

RISKworld

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the newsletter of risktec solutions limited

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Welcome to Issue 8 of RISKworld. If you would like additional copies, please contact us, and feel free to pass on RISKworld to other people in your organisation. We would also be pleased to hear any suggestions you may have on what you would like to see in future issues.

Contact Steve Lewis

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Four years on...



Risktec's projects have taken consultants to over 35 countries

With over four years of solid trading behind us, Risktec is continuing to build its reputation as a provider of high quality risk and safety services. With total revenue of over £12m from projects in over 35 countries, of particular note has been the level of follow on work from existing customers. Steve Lewis, who leads Risktec's business development activities, explains:

"Our clients are the ultimate judge of the quality and value of our services. Winning new assignments from existing customers is a very positive sign that we are performing well. We are pleased to say that our annual independent survey of customers has consistently shown high levels of satisfaction. We are always keen to receive feedback from all our customers, particularly suggestions on how we can improve our service."

Risktec has focused on maintaining an active presence across a range of industries and has developed its capabilities to meet the needs of each industry. This has helped protect the company from the cyclic nature of industry - trying to practise what we preach in managing business risk - and

has created a number of opportunities to transfer good practice between industries.

At the heart of any consulting company are its people. Risktec's wide employee shareholding across a workforce approaching 50 people encourages stability and an interest in the long term success of the company. Risktec's Managing Director, Alan Hoy, sums up the company ethos:

"Risktec has progressed extremely well in the last four years and we look to the future with confidence from a strong foundation, both financially and from the experience of our team. We will continue to develop and respond to market needs, and always aim to bring a practical and common sense approach to often-complex problems and issues. At the core of our approach is the message that risk, whatever it is, is only reduced when changes are successfully implemented. Our goal is to foster lasting relationships with our clients by helping to make tangible improvements."

For further information, contact Alan Hoy

Understanding Change in Changing Times

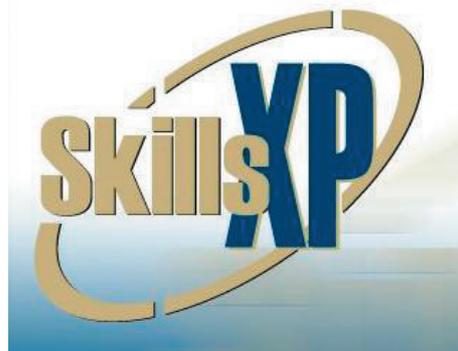


In an ever changing world the challenge of managing risk can appear daunting. Whatever the 'badge' of the current initiative (business process re-engineering, lean enterprise, e-business, right sizing, succession planning, etc.) the result is change; to what the business does and how it does it. These changes, if not effectively managed, can undermine the risk management process and erode the resilience of organisations and their ability to deal with unplanned incidents and events. An organisation may believe it has good risk management controls in place but changes may have removed or undermined them.

In order for risk controls to be effective they must be maintained and managed, which requires competent personnel. Organisations have a responsibility to their stakeholders to ensure that they are, and remain, competent to operate, particularly in the area of public and personnel safety where there are legal obligations to be met.

In highly regulated industries there are very clear responsibilities placed on operators. For example, in the civil nuclear industry, Licence Condition 36 requires licensees to "... make and implement adequate arrangements to control any changes to its organisational structure or resources which may affect safety."

Managing change and providing ongoing assurance that an organisation is competent to discharge its legal obligations and meet its business objectives is an increasing priority in the modern business world. The ability to assess quickly the impact of proposed changes, before they happen, is a key management challenge.



SkillsXP - Helping to Manage Competence and Change

To support organisations in meeting these challenges, Risktec and our sister company Tritanium have developed SkillsXP. This bespoke database tool promotes a structured approach to managing organisational change and competency requirements.

