for identifying and managing conflicts of interest, like other risks. Internal risk and assurance functions are the second line of defence. External Audit is the third line of defence and is responsible for providing independent verification and assurance that controls are in place and operating effectively to address conflicts of interest.

## Summary

1. Managing conflicts is more than just strong compliance; it's really about building a risk-aware culture that, regardless of legal technicalities, will not tolerate conduct that casts doubt on the organisation's commitment to high ethical standards or that values short-term gain over long-term reputation.
2. It is the responsibility of everyone in the organisation to identify conflicts and see that they are managed appropriately.
3. Finally, be aware that conflicts of interest are continually arising in new forms.

# Creating Successful Partnerships

At JLT, we view our role as a client advocate.



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*If we are to be valued as a  
profession and as individuals  
within our work environments, we  
need to be seen to truly add value.*

As you will be aware, the 2016 AGM is upon us. The 2014 and 2015 AGMs were about change and laying the foundations for the future. 2016 will be focused on implementing significant value for members; in particular the long awaited training and professional recognition, as well as the 2016 development day that builds on the highly successful event of last year. I will leave further details on the AGM and these initiatives to Tim.

On the professional front, a recent experience has got me thinking...

In my own professional capacity I became involved in oversight of an important construction related project that had the potential to threaten the safety of nearby high consequence operations. As such it was clearly important that there was a focus on assessing and mitigating public safety risk.

As the start of the project came close, the project risk register continued to show a meaningful proportion of risks rated medium and even high, and yet little concern was shown by the project team. On enquiring, it became evident that the context of the risk management activity had not been considered and the risk register agenda item was one completed at each project meeting more to meet project process requirements than as an exercise that truly added value. Most concerning was that the expectation of an otherwise professionally capable multi-stakeholder project team, was that risk management consisted simply of applying a standard 5x5 matrix, and completing - or in this case - partly completing, a risk register.

On addressing this situation, establishing the context, employing a suitable set of risk scales - suitable for the complex high consequence context - stepping through a proper risk management process and employing suitable tools, a very different picture emerged - one where most risks were in fact well addressed due to standard compliance requirements, but with a few that needed immediate mitigation.

What I take from this experience, and other similar ones, is that there is a very real danger that our profession will be seen as no more than purveyors of a simple process in which a standard 5x5 matrix and an excel based risk register, complete with the usual smattering of colours, is employed, and shallow conversations about risk are had, and most importantly, little if any value is added.

If we are to be valued as a profession and as individuals within our work environments, we need to be seen to truly add value - We must ensure that timely relevant information is supplied in a way that enables action and provides confidence that risk is understood and as a result, organisational decisions can be sound, whether that is within a strategic, project, operational or tactical environment.

We need to get out there, develop and apply best practice and do so every time. If we become party to routine tick the box exercises, or allow this to become the expectation, we are failing as a profession.

## Check out the new Forums page on the RiskNZ website

RiskNZ is excited to announce a new feature available to members - Forums. Here members can initiate and take part in a wide range of risk related discussions. Suggestions for new categories should be emailed to [adminofficer@risknz.org.nz](mailto:adminofficer@risknz.org.nz) Feel free to start a discussion, or respond to an existing topic. You also have the option to monitor a category which means you will be notified by email each time some-one posts in that category

Check out the forums at <http://www.risknz.org.nz/members1/forums/>



## Tim's Time – Tim Jago

I found myself in Sydney recently enjoying a long weekend with friends, so took the opportunity to catch up with Emma Carroll, our key point of contact at SAI Global and also Suzanne Cureton, General Manager at the Risk Management Institution of Australasia (RMIA). Both meetings impressed upon me that RiskNZ is working to the right game plan, and that others see this to be the case.

RMIA has been on a journey remarkably similar to that of RiskNZ in recent times: one of repositioning to be more relevant to members, more authoritative in the sector, and more adaptive. RMIA endured a period of considerable contest from other organisations seeking to be pre-eminent in the risk management professionals' space but happily have grown their membership to exceed previous levels, successfully embedded a CPD framework, and broadened the value-adding offerings to members, all the time maintaining a lean, volunteer led and professionally managed national office.

