Seven Steps to Risk Management Success

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Introduction

Everything your organization does involves some level of risk. Shouldn’t an organization’s strategy be driven by risk every day, from both an upside and downside perspective? Or should risk management be put on the sidelines and only called upon when something goes wrong?

The Risk Management department within many organizations is still type-cast in a one-dimensional world of insurance buying, claims management and hazard risk control. Finance and other parts of organizations have ever improving technology solutions while risk management is left in the 80s. Could it be that a lack of timely, impactful information is holding you back?

There has never been a better time for Risk Management practices to proactively manage risk in a way that creates value. Today’s technology can make that difference in your organization’s risk management initiatives. Combining the right technology, platform and best practices, your risk analysts will be able – finally – to effectively analyze risk management data. Rather than spending valuable time collecting data, you will have the tools you need to save time and money, make better decisions and position your organization to be more competitive.

The following seven steps will help you take charge of your risk management program through better access to and analysis of your data. You will improve the risk culture, raise risk awareness, reduce total costs and earnings volatility, maximize your organization’s risk-adjusted return opportunity, enhance the analysis of risk data and offer smarter mitigation strategies.
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1) Raise your expectations
Nobody carries the old Motorola "brick" any more. An expensive early cell phone that seemed the size of a microwave oven, the brick is now a bad memory housed in a glass box at the technology museum. Why settle for technology and risk management tools from another era? Superior technology that integrates multiple disparate data sources, automates workflow, enforces business rules and enhances your risk management process is a fundamental need. Only a few short years ago, that need could not be fulfilled, no matter what your budget. Now the technology and expertise are available and affordable. As a result, risk management technology solutions are now a business enhancer, enabling risk managers to:

- Become a critical, integral part of the organization’s strategic decision making process
- Effectively and efficiently manage risk throughout your enterprise
- Improve the quality of stakeholder information and reduce the time it takes to produce it
- Perform real time analytics that help dramatically reduce Total Cost of Risk
- Automate the Risk Management processes across the entire enterprise

Case in point: A large retailer recently switching to Riskonnect’s cloud-based incident intake systems made significant improvements in their program. For years with a traditional system, the program enlisted 25 agents taking around 6,000 calls per month. Now they have 30 agents (a 20% increase in staffing) taking 9,000 calls per month (a 50% increase in capacity.) Additionally, the team has sufficient time to enter 200 incoming certificates of insurance each week. These certificates of insurance are being entered for a secondary project in which the retailer expects to find direct savings through seeing a clear path to subrogation opportunities.

2) Put down your spreadsheets
Spreadsheets can no longer meet today’s demands. Senior management is looking for current state, trends and answers to risk questions that arise almost daily. Woe to the risk analyst trying to react to senior management information needs with a manual spreadsheet-based process. Spreadsheets do not effectively aggregate the cumulative cost of risks and interdependencies of risks. They carry hidden costs and introduce risk, since they require manual steps which are not auditable, and are often emailed among groups of people posing increased security issues. Further, the use of spreadsheets often results in more time spent discussing the validity of the data rather than the meaningful end result of the data. These manual processes lead to multiple problems, including:

- An inability to determine appropriate corrective actions and track completion of corrective actions
- Incomplete loss controls since losses are often not tied to financials
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- Accident investigations and root cause analyses that are captured using different tools from each operating unit, with many stored only on paper or as Word documents
- An inability to report on root cause analysis if data is not stored in a common database where it can be tied to other attributes of loss

Today’s risk management technology solutions should automate in seconds what used to take hours or days. The result will be more effective, efficient, affordable and holistic risk management.

Automation provides answers to multiple issues. For example, in order to determine appropriate coverage for a loss, Riskonnect offers a custom policy module that allows for linking of multiple policies at different coverage layers and assignment of losses covered under excess policies to appropriate carrier/policy. This enables organizations to track policy layers, store premium data for each policy on each layer, determine the appropriate policy to which losses apply, make claims against excess carriers for reimbursement, track excess reimbursements and easily report on loss ratios.

3) Realize and embrace the benefits of technology

Unlike time-consuming manual methods, technology can and should allow for quantifiable data analysis, improved loss control, safety management and dynamic views of risks and risk relationships. A truly robust solution includes a central repository for all risk and risk-related information, easily configured fields, business rules, workflow rules that automate the risk management process, powerful search capabilities and data that can be processed on a timely basis, with historical tracking of all activity and history for audits.