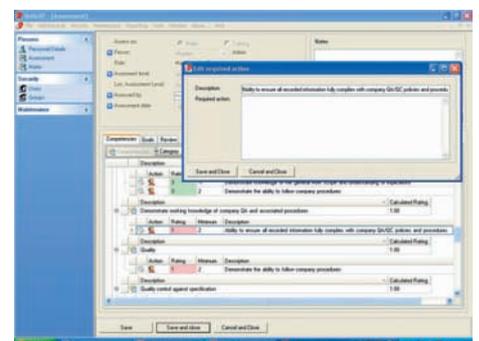
Key features include:

- recording organisational roles and responsibilities
- recording tasks undertaken by the organisation
- identifying and assessing required competencies
- identifying roles and tasks assigned to personnel
- assessing the effectiveness of training in supporting competency requirements

Once the organisation baseline has been captured, SkillsXP becomes a very powerful tool to:

- manage competency assessment and training requirements
- identify when re-certification is required
- gain a detailed understanding of organisational strengths and areas for improvement
- assess the impact of proposed organisational or business changes
- identify competency development and training requirements associated with proposed changes

Many organisations will hold all the information needed for managing competence. However it is often held in various locations across the organisation, in a mixture of formats and media. This makes the change assessment and management process inefficient and often confusing. By bringing the information together into a common system such as SkillsXP, in a systematic and structured way, then the process of change management becomes much less daunting.

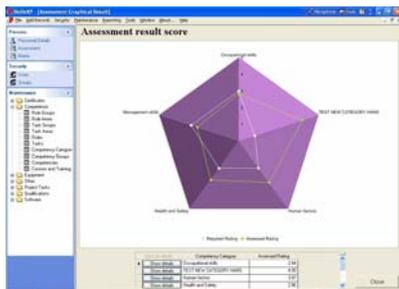


Still Nae Danger! An Update from Glasgow

Lessons Learned

Having used SkillsXP to support a number of major organisations we would advise the following:

1. Ensure that organisational objectives are clear and well understood.
2. Ensure that roles and responsibilities are tightly defined to meet organisational objectives.
3. Ensure tasks undertaken by the organisation are well defined.
4. Ensure that competency requirements are tied to roles and tasks.
5. Ensure that training is targeted to support specific competencies.
6. Assure yourself that personnel who fulfil the roles have the required level of competency, or there is a plan to achieve it.
7. Avoid defining roles and responsibilities to simply reflect the skills of the personnel currently in position. By fitting personnel to the organisation, the organisation is much more flexible and the management of change more straightforward.



In Conclusion

Adopting a well structured approach to organisational change enables organisations to assess and manage change and assure themselves and other stakeholders that the organisation remains competent to discharge its responsibilities. SkillsXP is a powerful database tool which supports this structured approach and helps manage the complex information held by large organisations. SkillsXP has been developed over the years in close collaboration with major companies, resulting in a stable and effective tool to support competency and management of change.

For further information, contact Mel Davies or Andy Reynolds. Also see RISKworld 3 'Risk Management by Competency'.

Risktec's new Glasgow office has now been operational for over 6 months and it's so far, so good for the current five-man team comprising David Howie, Jim Thomson, Steven Roach, Gareth Ellor and Scott Simpson.



Risktec's new Glasgow office at the Hillington Park Innovation Centre

Reflecting on what has been an extremely exciting and demanding time for all involved, David admitted, "It's not been easy, but we have been delighted by the level of interest shown in our skills and capabilities and are very grateful to everyone who has supported us during our formative months."

The new team has already developed a rapidly expanding portfolio of work from clients such as British Nuclear Group, British Energy, ATOS Origin, Saipem, Shell, GE Energy, AMEC and Petrology, which has seen members of the team travelling to such exciting and exotic places as Kazakhstan, Mumbai, Bucharest, Milan, Grenoble and even Chapelcross! With other significant opportunities on the horizon, optimism is high.

Alan Hoy, Risktec's Managing Director, remarked, "The new Glasgow office has made excellent progress in such a short period of time. We are particularly pleased with how well the new venture complements and bolsters our existing UK offices in Warrington and Aberdeen, enhancing the overall Risktec brand."

However, despite this good start, there are no signs of the team resting on their laurels. Jim Thomson sums up the way forward, "We intend to build on this solid start and further expand our Glasgow office to meet a growing demand from new and existing clients".

Contact Jim Thomson.

Did you know... ...that fires are more common than you might think?