Suzanne describes the RMIA journey as one of 'from survive, to thrive'. It's been about identifying core programs and resources and delivering them better, about empowering the state branches to take partnership roles in program delivery, and about utilising external providers to good effect. I don't think RiskNZ for a moment found itself in survival mode, but the rest of the story had such parallel to the current RiskNZ plan-on-a-page that we had Suzanne join several members of the Board for a 45 minute skype discussion. RMIA have been very successful in identifying and harnessing impressive speakers, and the opportunity exists for RiskNZ to access these speakers and/or their recorded presentations for posting on our website.

My meeting with Emma at SAI Global was equally rewarding. Fresh off the back of a major reshaping of their business they are intent on working closer with strategic partners in their global markets. The arrangements with RiskNZ are central to their business development plans in NZ and we can look forward to SAI Global having presence at our September 15 Development Day, 2017 conference, and other programs in between.

SAI Global have recently put in place forward reaching plans to use quarterly themes to focus their client engagement. Again a strong parallel to recent RiskNZ discussions about introducing themes to lunch time seminars that feed into the development day, and a development day theme that sets the scene for Conference 2017. Miles Crawford is exploring how to bring these themes to RiskPost without diminishing the interest created by having a range of topics featured in each edition. SAI Global are moving quickly to deliver a range of topical webinar styled presentations based on their quarterly themes and we anticipate these being delivered to RiskNZ through our website shortly.

On the subject of development days and conferences, late in April I joined the Wellington based board and staff members for a meeting hosted by JLT's Deb Fisher at their Wellington offices. The focus of the meeting was planning the events to be delivered over the next 18 months. JLT are excited to be working closely with RiskNZ to deliver these events and are already reaching out to their significant network of influential business leaders to engage them also.

I am sure many of you will be receiving material promoting the several risk related conferences on offer across Australasia in coming months. They all seem to be offering something for everyone, whereas the RiskNZ September 15 Development Day and Conference 2017 will specifically reflect the needs and aspirations of RiskNZ members, be NZ contextual but with topical insights from abroad. Personally I am excited at what we can deliver in concert with JLT, SAI Global and RMIA over the next 18-24 months and beyond. I encourage you to register your support of the September 15 Development Day to assist Sally Pulley and her team to properly plan for numbers, and interests.

***'The RiskNZ September 15 Development Day and Conference 2017 will specifically reflect the needs and aspirations of RiskNZ members, be NZ contextual but with topical insights from abroad.'***

To aid in the shaping of our development day and Conference 2017 programs RiskNZ is about to repeat the survey of RiskNZ members conducted by Geraint Bermingham in 2014 to discover the risk managers' perceptions of global, national and local/domestic risk profile. We are working with a soon to be announced sponsor and a professional survey writer / interpreter to enhance this survey.

Whilst work has commenced on this project I am looking for a member willing to co-pilot the project with me. I anticipate the project will last 8-10 weeks and involve assisting the consultant to get the survey questions right, preparing the covering communications, packaging the results for dissemination and working with the sponsor to arrange some client presentations. If this is something you can do please contact me ASAP [tim@risknz.org.nz](mailto:tim@risknz.org.nz)

The 3rd RiskNZ Awards of Excellence will follow the development day as an early evening function at the Amora Hotel in Wellington, sponsored by JLT and SAI Global. The evening event will recognise and celebrate, across four categories, the successes of RiskNZ members to deliver on RiskNZ's vision that New Zealand prospers because risk is well managed. You will have seen the earlier announcement that this year we are growing the event with the inclusion of Exemplar awards to individuals, organisations or projects deemed to have achieved exceedingly high standards in an aspect of risk management. The presentation of RiskNZ service awards will also form a part of the event. Now is the time to organise your nomination, or to encourage those you think should nominate to do so.

