



# Risk Management

Tourism Industry Council

Move > forward.

What is risk?

*“the effect of  
uncertainty on  
objectives”*



# Risk and Strategy are related.....



## Vision

Where do you want to be?  
What do you see?



## Environment Scan

External environment  
Internal environment



## Strategy

What are your strategic responses?



## Risk

What uncertainties do you have to manage?



## Setting strategy and plans

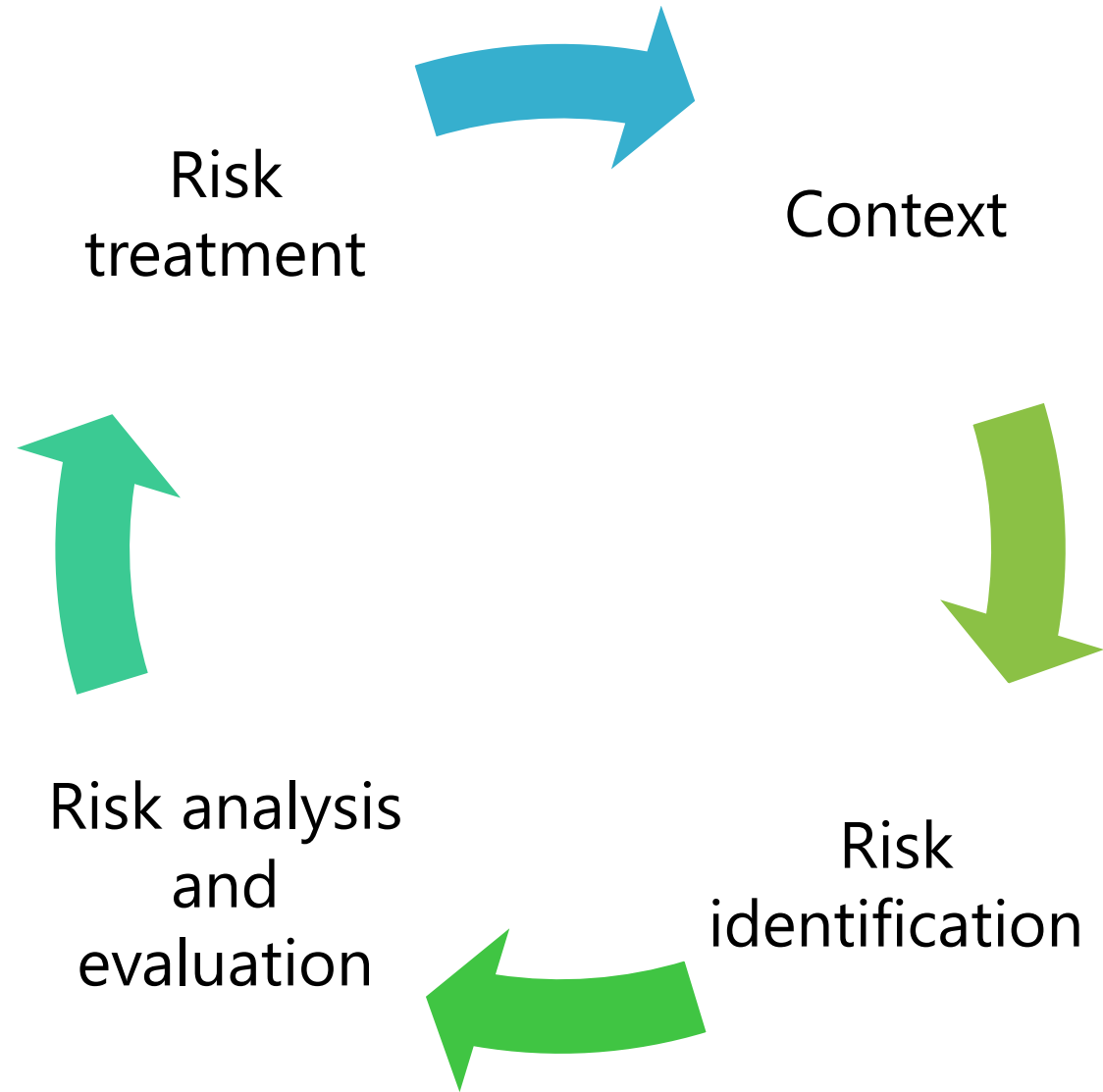
Choosing strategies, objectives and priorities

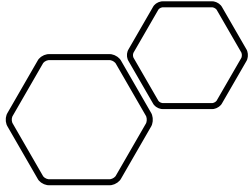


## Risk check

Are you managing the key uncertainties?  
What else do you need to do?