The right technology enhances the performance and contributions of the risk management department. Technology should support operational processes as defined by your organization, not some generic model of your industry, or worse some other industry. Configuration means control of your own data fields, your own field values, your own data validation rules, your own workflow for communication, updating information and assigning tasks and your own definition of user roles and profiles to meet the security requirements of your organization. It is all about YOU.

The upshot: Loss triangles should not be a painful problem and certainly shouldn’t be stuck in a queue. Your technology should enable you to automatically run loss triangles, change them as needed and run them again – all within seconds. Most actuaries operate with very high level data. Often anomalies appear that beg a deeper dive into the data. Because of the time consuming nature of today’s loss triangles, the actuary will often skip the necessary deep dive and just note the anomaly in the remarks section. Organizations that can produce lower level (i.e. exclusion of allocated expenses, occurrence-based triangles or changing the limits, for a certain state or for a certain diagnosis, etc.) loss triangles quickly, can go beyond identifying anomalies and take the next step toward answering the questions and making recommendations.
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4) **Do your homework; contemplate what is possible**
Talk to others in your industry. Find risk managers who are happy with the systems and solutions they have in place. What vendors and systems are they turning to for innovation, speed, performance, service, support, consultative risk management expertise and peace of mind? Start your own needs analysis. Ask yourself: What data analysis projects or reports could you be analyzing instead of collecting or sorting data? If you had a central repository, integrated systems and a powerful risk management work platform with verifiable data, what additional value could you be providing through analysis, trending and reporting? Could the risk management department be instrumental in subrogation by improving the organization’s ability to search and find incoming certificates of insurance? Would the risk management team be more successful in tying financials to loss control initiatives? Could you report more effectively with timely and accurate loss ratios? Could the risk management team be a leader in the organization’s operational risk efforts?

5) **Operate on a cloud**
Aside from reducing costs and adding simplicity to something that can very quickly become dauntingly complex, working in the cloud offers multiple advantages in risk management. Consider the following best practices advocated by Force.com for its cloud-computing, Software-as-a-Service (SaaS) platform:

- Provision world-class security at every level
- Establish trust and transparency, providing, real-time, accurate service performance and availability of information
- Deliver maximum scalability and performance to customers with a true multi-tenant architecture
- Deliver consistent, high-speed performance globally
- Protect data by running on multiple, geographically dispersed data centers with extensive backup, data archive and failover
- Ensure high availability via world-class facilities

Force.com is the only cloud-computing platform that adheres to all of these standards - and all Riskonnect products are built on its cloud platform. The real-world benefits of this cloud-computing platform to risk managers and their organizations include the speed of implementation, the ability to integrate data from multiple systems, access to a system that works, with high levels of uptime, all resulting in the ability to be more efficient, provide more analysis and deeper analysis in order to affect results for the organization.

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Case in Point: A recent trend shows that organizations are taking more control over their data. Organizations are finding that more control yields cost savings as well as the ability to better analyze their data. A global manufacturer, with small claim volume yet very complex risk management needs, has deployed the ability to review claims directly on the claims analysts’ mobile devices. While traveling, in the air or simply out of the office, this functionality provides the ability to decide immediately which claims go to the TPA and which claims will be handled in house. The result: Improved claims cost management.
6) **Be in the driver’s seat in your information highway**

You own your data and control how you use it. Use it to your advantage and let technology turn the data into information you can mine. To this end, make sure any solution you consider offers a central repository of risk management information, with a powerful platform that will enable you to spend more time analyzing your data rather than collecting and sorting it. Riskonnect, for example, is an independent risk management technology company allowing customers to maintain ownership and control of their data so there is no loss of valuable information that could impact costs and performance.

7) **Make a note to self: Silos will sink the ship**

While risk managers cannot single-handedly eliminate all silos, they can certainly lead the way, demonstrating how to integrate risk management information with incident intake, customer data, vendor risks, claims administration, property, financial and much more - even areas outside the traditional reach of the risk management department. Your system should allow for easy data integration by end-users, and not always require a request for IT or vendor resources. All the data that is often kept in spreadsheets, such as policies, man hours, sales, miles driven, location hierarchy, property values and inspections, should be available in your risk management consolidated system with a few clicks by an end-user. Similarly, it should be just as easy to extract data from the central repository as a PDF, spreadsheet, chart or CSV file.

**Concluding remarks**

It is time for today’s technology to help move Risk Management out of the siloed role of insurance buying, claims management and hazard risk control and into a mission-critical role that uses the management of risk to drive operational and strategic results.