Recently RiskNZ confirmed the appointment of Amelia East to be our representative on the Standards Australia / Standards New Zealand Joint Technical Committee OB7 – Risk Management, filling a vacancy brought about by the retirement of long-standing incumbent Roger Estall. Amelia works for Gisborne District Council as Director of Corporate Governance and previously has been senior counsel for a number of major international firms and projects and has some very interesting risk management experience. I suspect we will hear more from Amelia in the months ahead.

Roger also sat on Joint Committee QR005- the committee that deals with dependability. The Board is currently building on an initiative by Chris Peace (another QR005 committee member alongside Geraint Bermingham appointed by IPENZ) to replace Roger. Seems Roger was fatigue-proof! In researching Roger's involvement in OB7 I stumbled across this internet link <http://www.standards.co.nz/developing-standards/meritorious-awards/2014-meritorious-service-awards/>

Seems Roger hid this from us. Belated congratulations Roger. And thanks for your tremendous contribution to OB7 and other StandardsNZ work on behalf of RiskNZ over a very long time.

RiskNZ is also having to find replacements for two other outstanding performers, our part-time Administration Officer for the past 6 years Rachel Allan, and our appointed volunteer Treasurer Tony Yuile who has sat at the board table for 10 years in one capacity or another.

Rachel and Tony possess a huge amount of institutional knowledge and both will be incredibly hard to replace. Thankfully both are remaining available to assist in the transition to new appointees. Rachel's role is currently advertised on Seek and TradeMe, with a closing date of 3 June. Please draw this vacancy to the attention of anyone you know who is a self-starter, highly adept at general administration, competent in Xero, can manage our website, organise events and do a myriad of tasks associated with maintaining our virtual office.

Tony's role is akin to that of a Director of Finance. The appointee can expect to work closely with the Board at a high level to set annual budgets, monitor financial performance and report monthly, work with portfolio leaders to cost projects and create event budgets, recommend budget reprioritising where prudent, prepare for audit, and deal to the associated annual reporting and compliance regimes. The Treasurer works closely with the Secretary (who leads the business portfolio) and Administration Officer who undertakes the transactional accounting work, administers Xero and prepares payments for approval. In addition to the duties just outlined the Treasurer also participates in monthly hour-long board teleconferences, two face to face board meetings (generally Wellington February and September requiring a day each). With turnover of about \$100,000 the role is not considered onerous. The key challenge is to continue the sterling work and exacting standards Tony has become renown for! A self-starting, appropriately professionally qualified, business savvy volunteer sums up our requirement. If this sounds like you, or you know of someone interested in the work of RiskNZ with the skills and time-availability please contact either myself [tim@risknz.org.nz](mailto:tim@risknz.org.nz) or Ross Wells [ross@risknz.org.nz](mailto:ross@risknz.org.nz)

Finally, a quick update on CPD. Following our call for registrations of interest the CPD working party has identified several potential collaborative partners with whom to explore shaping the IRM's FoRM course for delivery in NZ. We have agreed with the IRM the essentials of how to move things forward, and also have some opportunities presenting themselves around RMIA resources. The AGM on 8 June will see an update presented, together with a Board recommended amendment to the constitution to pave the way for post-nominals to be introduced alongside a CPD framework. Be sure to read your AGM papers to be across this development that gives rise to what members made clear in 2014 is a need.

## Finding opportunity risks in failure –

Sue Trezise

### *The times they are a changing...*

...and in these fast changing times innovation is often seen as a critical to business progress. Innovation to drive growth, improve quality, deliver efficiencies or the next 'best thing since sliced bread' product. However, innovation cannot exist without the risk of failure and in a risk-averse culture this can be a significant obstacle. In a risk-averse culture, threats are top-of-mind and this generates a negative outlook and fear of failure. A more constructive approach is to treat failure as an opportunity, to identify learnings and seek to extract the maximum value (just as we would if the innovation was a success).

Birkinshaw and Hass propose that failures can provide both an immediate value, for example in the form of market insights, as well as broader (longer term) lessons that lead to personal or organisational development. They note that finding opportunity ('raising the return') from failure requires three key steps. For each step we have summarised practical actions to prompt and support implementation.