In March 2005, the Office of the Deputy Prime Minister published UK fire statistics for 2003. Although the report concerns one of the oldest and best understood hazards known to man, it still has the capacity to surprise. For example, did you know that in 2003:

- UK fire and rescue services attended almost 1.1 million fires or false alarms
- The number of fires increased by 20% to 621,000
- The majority of fires, 503,800 in total, were outdoors, including bonfires, grassland fires and road vehicle fires
- More than half of all fires are deliberate or suspicious
- Just over 10% of fires were in homes
- There were 593 fire related deaths, an increase of 6% compared to 2002, but a substantial improvement compared to the peak of 1,096 recorded in 1979
- The majority of deaths, 75%, occurred in homes
- The most common cause of death (at 67%) was being overcome by gas or smoke, followed by burns
- The most common cause of fire in the home was cooking and then smoking
- 261 deaths occurred in homes where smoke alarms had not been fitted.

Source:

Fire Statistics, United Kingdom, 2003. Office of the Deputy Prime Minister, March 2005

Nuclear Plant Modification Assessment Tool (PMAT)

Working under the auspices of the International Atomic Energy Authority (IAEA), Risktec has been involved in developing a spreadsheet based tool that facilitates the rapid assessment of proposed modifications to existing Pressurised Water Reactor (PWR) nuclear power plants.

More is Not Always Better and Better is Not Always Necessary

One of the drivers is that some plants are being asked to make more changes than they can afford and need to be able to set some priorities for investment.

If a plant is to stay in business, the need is for cost-effective safety. Safety is essential, but improved safety should be justified.

The key questions to be answered:

- Are upgrades or new requirements "worth it"?
- Are the costs greater than the benefits?

To help answer these questions Risktec developed a method to determine the change in the cost of risk associated with implementing a modification.

The focus is the whole commercial risk rather than just the safety risk to public and workers. Hence the method considers a range of costs and benefits, including the cost of risk.

The approach is the basis for IAEA's overall Plant Modification Assessment

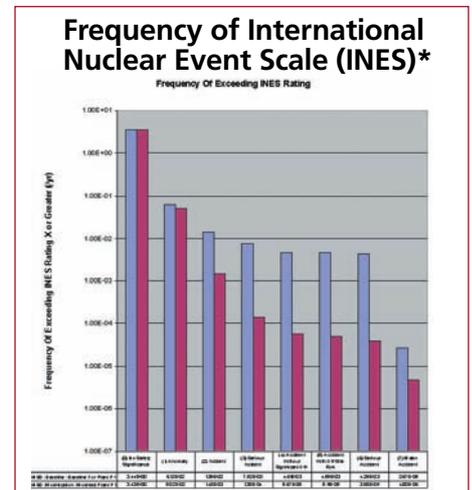
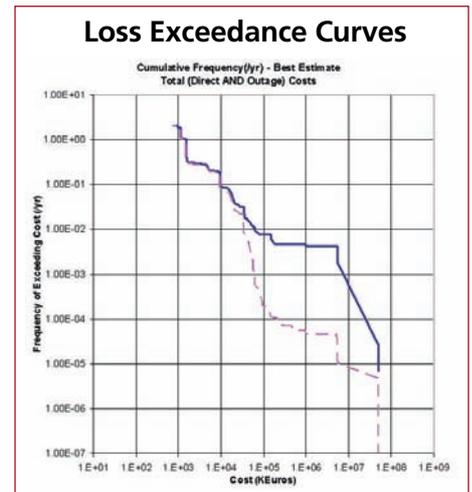
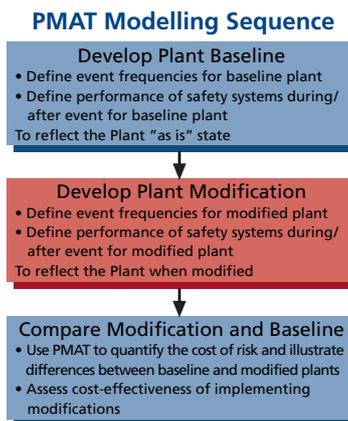
Tool (PMAT). PMAT calculates the increase or decrease in the cost of risk and presents the findings alongside all other more readily quantifiable costs and benefits of the proposed plant modification.