That time has arrived. With Riskonnect, Risk Management finally has access to enterprise-class technology leap-frogging other parts of your organization. Riskonnect’s suite of enterprise-class risk management technology solutions can help you:

- Break down the silos within your organization by pulling together and connecting relevant data regardless of the source
- Become a critical, integral part of your organization’s strategic decision making process
- Improve the quality of stakeholder information and reduce the time it takes to produce it
- Perform real time analytics that help dramatically reduce Total Cost of Risk
- Automate the risk management processes across the entire enterprise
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For more information about Riskonnect and what to look for in a risk management technology solution please visit www.riskonnect.com

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Add Spreadsheets to your Risk Inventory
By: Chris Duncan
http://www.riskonnect.com/white-paper-spreadsheets/

The Seven Standards of Cloud Computing Service Delivery
By: Salesforce.com
http://www.riskonnect.com/white-paper-software-as-a-service/

About Riskonnect, Inc.

Riskonnect, Inc. is the provider of a premier, enterprise-class technology platform for the risk management industry. As an independent innovator in risk management software, Riskonnect develops and markets a growing suite of software solutions on a world-class cloud computing model, helping clients elevate their risk management programs, safety solutions and programs for management of risks across the enterprise. Through its strategic, operational and insurable risk software applications, Riskonnect provides the risk management industry with the specific, configurable solutions needed to reduce losses, control risk and affect shareholder value. For more information about Riskonnect, contact us at www.riskonnect.com, email to info@riskonnect.com or call 770-790-4700.
About the authors

Jack Tatum, Riskonnect, Vice President of Global Business Development

Jack Tatum leads Riskonnect’s rapidly growing Sales team as the Vice President of Global Business Development. Tatum is a proven leader in the risk management industry with over 25 years of experience with major insurance brokerages, third party administrators and technology groups including Willis North America, Marsh Risk Consulting, and Crawford & Company.

Tatum has spent more than 15 years as a Risk Management Information System (RMIS) developer and brings specific expertise in Claims, Safety, Workers Comp, Medical Management and Property Risk Control.

Prior to Riskonnect, Tatum served as an Executive Vice President for Willis North America where he was responsible for consulting services to the casualty space of Willis’ large account segment. While at Willis, he implemented strategies to reduce clients’ total cost of risk.

Prior to his role at Willis, Tatum was an Executive Vice President, Chief Information Officer of Crawford & Company from 1994 to 1997; President and Chief Executive Officer of Risk Sciences Group, Inc. from 1993 to 1997; and Managing Director, Marsh Risk Consulting South Regional Manager from 1997 to 2009.

Meredith Randall, Riskonnect, Director of Product Management

Meredith Randall is responsible for direction, design, configuration and quality assurance for the Riskonnect product offerings. She leverages involvement in client implementations and support to improve upon the Riskonnect Enterprise Risk Management, Risk Management Information System and Incident Management products.

With more than 25 years of experience in the risk management industry building and delivering technology to lower client overall costs of risk, she is driven to continuously improve the Riskonnect data integration methodology by minimizing the time to implement and maximize consistency and quality.

She joined Riskonnect in 2010 after 27 years at Crawford & Company/Risk Sciences Group. (Risk Sciences Group is a wholly owned subsidiary of Crawford & Company.) As Director of Product Development and Support, she was responsible for a multi-million dollar annual budget for the RSG infrastructure including the network, in-house web-enabled, application and database servers, as well as security and SAS 70 audits. She was also responsible for design, development and support of the RSG Sigma Encore risk management information system serving hundreds of client customers. Randall also held positions as diverse as account manager, director of technical operations and branch manager.

With a strong actuarial background, Randall was also responsible for multi-client data integration from external sources such as insurers and TPAs. She brings this expertise and attentiveness to the quality of risk management data to her role at Riskonnect.

Randall holds an MA in Mathematics from the University of California, Berkeley, and is an Associate in Risk Management.

Kelly Barton, Riskonnect, Vice President of Marketing

Kelly Barton leads Riskonnect’s marketing and communications efforts. She has more than ten years experience building and managing marketing, communications and public relations for rapidly growing entrepreneurial and publicly traded companies.

Previously, Barton was vice president of communications and product marketing at Metro Networks, Inc., a wholly-owned subsidiary of Westwood One, Inc. Westwood One is the largest provider of audio content in the United States. Barton has also advised other entrepreneurial start ups including Nihon Traffic Network in Tokyo, Japan and Australian Traffic Network in Sydney, Australia.

Barton received a Bachelors of Arts in Communications and Public Relations from Berry College.