1. Learn from every failure - Reflect on initiatives or projects that disappointed by way of structured review topics. What did we learn about our:
  - Customers' needs and preferences?
  - Organisation's strategy, processes and culture?
  - Forecasting and insight into future trends?

It helps to view failure from several perspectives so bring a range of interested people together to share ideas and insights. Be sure to create a 'space' that encourages and enables communication.

2. Share the learning - Passing on information and ideas from failure enables the benefits to be magnified. Spread the lessons learned across the organisation or sector by building a review cycle into broader conversations. Reviews work best when they are fast, focused, frequent and forward-looking.

Other knowledge transfer actions to help failure lessons extend beyond those directly affected include:

- Publishing a regular 'failure report' (formal approach)
- Using stories as a reminder (informal approach)

3. Review the pattern of failure - Periodically take a strategic view and ask whether the approach to failure is working. Are the processes helping the organisation move more efficiently and effectively in the right direction? Strive towards the 'Goldilocks moment' - failure rates are not too high, not too low but just right! To achieve this may require:
  - Systems to be tightened
  - Supporting managers to have an attitude of openness about failure

A more constructive approach is to treat the failure as an opportunity, to identify learnings and seek to extract the maximum value from these.

Finding opportunity from failures can result in benefits or values such as:

- Helping managers recognise personal growth
- Realising the importance of getting buy-in from stakeholders
- Having new insights about customers or markets
- Uncovering improvements to systems or processes

The best way to avoid failure may seem to be to do nothing. But whether we are innovating or not, that represents a failure in itself. Progress comes from accepting the risk of failure and, should that risk be realised, realising the opportunities, and then maximising their value to create the most successful outcome.



#### **Sue Trezise, Sue-lutions Ltd.**

*Sue Trezise is an independent risk advisor providing specialist assistance to government, businesses and community organisations. Her cross-sector experience and pragmatic approach help boards, CEOs and managers embed risk thinking to improve strategic decision making and business performance. An experienced facilitator, Sue assists communication between technical experts and non-technical stakeholders and makes managing risk practical and effective.*

## Implications for Directors & Officers Liability Insurance for New Zealand Companies – John Sloan

*Directors and Officers insurance (D&O) is now an integral part of all public companies insurance programmes especially the treatment of legal defence costs. As all Directors and Company Officers face critical exposures they need to fully understand the extent and limitations of D&O policies arranged for their company. New Zealand has seen highly publicised claims against Directors for failed companies such as Bridgecorp, Feltex, Mainzeal, Lombard Finance plus other smaller entities.*

Basic Cover - D&O policies cover individual directors and officers in respect of actual or alleged wrongful acts in their capacity directors or officers of the company (or other board on which they serve at the request of the company). D&O policies must be arranged with precision reinforced by a legal overview to ensure they provide accurate and comprehensive protection for those insured.

Examples of D&O claims - D&O insurers have provided details of the diverse causes which can result in D&O claims not all of which involved failed companies.

- The company agreed to hold a customer's monies in a separate trust account, however, after the company went into liquidation it was discovered that monies were not held as agreed and the customer was treated as a normal creditor; the customer sued the directors personally for their financial loss.
- A minority shareholder brought an action against the former directors of a property management company after they sold it. He alleged they had failed to obtain a fair value for the sale of the company and demanded the directors make good the shortfall.
- The company makes some derogatory remarks about its customers. As a result it receives some damaging publicity which negatively affects its year end profits. A group of disgruntled shareholders sue the company and the directors, alleging incompetence and mismanagement.
- A claim for unfair and constructive dismissal has been brought against the finance director of a distribution company by a former employee alleging sexual harassment and other inappropriate activity including sending a text message out of working hours and inviting her on nights out.
- One's joint venture partner alleges that one's officers breached their duty of loyalty and duty of care to the joint venture entity.

Not-for-Profits face similar claims - As Not-for-Profits are not companies as such, a D&O policy does not apply. However, insurers have designed what is termed Association Liability insurance to protect the entity in a similar manner to D&O and include all past and present board members, those in an advisory capacity and, if relevant, volunteers.