# The risk process





# Understanding your context



Understanding  
what  
uncertainties you  
face

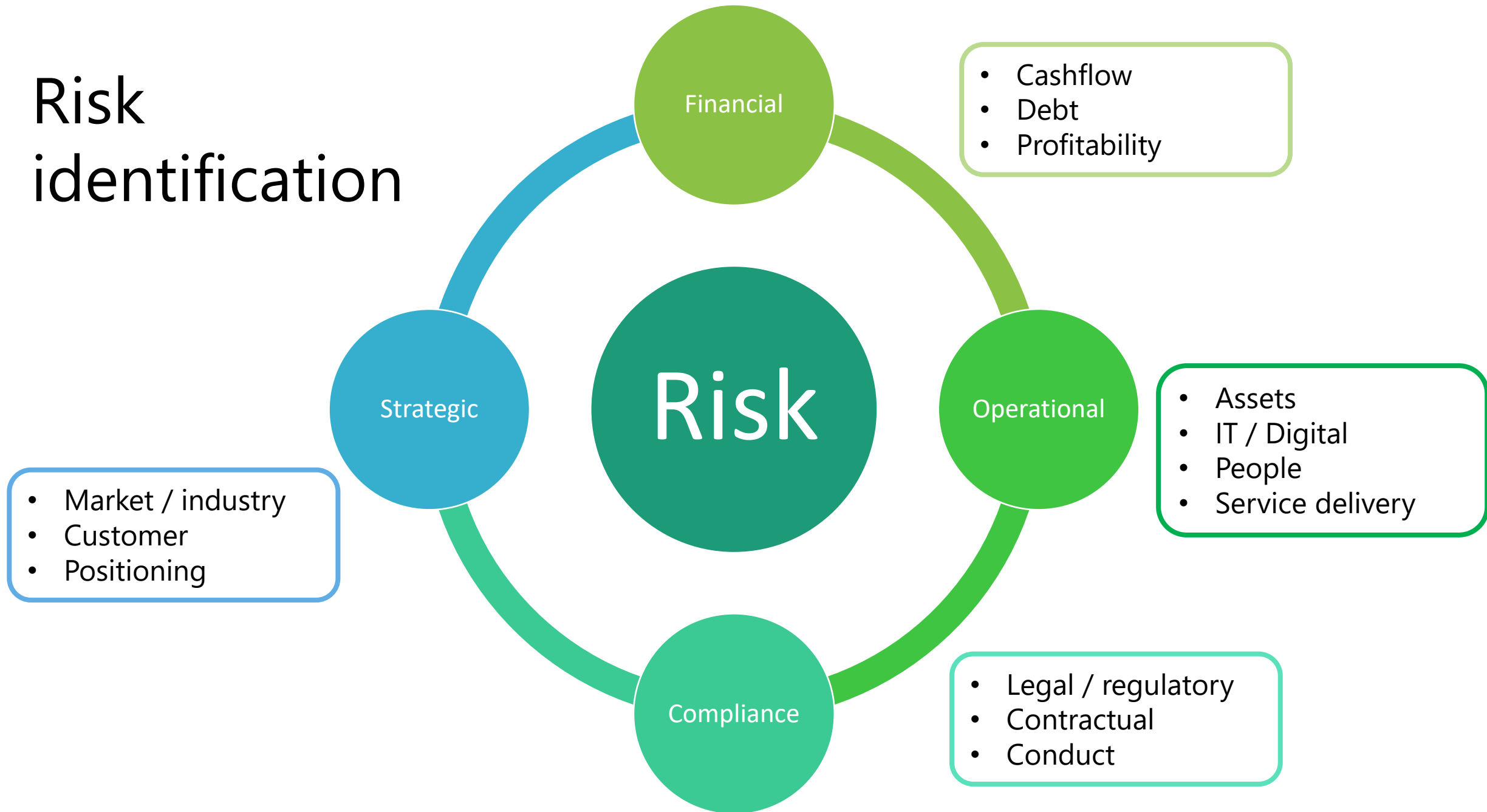


What are the  
known risks in  
your industry,  
region, or  
business?

