

NAES RISK MANAGEMENT GUIDE

YOU MAKE A DIFFERENCE!

Prevent injury, damage, and mission degradation
Eliminate, reduce, or control risk
Apply risk management today



In our business, our safety involvement must be more than investigating the mishap site. We must **prevent mishaps while maximizing mission success**. To accomplish our goal, individuals at every level must understand risk management concepts and apply them to their part of the mission. Proactive leadership at every level is key to successful risk management.

RISK MANAGEMENT

Our mission depends on it!!

RISK MANAGEMENT

A common sense way of accomplishing the mission with reduced risk.

A systematic process to help all individuals make sound decisions in a logical, timely manner.

A method of getting the job done by identifying areas that present the highest risk and taking action to eliminate, reduce, or control the risk.

ORM is extremely flexible and can range from a process taking only a few moments to a more expanded one taking several hours or days.

BENEFITS OF RISK MANAGEMENT

Enhanced Operations - Improve ability to detect and control hazards.

Increased Efficiency - Detect and eliminate ineffective or overly restrictive risk controls.

Combat Effectiveness - More assets that are better prepared. Concepts applicable in peace and combat.

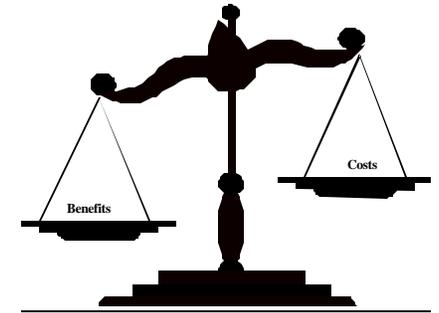


PRINCIPLES OF RISK MANAGEMENT

1. **Accept no unnecessary risks** - those that have no benefit and clearly are not worth taking.
2. **Make risk decisions at the proper level** - Emphasize sound risk management at all levels; elevate, when necessary.
3. **Accept risk if benefits outweigh the cost** - We may have to accept significant risk to accomplish the mission, but it must be based on sound risk management.

INCORPORATE RISK MANAGEMENT IN ALL PLANNING

Integrate risk management into all phases of our operations. Include in NAES instructions.



RISK MANAGEMENT RESPONSIBILITIES

Executive Leadership Team:

- Are responsible for effective management of risk
- Select from risk reduction options provided by the staff
- Accept or reject risk based on the benefit to be derived
- Train and motivate leaders to use risk management

Staff:

- Assess risks and develop risk reduction options
- Integrate risk controls into plans and orders
- Eliminate unnecessary risk restrictions

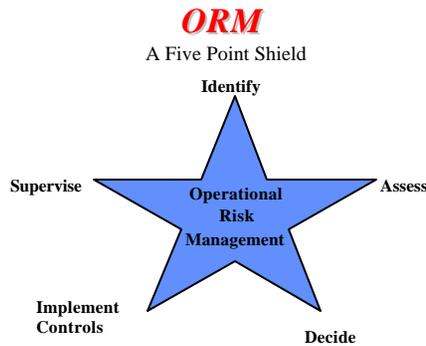
Supervisors:

- Understand the risk management process and encourage personnel to use it both on and off duty to reduce accidents
- Consistently apply effective risk management concepts and methods to operations/tasks
- Report risk issues beyond their control or authority to superiors for resolution

Individuals:

- Understand, accept, and implement risk reduction guidance as appropriate
- Maintain a constant awareness of the changing risks associated with the operation/task
- Make supervisors immediately aware of any unrealistic risk reduction measures or high risk procedures

THE RISK MANAGEMENT PROCESS



1. Identify the Hazards: Visualize the expected flow of events and identify any conditions which might result in personnel injury or death, property damage, or degraded mission performance. If some prior planning has been done, focus on changes in the operation from the original plan to help identify hazards.

- Identify the potential sources of danger which cause risk. Examples include: poor weather, deviations from a plan, or lack of adequate rehearsal.

2. Assess the Risks: Determine which of the identified hazards present the greatest risk, considering the potential outcomes and their probability and severity.

- Review hazards identified in step 1 and describe the overall impact using qualitative (numerical probability) analysis.
- Determine the level of risk associated with each hazard.
- Prioritize the hazards for action.

3. Make Control Decisions: Determine what controls can be implemented to counter the assessed risks. Determine which courses of action will best accomplish the mi

- Avoid risk - Can high risk elements be eliminated without compromising objectives?
- Reduce risk - Can the mission be modified or changed to reduce the risk, perhaps by increased training or procedures?

- Spread the risk - Example: increase exposure distance or limit exposure time.
- Transfer the risk - Kill it with technology. Send the mission to a unit better suited to handle the task. Use a machine versus a person.
- Allocate the resources to the prioritized list of risks. Resources include: time, money and manpower.
- Resources should be allocated to improve the balance between benefit and risk. Avoid excessive resources to completely eliminate risks when a simple reduction is sufficient.
- Make decisions at the lowest possible level. Elevate to a higher level when necessary.

Consider the following tools to aid the decision-making process:

- Regulations and specific decision-level guidance.
- Decision logic table.
- Joint planning publications.
- Risk management guidelines.
- Lessons learned from previous operations.

4. Risk Control Implementation: Implement the controls and the courses of action decided on in the previous step.

- Controls may be substantial such as writing an instruction or as simple as conducting a safety briefing.
- Implement control measures in an organizational context. Get input from the field, make sure people will understand the control measures.
- Generate command commitment before implementation. Look for ways to demonstrate that commitment.
- Launch the option, provide visual aids, include in job guides. Be clear on who has responsibility for implementation at department level. Provide a clear line of accountability.
- Design in ownership. Deploy with a plan to measure success.

5. Supervise and Review: Monitor the operation for effectiveness of the controls and changes. Correct ineffective controls and begin the ORM process again as further changes occur.

- Actions go beyond making sure people do what is expected of them. Actions include follow-up to evaluate and adjust risk management decisions and controls as necessary.



NAES CO 's POLICY

I salute you for achieving our lowest ever mishap rates over the last few years. Now, we must find a way to achieve further dramatic reductions in our mishap rates. Operational Risk Management is the tool that will help us attain that goal. It is not a radical way of doing business; we have been applying ORM philosophy and methods intuitively and experientially for years. However, ORM now gives us the tools to systematically make dramatic reductions in our mishaps and improve operational effectiveness. I am counting on your support.