The same questions company directors ask can equally apply to those involved with Not-for-Profits or similar non-company organisations.

Government entities - These should be protected by a Crown indemnity but complications can arise if a representative of the Government organisation is seconded to or appointed to a position on a public companies board or other non-governmental entity. In such cases the persons concerned would need to check on what liability insurance is in place to protect them in case they get sued in a person capacity.



Selecting amounts of D&O Cover - Policies are normally written with specific limits usually in the millions of dollars. There may be limits per claim or incident and an overall limit per year. Deductibles will also be subject to negotiation and different deductibles may apply to different sections of a policy but usually Directors and Officers are not personally liable for any deductible. Selecting D&O policy limits can be problematic and equivalent to 'how long is a piece of string'. But benchmarking guidelines can be obtained from insurance brokers.

Cover for legal defence costs - As a result of the highly publicised case involving Bridgecorp but referred to as the 'Steigrad' case, it was decreed that Directors were unable to access the D & O policy to pay their legal defence costs.

Insurers quickly moved to design a separate, ring fenced policy to cover D & O legal defence costs as a stand-alone contract. It is understood that the vast majority of D & O policies in place in New Zealand have been restructured to obtain such a separate policy. Once again, selecting the limit can be problematic.

Frequently asked questions of D&O insurance - Like other liability insurances, D & O policies can be complex as many operational and legal issues arise. A number of these have been mentioned but the following FAQ checklist, which is not exhaustive, may assist.

- Does the policy cover both past and present directors so that a director remains covered once they leave the company for actions taken during the period of appointment?
- Just who is covered? A policy will usually protect those who sit on the main board and those who are also directors of subsidiary companies. It will not automatically extend to those who are nominated to be directors of joint venture companies or companies in which the holding company has only a minority stake.
- How does the policy deal with newly acquired businesses? Does cover only start from the date of acquisition, excluding liability for acts committed before then?
- What risks are covered or excluded? Not all cases go all the way to judgement and many are settled out of court. It is important to find out whether claims for sums agreed in out-of-court settlements will be paid by the insurers plus legal costs incurred.
- What are the exclusions? Invariably, the policy will not cover fraud, deliberate dishonesty and illegal acts' nor will fines and penalties imposed by the criminal courts or by the Health & Safety Legislation be covered.
- What legal costs and expenses are covered and how? Who has access and priority? What is the policy limit? Will they be paid on an interim basis during the course of a case? Are they recoverable if the director loses?
- Does everybody realise the D & O policy does not cover property damage or bodily injury claims?
- Do all Directors insist on the inclusion of a severability clause which ensures that one guilty Director does not debar coverage for fellow innocent Directors?
- 'Shadow' or 'De-facto' Directors included in the policy. And does it include a spousal extension?
- Will the policy cover claims made outside New Zealand? Some jurisdictions may be excluded. For example, a director of a company with operations or subsidiaries in North America may not be covered for actions originating there.
- What about claims made against directors by their own company? Some policies will exclude liabilities for a claim made by one party against another insured under the same policy.
- What are the monetary limits on claims? A company and its directors could effectively be left uninsured if one or two big claims in the same year have used up the sum insured.
- What about claims 'excesses' or 'deductibles'? Different risks may carry different excesses. Where they apply, are they only payable by the company and not the director?

