

Manager/Supervisor Risk Management

#6– 11/17/11

TOPIC: RISK TOLERANCE

How much risk can your employer afford to assume? It is a basic question of risk management. In private industry there is often a zero tolerance because the consequence of a loss, dollars, negatively impacts the bottom line. At the other extreme there can be jobs that are so crucial to accomplish within a limited time frame that a company will assume a great deal of risk – almost an ends justifying the means approach.

Today, with reduced staffs and increased workloads, getting the job done has often become more difficult. Greater efficiency can dissolve into cutting corners. Things not crucial to completing the task are cut. Chances are taken, and those chances mean increased risk of something bad happening – and they do.

Risk tolerance may be a formal written standard, but it is often not a conscious decision. The degree of tolerance can ebb and flow with the pressures that are being put on the unit. The supervisor's decision to occasionally look the other way on safety issues includes, whether consciously or not, a de facto decision to increase the employer's risk tolerance. In the vast majority of cases there will be nothing of consequence that occurs – until it does.

The great majority of YCPARMIA workers' compensation injuries involves workers injuring themselves; to that add the safety adage that "all injuries are preventable." So if the worker had their own zero tolerance on their own safety issues, we would have very few work-place injuries. Unfortunately the number of YCPARMIA's injured workers has remained disturbingly constant for the past decade – about 10% of our total workforce suffers a work-place injury in any given year. The post injury comments we hear include, "we don't have time for training," "we don't have time for safety," "we don't have the staffing we need," "the injured worker should have known better," "these things happen," "I'm surprised it hadn't happened sooner," "he wasn't using the right tool," "he should have asked for help," and my favorite, "she has had the same injury before." All of these comments indicate a tolerance for increased risk.

An entity's formal risk tolerance, designed to minimize financial impact on the entity, is often being unintentionally being circumvented by decisions in the field/office with little accountability or consequence. While there is lip service, some departments too often have come to accept the rising cost of risk as inevitable, and fail to connect it with a distortion to their risk tolerance.

Next Topic: Auto Liability