Benefits of PMAT

The key attributes of PMAT are that it:

- Supports cost-effective ALARP Assessment
- Allows easy definition of baseline and modification cases through use of simple interface screens
- Makes use of Probabilistic Risk Assessment (PRA) data
- Provides a full picture of costs and benefits
- Enables rapid reassessment of a large number of options which is not possible with complex tools
- Identifies the optimal modification based on considerations of both economics and safety

PMAT has initially been developed for PWR plants, but variants adopting the same modelling philosophy are to be developed for other reactor types.



* Note: the International Nuclear Event Scale (INES) developed by the IAEA is a means for promptly communicating to the public in consistent terms the safety significance of events reported at nuclear installations.

References

1. L.Langois, I.Facer, I.Jalal, IAEA. Cost effectiveness of plant modifications - The benefits of risk reduction. Presented at 2nd international workshop "Communication on Risk Reduction", 7-9 June 2004, Moscow.
2. Nuclear Plant Modification Assessment Tool, PMAT_PWR, Technical Manual. Risktec Solutions Report, IAEA-01-R-02, Issue 1, 30th April 2002.

For access to the tool, contact L. Langois at IAEA

For further information, contact Rob Steer at Risktec

Benefits and Costs Considered in PMAT

Benefits

- Improvements in efficiency or safety functions, e.g. increase in operating revenue, decrease in maintenance, spares or purchased power costs
- Improved on-site and off-site safety and environmental consequences
- External benefits, e.g. reduced insurance premiums

Costs

- All direct expenditures associated with modification, e.g. design, hardware, installation, training costs
- Indirect impacts on plant performance, e.g. changes in plant or system efficiencies and outage time
- External costs, e.g. licensing

How BHP Billiton is Supporting its Business Travellers

As multinational companies continue to expand and diversify, employees undertake ever-increasing levels of business travel. Combined with shifting global markets and changing political situations, this has led to a greater need for an effective, flexible and responsive emergency management system. BHP Billiton has responded to this by establishing an Emergency Communications Centre (ECC) that sets new standards for the safety and security of personnel. The use of innovative technology allows costs to be contained by minimum manning, whilst maintaining a fully sustainable approach.

Any system is only as good as the competency of the people who implement it. Accordingly, Risktec has recently assisted BHP Billiton by establishing and delivering a comprehensive emergency response training programme for the London Emergency Management Team (EMT).

Emergency Management

BHP Billiton's London EMT is part of a global Crisis and Emergency Management (CEM) system, and is responsible for providing emergency response for incidents in Europe, Africa and the Middle East. The focus of the EMT during a response is to manage strategic issues, in support of the local Incident Management Team (IMT) which handles the operational response to the incident.

Whenever an IMT is mobilised to respond to an incident, the London EMT duty leader is notified and activates the EMT if the incident is at, or has the

potential to escalate to, a specific level of severity. In addition, the London EMT can be activated in support of BHP Billiton travellers involved in any incident where there is no IMT available and is always mobilised for certain 'trigger' events which automatically demand a high level response, e.g. hostage, kidnap, toxic/hazardous material release, major civil disturbance. Essential to the successful call-out of the EMT is the Emergency Communication Centre (ECC) which acts as the hub for the emergency response mobilisation process.

Emergency Training

Risktec has recently established and facilitated a training programme for members of the EMT. Purpose-built facilities in BHP Billiton's London offices provide the EMT with state of the art technology and equipment for incident response. The training programme includes:

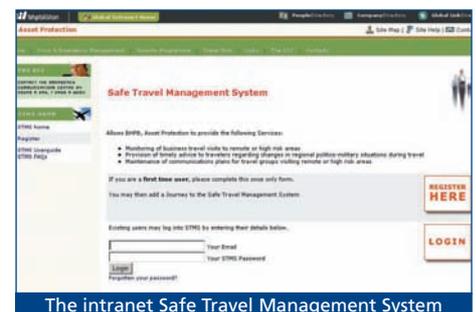
- in-depth familiarisation on the use of the facilities
- role-specific briefing packs for EMT members
- regular exercises to test the technology and procedures and provide realistic hands-on training for personnel.