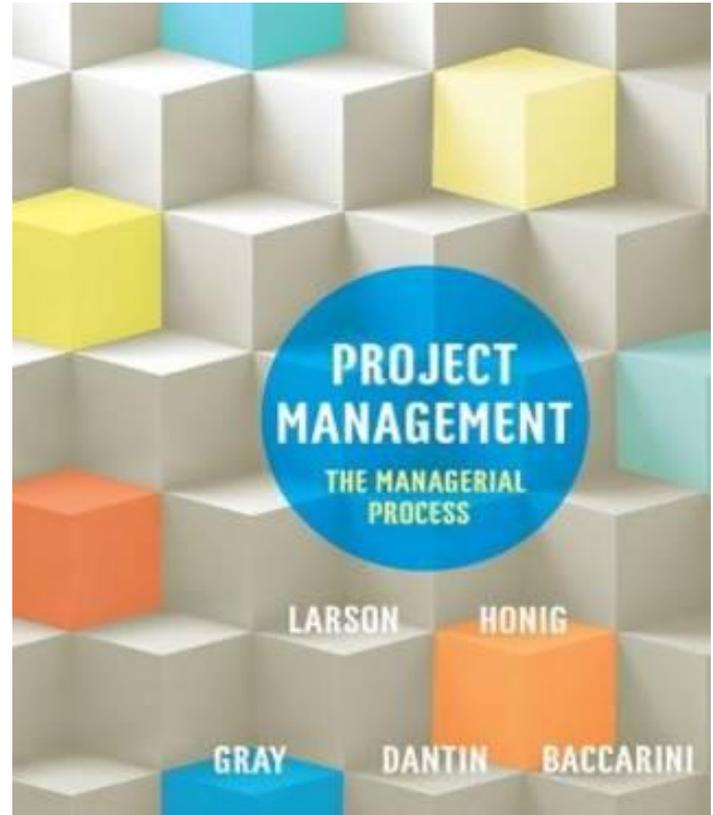
# Project Management: The Managerial Process (Australian Edition) by Erik Larson

– Review by Barnaby Pace

Albert Einstein once said “*everything should be made as simple as possible, but not simpler*”, and if that was the objective of Erik Larson and his colleagues then they have achieved their goal. Whilst Larson and his fellow authors provide an excellent overview of the managerial processes required for Project Management, it is the chapter on Managing Risk (Chapter 7) which is of particular interest. Over the years there have been countless books written about risk management and the various processes which underpin it, so why is this text any different, apart from its distinct Australasian favour.

The first noticeable point, as the opening quote suggests, is the simplicity with which a potentially complex topic is delivered, covering both qualitative and quantitative aspects. The text implements a step-by-step approach to the fundamental components of the AS/NZS ISO31000:2009 standard which has been further enhanced through the clear identification of various processes, tool and techniques which can be used either individually or through a team approach including: structured interviews, the Delphi technique and risk breakdown structures. Additionally, it deals with issues such as the potential confusion between risk and uncertainty within the Project Management context through the use of clear definitions written in ‘plain English’. The second point of note is that within the one book, risk and its management is viewed from the vantage points of several different disciplines. The authors give consideration to how and why various disciplines view ‘risk’ in the manner in which they do, and the importance of ensuring that there is an interdisciplinary approach to what can be an elusive concept. This is in part achieved through the application of a risk anatomy and the promotion of interdisciplinary discussions.

What Larsen and his colleagues have provided is delivered in such a manner that, although it is tailored towards project management, the concepts and tools discussed can be applied beyond that of a project scope and would perform equally well for enterprise risk management. For this reason, although the book in its entirety is highly recommended to anyone undertaking a project of any size, the chapter on Managing Risk is a must read for both those who are new to the field and those who may need a re-grounding in the fundamentals of risk. For those who wish to consider project risk management in greater detail this can be found in Larsen and Gray (2014) Project Management: The Managerial Process with MS Project.





*A useful reminder for any risk manager...*

*“When anyone asks me how I can best describe my experience in nearly 40 years at sea, I merely say uneventful .... I never saw a wreck and have never been wrecked, nor was I ever in any predicament that threatened to end in disaster of any sort.”*

*Captain Edward John Smith, RMS Titanic.*

## Meet the RiskNZ Membership Board – Part 2

**Starting last edition, the RiskNZ Board has been re-introducing itself to its members. This edition we are reintroducing two long standing Board members, Geraint Bermingham and Ross Wells.**

Geraint has a passion for managing risk in high-risk environments and in particular the practical application of theory. Specific risk management roles have included nuclear submarine engineer, aircraft carrier bridge watch officer, and operational risk and internal audit roles with Air New Zealand. As a director of Navigatus Consulting, Geraint has advised a wide range of areas including risk frameworks and reporting; large infrastructure projects, maritime navigational safety and marine oil spill response management, and aviation - most recently the Queenstown night operations safety case, and establishing safety criteria for the development of New Zealand’s airspace management systems.

