

Facilities Management from A to Z



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Risk management is defined by the Institute of Risk Management as *“the process whereby organisations methodically address the risks attaching to their activities with the goal of achieving sustained benefit within each activity and across the portfolio of all activities”*

Thus it can be seen that true Risk Management is a holistic business process not confined to issues like cash flow and liquidity but encompassing all corners of the business and aimed at the generation of value rather than the avoidance of failure. This view of risk clearly embraces the idea of facilities management as a key contributor to the overall agenda.

Risk Management is about identifying and handling both the upside and the downside of all the risks faced by an organisation. The idea is to increase the probability of success and to reduce the chance of failure thus improving the odds of achieving the organisations goals, making it less of a gamble. In difficult economic times gambling is not a viable strategy but the taking of considered risks may be.

There should be a centrally led risk management strategy which integrates with the planning, culture and operation of the organisation. However in many organisations risk management has been an occasional exercise which fades into the background in times of success and only gets re-ignited when problems arise. Whatever the organisation does, the smart facility manager can and should adopt risk management techniques and demonstrate accountability for the risks within their sphere of influence.

Facility managers must be aware of all risks which fall into their sphere of responsibility and the impact they might have upon the organisation as a whole. They should put in place appropriate performance indicators to monitor the effectiveness of their risk management plans and control systems enabling appropriate intervention when required. Reporting systems should provide clear management information on risk exposure and contribution.

Some FM related risks relate to the long term strategic objectives of the organisation and can be driven by issues such as capital availability, regulatory changes, reputation and the physical environment. A sound real estate strategy with due account taken of balance sheet issues and the important topic of location are among the most important facilities issues to be considered here.

Operational risks relate to the day to day issues faced by the organisation and will include topics like supply chain engagement, workplace productivity, business interruption and the attraction and retention of staff. A well managed business continuity programme will address all of these issues and the facility manager must play a leading role in its development and implementation.

Compliance risks include environmental, health, safety, data protection industry regulation and legislation on issues like employment, access and discrimination. Robust management systems that address these matters must be put in place to avoid the penalties that can be incurred through non-compliance and the management time that can be wasted as a result.

Financial risks concern the effective management and control of the finances of the organisation and the effects of external economic influences like inflation and interest rates. As one of the biggest expenses of any organisation, FM is inevitably highly focussed in this area. The eradication of cost uncertainty, the smoothing out of spend profiles and a positive impact on cash flow are all serious contributions to the reduction of risk in this crucial area.

The Institute of Risk Management (IRM) is risk management's leading international professional education and training body. www.theirm.org