An emergency exercise

Safe Travel

Business travellers are exposed to a wide variety of hazards, including road traffic accidents, air accidents, health/medical issues (sometimes requiring international evacuation), security incidents and natural disasters such as earthquakes. With this in mind, BHP Billiton has developed an intranet-based tool called the Safe Travel Management System (STMS) which is administered and managed by the ECC and allows BHP Billiton to verify the safety of staff at any time at any location world-wide.



The intranet Safe Travel Management System

STMS users confidentially store personal contact, medical and next of kin information, then enter details of each journey itinerary via an easy to use internet link. An Emergency Response Plan (ERP) for the trip is registered on STMS, including emergency contact details and any requirement for regular 'check-in' calls to the ECC to confirm the safety of the traveller.

With over seven hundred registered users, STMS sets industry best practice and has transformed BHP Billiton's ability to manage the safety of travellers working in challenging environments.

For further information, contact Sheryl Hurst

Improvements in Safe and Secure Travel

A fully trained EMT, a tiered emergency response organisation and the services provided by the ECC has achieved a dramatic improvement in:

- Rapid notification and assessment of severity of incidents and provision of support to all levels of management
- Mobilisation of relevant CEM teams world-wide with a single phone call
- Operational support to personnel travelling and working in challenging environments
- Proactive monitoring of the political, security and environmental situation world-wide enabling a rapid response to ensure the safety of staff, the environment and company assets

Getting the best out of consultants [Part 2]

The last issue of RISKworld [Spring 2005] provided some useful advice on how to make best use of a consultancy. One of the key issues highlighted was the importance of choosing a working style and contractual arrangement which best suits your specific project. So what options are available?

Option 1: Secondments/Placements

Often called "body-shopping", the consultancy provides resource direct to the client to work at their premises under their direct control and supervision, with the client normally being invoiced monthly on a re-imbursable basis.

However, this option has a number of significant disadvantages. The client gains no added flexibility to manage short-term peaks and troughs in workload and the capability of the resource is limited to the skills and experience of the individual rather than the wider consultancy. In addition, the individual can often lose deliverable and completion focus, particularly on long-term placements, through a combination of informal requirement creep and erosion of the formal client-consultant relationship.

From a commercial perspective the client assumes virtually all the risk, it is difficult to link payment and performance and an end point isn't always easy to identify. However, for urgent projects with a clear deadline, requiring fast mobilisation and close interaction, this option can be extremely useful.

Option 2: Packaged Support

The consultancy provides support to the client via specified work packages, largely conducted from the consultant's premises. The consultancy usually undertakes the work under lump sum or target cost

contracts for defined deliverables and takes responsibility for allocating resources and project management. In this way the consultancy takes on a portion of the risk and the client can concentrate on monitoring and managing against the specified work.

The client benefits from access to the wider consultancy and the input from specialist expertise. A major benefit is the clear commercial relationship between the client and the consultancy. Requirement creep is well controlled as the client has no commitment until any changes to the scope of work are agreed.

However, effort is required to define and manage the tasks and develop more structured communication links. These are essential ingredients to a successful project, and so adopting this option will ultimately realise significant benefits. This option is ideally suited to structured, planned projects where external support is required via clearly defined work packages.

Option 3: Managed Support

For large and complex projects it may be appropriate to draw on the expertise of the consultancy to support the specification and management of the work, in addition to delivering a range of projects. The client can concentrate on the high-level strategic issues and on reviewing and agreeing the specification for the work packages. The consultancy shares the commercial risk with the client and there is scope to introduce incentives into the contract.

This option is ideal for structured, planned projects which require more expansive external

support via clearly defined work packages. It suits the client who wishes to shift their organisational culture from one of task to strategic focus.

In some instances it may be beneficial to have some of the consultancy's personnel embedded in the client organisation to provide a close interface between the client and the consultancy project team. Here it is imperative that the client ensures that they retain ultimate responsibility for the completion of the project. The client has a professional, and often legal, obligation to ensure that the work is completed safely, effectively and economically and so must retain a suitable level of control. The ultimate success of this option is dependent on an optimum balance being struck between consultancy autonomy and client supervision.

And finally...

No matter what approach is adopted, the key to success is for the client to retain technical control over the consultancy at all times. Selecting a compatible commercial approach keeps everyone focused on the same successful completion of the work. However should problems arise, characterising and tackling them early is crucial.

For further information, contact Gareth Ellor



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