Geraint is a long-standing member of OB007, the Joint Australian/New Zealand committee on risk management, responsible for standards such as AS/NZS5050 (BCM) and handbooks such as HB89 Risk Assessment Techniques. He was also one of the two New Zealand representatives on the international committee that published ISO31000. He has also assisted Australian representatives with IT and engineering ISO standards, advised the committee that wrote the New Zealand Flood Risk Management standards (NZS9401).

Geraint is a director of risk management specialists, Navigatus Consulting and has been the Chair of RiskNZ for the last 5 years.



After degrees at Canterbury University, Ross got a job as a social worker in Wellington. Ross liked the work, got a qualification, and pursued a social work career for the next 25 years; some in New Zealand but mostly in the UK.

Looking back, this was risk management at the sharp end. As a social work manager Ross was called on daily to make decision about the lives and welfare of babies children and young people, their families, people with mental health challenges and frailer elderly people. Many of these decisions involved weighing up factors, such as what might happen and how serious the consequences might be, to help decide when to intervene in untenable or unacceptable situations. On occasions these decisions could be challenged in Court, and a number of times Ross was called on to give evidence backing his decisions in the High Court in London. Ross has a huge respect for factual and defensible evidence, honed under these circumstances!

On his return to New Zealand, Ross has since 2005 worked in risk management, initially at the Department of Labour, then the Ministry of Business Innovation and Employment, and since May 2015 at the Treasury. His main interest is in enterprise risk management which he sees as the 'arty' end of risk management, rather than the scientific and engineering- informed approach which most of my colleagues on the Management Board bring. Ross completed the International Certificate in Risk Management from the UK Institute for Risk Management (IRM) in 2014, gaining distinction in both Theory and Practice.

Ross was co-opted onto the then Management Committee of the New Zealand Society for Risk Management in 2011, and elected a member and as Secretary in 2012. He was re-elected as Secretary to RiskNZ unopposed in 2014 and 2016. This is his last term on the Board, since he will have served 6 years by March 2018.



## New Members

RiskNZ welcomes the following new Members. Contact details are included in the Members' section of the Website.

- Stephen Haddock, Company Risk Officer, Hansard Global plc
- Carl Wallworth, Director, Egmont Solutions Ltd
- Sue-Anne Lee, Operational Risk and Compliance Manager, ANZ Bank Ltd
- Dama Black, Senior Risk and Assurance Manager, Te wharewananga o awanuirangi
- Belinda Storey, Managing Director, Nouveau Eco
- Linda Murphy, National Manager, Workplace Injury Prevention Management, ACC
- Aaron Kennaway, Health & Safety Manager, Gibbons Holdings Ltd
- Kristin Hoskin, Senior Consultant, Advisian

Membership of RiskNZ is open to any person of good character or an organisation engaged in or with an interest in the practice, study, teaching or application of risk management. RiskNZ is keen to attract a wide range of Individual and Corporate members representing all the different aspects of risk management knowledge and practice. This includes those with direct involvement in the field and those with a personal or community interest.

Apply online at <http://www.risknz.org.nz/membership/how-to-join/>

# RiskNZ News and Information

## Management Board and Officers

The Management Board and officers of RiskNZ are:

**Chair:** Geraint Bermingham;                      **Secretary:** Ross Wells;  
**Executive Officer:** Tim Jago;                      **Treasurer:** Tony Yuile;  
**Administration Officer:** Rachel Allan

### Board Members:

Brian Potter                      Hilary Walton  
Sally Pulley                      Sharyn Bramwell  
Miles Crawford                      Gary Jerome  
Nathanael Sterling

## RiskNZ's Website

RiskNZ's website is located at [www.risknz.org.nz](http://www.risknz.org.nz)

As part of this year's business plan initiatives, our website is being constantly upgraded. Although we have made every endeavour to ensure all aspects of the website are functioning as they should, if you do notice any broken links or other gremlins, please notify the Administration Officer at [adminofficer@risknz.org.nz](mailto:adminofficer@risknz.org.nz)

The website is your RiskNZ's shop window, and a major risk management information resource, so please take the opportunity to browse the new site. We welcome your feedback on it.

