



Help Sheet - 2

Risk – What can we do about it?

When we talk of risk management for sport there is a tendency to think of injury. Whilst safety in sport from the physical perspective is extremely important, the principles of risk management extend far wider. The risk management process can be applied not only to participation but also to financial management, facility management, occupational health and safety, legislative compliance, operations and maintenance issues, environmental issues, political issues, reputation and image to name but a few. In fact for every management function the principles of risk management can be applied.

Risk management is an integral part of day to day management, it is not something which stands separate to quality management.

Risk is not necessarily bad or good. Often the more risk involved with a venture the more potential exists for profit. It is how well we manage risk that is the key, and usually success in that regard is reflected in the bottom line of the financial statements.

So bottom line result is very much effected by sound risk management strategies throughout all aspects of the sport's operations.

Three questions that are fundamental to the risk management process are: -

- WHAT CAN HAPPEN?
- WHAT CAN WE DO ABOUT IT?
- HOW CAN WE PAY FOR IT?

The first question relates to risk identification - a very important part of the process as any risk unidentified is unmanaged.

Risk treatment involves identifying the range of options available for treating risk, evaluating those options and then preparing and implementing the treatment plans chosen.

Major treatment options promoted in the Australian and New Zealand standard are: -

- Avoid the risk altogether by deciding not to proceed with the activity likely to produce the risk. This form of risk treatment is useful only when ending the activity altogether for the sake of forestalling risk justifies the resultant inconvenience.





- Accept the risk within the organisation and establish an appropriate risk financing plan. This can include accepting risk in its untreated state, or accepting residual risk after it has been treated by methods such as outlined below. It is important that risks are not retained by default; that is by failing to identify and / or appropriately transferring or otherwise treating risk.
- Proactive measures which rely on rational risk identification and analysis are reducing the likelihood of the occurrence and reducing the consequence of the occurrence. If we use for illustration purposes the risk of participants being injured by making contact with goalposts, an example of reducing the likelihood of the occurrence would be by the rules of the sport restricting the number of players which can be in the goalpost area. Reducing the consequence of collision with the goalpost can be achieved by padding the goalpost.
- Transferring the risk involves another party or parties bearing or sharing some part of the risk. Examples of this include the use of contracts (e.g. contracting out kiosks / catering to another organisation) and insurance. The transfer of a risk to other parties, or physical transfer to other places, will reduce the risk to the original organisation, but may not diminish the overall level of risk to society.

Risk treatment options should be evaluated on the basis of the extent of risk reduction and the extent of benefits and opportunities created. A key principle of risk treatment evaluation is that the cost of managing risk must be commensurate with the benefits obtained from that strategy, with the qualification that in some instances of extremely severe risks the consequences may be so damaging that they may warrant risk reduction measures that are not justifiable on strictly economic grounds.

Having evaluated the options and selected risk treatment plans these plans should be documented and an outline prepared of how the chosen options will be implemented. Plan documentation should include: -

- who has responsibility for implementation of the plan
- what resources are to be utilised
- budget allocation
- timetable for implementation
- details of the mechanism and frequency of review for compliance with the treatment plan.

