

Colorado Fire Chiefs Association

Continued Professional Training

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FIRE SERVICE OPERATIONS 2018:

Some Thoughts on Real Risk Management

Thank you so much for inviting me here 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 organization, our environment, 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) where 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 (35+ 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 them prior to the tragedy.

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 any organization or profession? 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.

America is a nation of laws. Lawyers run our respective country. Lawyers are very good at fixing problems after they occur. 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.

Or take a look at any government organizational chart 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 40+ 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. 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.

Allow me to introduce you to The Ten Families of Risk. As I looked at the thousands of risks that people face in a given organization, I saw too many people who were overwhelmed by the volume of the issue. I wanted to make it easier to comprehend. Let's break up the thousands of risks into ten families.

What I would like you to do after this program is to take a look at each of these 10 families and ask yourself "What are the three (or more if you feel energized) greatest risks I face in each of these families and what control measures do we have in place to address these identified risks?" Here are the 10 families of risk.

1. External Environment – Risks arising from outside the organization that impact your organization. And we know there are a number of these and they are increasing in frequency and severity. Included here are natural disasters, pandemics, terrorist activities and conduct (both intentional and negligent) by members our public that impacts our operations. This is the most complex and difficult family of risk you face as your control of these risks is very limited. But these risks need to be recognized and addressed if possible.
2. Legal and Regulatory – Risks arising from the complexity of or non-compliance with of the legal framework imposed on organizations like yours in your state. If there is a law or ordinance in state or federal statutes that requires action or prohibits action – this rule must be known and followed. I am always amazed how many fire service agencies – including large ones with huge budgets – are not in compliance with the ADA, FLSA, and even the Public Records Act. And with the demand today for full transparency this could pose a major problem for you and your department. Do you have all the policies in place that are required by federal laws and regulations? Allow me to expand on this for just a few minutes.
3. Strategic – Risks arising from the lack of priority setting and business 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. Where will the fire service be in 30 years? If you think that it will look pretty much the same, you may be missing the boat. In a few minutes I will be addressing some of the issues caused by Gallagher and TABOR. It appears that there was a failure to consider the impact of this legislation on fire service operations.
4. Organizational – Risks arising from not clearly defining roles and responsibilities, not demonstrating the values of the your organization or not having monitoring processes in place. In a nutshell, we must be concerned with PEOPLE, POLICY, TRAINING, SUPERVISION and DISCIPLINE. Let me give you some highlights on each of these issues that oftentimes are the root cause of so many tragedies in fire service operations.

5. Operational – How do we manage the risk of a specific task, incident or event? How do we manage the risks involved in this particular employee termination or employee threat of suicide? Again, I must emphasize the importance of Recognition, Prioritization, and Mobilization of the high-risk, low-frequency, non-discretionary time tasks and the importance of daily training on these *core critical tasks*.
6. Information – We make decisions based on information. How do you know the information on which you are basing your decision is accurate and has not been vetted by someone for his or her own advantage? How do you separate the valuable information from all the data? In many organizations I have consulted with, I see that personnel are trained on how to do specific tasks – but very few organizations teach their personnel how to think. I strongly recommend training for all personnel on critical thinking skills, particularly on the specific tasks in a given job that have the highest probability of ending up problematic. Be aware of the dangers of ignorance, complacency and cognitive bias. Again, I stress the importance of decision-making training – perhaps even developing a National Decision-Making Model for all fire department personnel.
7. Human Resources – Risks arising from myriad issues involving personnel. This may well be the most expensive family of risk you face. Put a checkmark next to this one as it is causing us a ton of grief and needs your attention when you get back to work. If I were running an organization I would not allow any supervisor, manager or executive to make an employment law decision without first consulting with competent human resources personnel. All employment law is discretionary time so let's take the time to transfer the risk to those who do the task at the highest frequency.
8. Technology – This is the fastest growing family of risk we face. I have major concerns about hacking, malware, software, equipment purchases and updating, employee knowledge and training, terrorism, social media, equipment failure and many other issues. Is your CTO really a CTO? Or is your CTO just the smartest person in the room with respect to computers? There is a huge difference!
9. Financial and Reputational – Risks arising from improper budgeting, forecasting and expenditure controls, including contracting, asset management, internal audits, improper salaries, theft of cash, misappropriation of resources, misuse of overtime and poor revenue oversight. We must be very concerned with anything dealing with money. Is your CFO really a CFO? Does she/he actually have any background in finance – or does this person just test well on promotional examinations?
10. **Political** – Dealing with politicians is filled with risk – and my general advice in this arena is to avoid this risk whenever possible. There are occasions however when your involvement is needed. While I am not intimately familiar

with all the goings on in Colorado operations – it appears to me that the writers of the Gallagher Amendment and TABOR violated one of the basic tenets of managing risk. The unintended consequences of these laws– which I assumed was passed in good faith – can dramatically impact fire service operations in your state. All the stakeholders in Colorado including the governor, the legislature, union, management, supervision, line personnel and impacted citizens must work together to address the funding issues caused by this legislation.

Here are three statements that have guided me through most of my risk management 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. Law enforcement agencies and their personnel have not figured out any new ways to get in trouble.

Fire departments and firefighters 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. 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.

Things that go wrong in life are predictable and predictable is preventable.

Thanks for your patience. I have been using this line since 1980 and I appreciate your indulgence. Want proof? Take a look at your newspaper today. Hopefully I will have a copy of *USA Today* with me today, and we can scan some of the national stories in the news and I will show you that...

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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