As a financial member of RiskNZ you are entitled to access the members-only section of the website. For this you need a user name and a password. If for any reason you do not have the password or have forgotten it, please contact the Administration Officer.

## Social networking – Follow us on:



<https://nz.linkedin.com/groups/RiskNZ-3945531/about>



<https://www.facebook.com/RiskNZ-178021535579772/>



<https://twitter.com/risknz>

## Information for Contributors

The next edition will be published in July 2016. RiskNZ strongly encourages all members to contribute items for this newsletter on practices, developments or issues in your particular area of risk management. Contributions for the next issue should be sent to [editor@risknz.org.nz](mailto:editor@risknz.org.nz) and received by 30 June 2016. Members are welcome to submit material for the following sections: Activities, services and situations vacant

Articles are welcome at any time; please contact [editor@risknz.org.nz](mailto:editor@risknz.org.nz) if you wish to propose an article.

RiskPost provides a membership service for the display of notices and advertisements, if aligned with RiskNZ's objectives.

Notices may describe an activity or service, or advertise a risk management vacancy. Notices must not exceed 150 words of plain text, inclusive of all contact and reference details. Pricing and application form for both RiskPost and on-line advertising services, are available from the Administration Officer:

[adminofficer@risknz.org.nz](mailto:adminofficer@risknz.org.nz)

For further details on RiskNZ's submissions and advertising, please contact the Administration Officer: [adminofficer@risknz.org.nz](mailto:adminofficer@risknz.org.nz)

RiskNZ,  
PO Box 5890,  
Wellington 6140

## Links

This section in RiskPost provides our members with useful links to websites and LinkedIn discussion sites. These links hold a lot of information that our members should find useful to enhance their knowledge in Risk Management and related areas. We welcome comment from our members on the usefulness of these links and suggestions for others sites they found useful. Please send feedback or links to [editor@risknz.org.nz](mailto:editor@risknz.org.nz)

- Consumer Affairs – Product Safety <http://www.consumeraffairs.govt.nz/for-business/compliance/product-safety>
- ISO 10377:2013 Consumer Product Safety — Guidelines for suppliers and ISO 10393:2013 Consumer product recall – Guidelines for suppliers.  
[http://www.iso.org/iso/home/news\\_index/news\\_archive/news.htm?refid=Ref1726](http://www.iso.org/iso/home/news_index/news_archive/news.htm?refid=Ref1726)

## Internet Sites

<http://globalriskcommunity.com/>

<http://www.valuebasedmanagement.net/>

<http://www.knowledgeleader.com/>

<http://poole.ncsu.edu/erm/>

## Groups within LinkedIn

- ComplianceX - <http://www.linkedin.com/groups?gid=865117>
- Conference Board of Canada ERM - <http://www.linkedin.com/groups?gid=2561072>
- Enterprise Risk Management - [http://www.linkedin.com/groups/Enterprise-Risk-Management-82279?trk=myg\\_ugrp\\_ovr](http://www.linkedin.com/groups/Enterprise-Risk-Management-82279?trk=myg_ugrp_ovr)
- Enterprise Risk Management Association [http://www.linkedin.com/groups?gid=89308&trk=myg\\_ugrp\\_ovr](http://www.linkedin.com/groups?gid=89308&trk=myg_ugrp_ovr)
- Governance Risk & Compliance - [http://www.linkedin.com/groups?gid=95089&trk=myg\\_ugrp\\_ovr](http://www.linkedin.com/groups?gid=95089&trk=myg_ugrp_ovr)
- ISO 31000 – Risk Management – <http://www.iso.org/iso/home/standards/iso31000.htm>