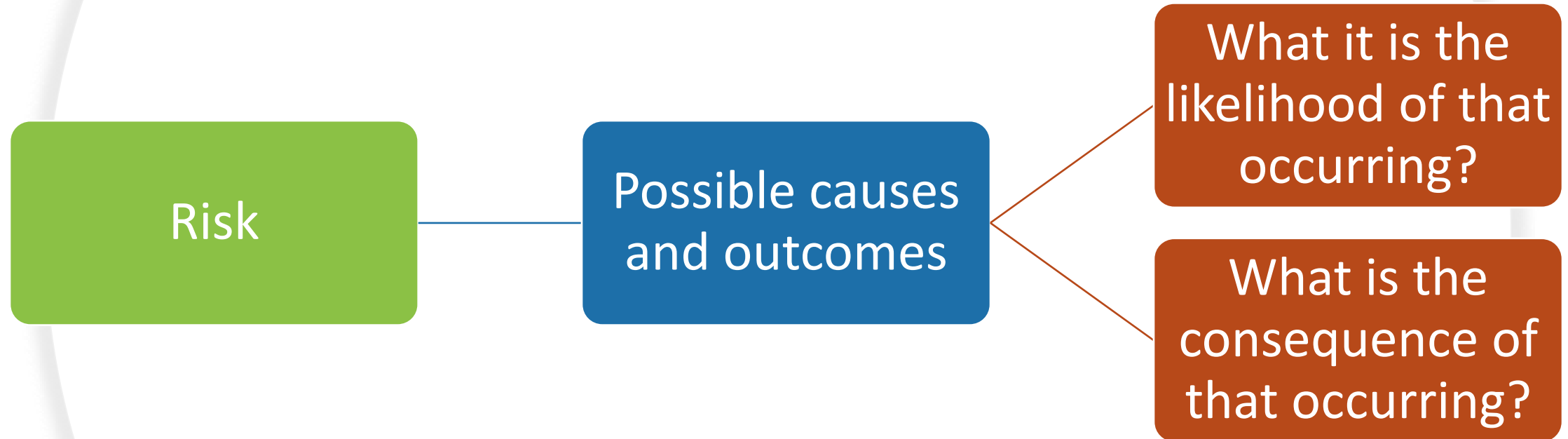


What are the emerging  
risks? For example the  
economy, social trends,  
succession for your  
business.

# Risk identification



# Risk Analysis and Evaluation



# Risk Assessment - Consequence

| Consequence Scale |            |                   |   |  |  |  |
|-------------------|------------|-------------------|---|--|--|--|
| Level             | Label      | Financial Impact  | Legal Impact  | Customer   | Project Impact   | Reputation Impact                                |
| 5                 | Severe     | >\$250 k          | Significant prosecution and fines. Very serious litigation including calls for action and potential for proceedings against senior members of organisation. | Long term interruption to service.                               | Failure of project, sustained inability to achieve project outcomes.                         | Newsworthy public relations issue; media outcry; |
| 4                 | Major      | \$100 k - \$250 k | Major breach of regulation. Litigation or challenge to organisation.  | Short term interruption to service.                              | Inability to achieve significant portion of project outcomes.                                | Significant adverse media.                       |
| 3                 | Moderate   | \$50 k - \$100 k  | Serious breach of regulation requiring report to or investigation by authority.   | Disruptive service. Large number of customers experience impact. | Reduction in achievement of project objectives. Delays to project delivery > weeks / months. | Isolated media or complaints within industry.    |
| 2                 | Minor      | \$20 k - \$50 k   | Minor legal issues, non-compliances and breaches of regulation.   | Small number of customers experience impact.                     | Impact on efficiency or effectiveness of project. Minor delays in delivery of outcomes.      | Large volume of complaints dealt with by staff.  |
| 1                 | Negligible | <\$20 k           |   | Inconvenience or nuisance.                                       | Negligible impact on project delivery.   | Minor, isolated complaints dealt with by staff.  |



# Risk Assessment - Likelihood

| Likelihood Rating     | Criteria   |
|-----------------------|--|
| <b>Almost certain</b> | Risk will occur and is expected to in most circumstances   |
| <b>Likely</b>         | Risk will probably occur in most circumstances within the coming months                            |
| <b>Possible</b>       | Risk may occur within the foreseeable future, ie next 12 months                                    |
| <b>Unlikely</b>       | Risk may occur at some time but not likely to occur in the foreseeable future, i.e. next 24 months |
| <b>Low</b>            | Risk may occur in exceptional circumstances or as a result of a combination of unusual events      |

| Risk Table |                | Impact   |             |             |             |              |
|------------|----------------|----------|-------------|-------------|-------------|--------------|
|            |                | Notable  | Minor       | Moderate    | Major       | Catastrophic |
| Likelihood | Rare           | Low      | Low         | Moderate    | Moderate    | Significant  |
|            | Unlikely       | Low      | Moderate    | Moderate    | Significant | Significant  |
|            | Possible       | Low      | Moderate    | Significant | Significant | High         |
|            | Likely         | Moderate | Moderate    | Significant | Significant | High         |
|            | Almost Certain | Moderate | Significant | Significant | High        | High         |

# Risk Mitigation – What can I do?



Do nothing



Manage the likelihood of it happening – e.g. service standards, maintenance, knowing the regulations



Manage the consequences – e.g. insurance, managing complaints well



Pick a different option

# Practical Example – experience with animals



Context – regulation, asset standard, safety inspections



Risk identification – experience with animals



Risk likelihood – Likely if in contact



Risk consequence – reputation, fines, someone is hurt



Risk mitigations – Change experience, accept risk, insurance

# Practical Example – Growth strategy, expand assets



Context – market analysis, visitor data, demographics, pricing and competition



Risk identification – High level of uncertainty of getting a return on investment



Risk likelihood – Likely in current environment



Risk consequence – financial loss or return, competition, attractiveness to customer, cost base and skilled staff



Risk mitigations – Research, marketing strategy, employer of choice, partnerships

What is risk?

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Questions?

