PRIMA'S 2017 RISK MANAGEMENT
WEBINAR SERIES

Assessing your Key Risk Indicators

Are you Lagging Behind, or Leading the Pack?

Presented by Jessica A. Rice, SPHR, ARM
Risk Management Specialist
City of Charlottesville, Virginia

Session Objectives

- Articulate the difference between lagging and leading Key Risk Indicators and the benefits of each type
- Site examples of lagging and leading Key Risk Indicators
- Utilize both lagging and leading indicators to conduct a holistic Risk Analysis used to identify loss trends
- Utilize a risk analysis to formulate a treatment strategy and initiate the Continuous Improvement process

November, 2017

Understanding Key Risk Indicators

"Not everything that can be counted counts, and not everything that counts can be counted." -Albert Einstein

Objectives of KRIs

1. Warn us when an exposure is beginning to occur
2. Provide enough lead time to mitigate the risk



Understanding Key Risk Indicators

Importance of KRIs

KRIs play an important role in risk management by predicting potential high risk exposure and enabling timely action.

KRIs enable organizations to:

- Identify current risk exposure and emerging risk trends.
- Identify current control weaknesses and allow for continuous improvement of poor controls.
- Facilitate the risk reporting to critical decision- makers
- Validate the value of Risk Management programming

Understanding Key Risk Indicators

Characteristics

- Measurable- quantifiable metrics
- Predictable- used as early warning system
- Comparable- trend analysis
- Informational- executive reporting



Understanding Key Risk Indicators

Leading v. Lagging Indicators

Leading KRI-

Predictive and help to forecast future occurrences

Examples:

- Safety training
- Ergonomic assessments
- Safety culture surveys
- Worksite hazard assessments
- Behavior Based Safety Observations
- Program and Policy audits
- Vehicle ride-alongs
- Emergency response drills/ tabletop



Understanding Key Risk Indicators

Leading v. Lagging Indicators

Lagging KRI-

measures data based on historic events and help identify trends

Examples:

- Injury report (OSHA 300) logs
- Trend reports- quarterly, yearly
- Lost Time Days
- Number vehicle accidents
- Number worker's compensation claims
- Benchmarking- how do we compare to like entities in our state/ region

No lead time to implement change that will affect the reporting period

Critical Eye

However, these are great indicators to assess the mitigation measures already in place and modify as necessary.

Understanding Key Risk Indicators

Leading v. Lagging Indicators

Lagging KRI- *a closer look*

Lagging indicators are reactionary!



Why use lagging indicators at all?

Lagging indicators are the traditional metrics used to indicate progress toward goals and regulatory compliance.

November, 2017

Effective Risk Management Programming

Selecting Key Risk Indicators

1) Identify critical risk exposures

2) Define Risk Appetite

3) Identify indicators



Effective Risk Management Programming

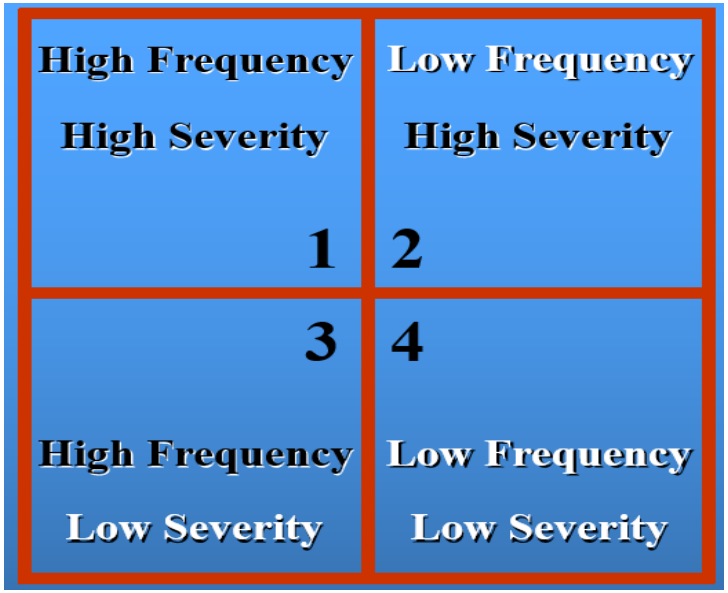
Selecting Key Risk Indicators



Effective Risk Management Programming

Selecting Key Risk Indicators

Define Risk Appetite



Effective Risk Management Programming

Selecting Key Risk Indicators

Identify Indicators

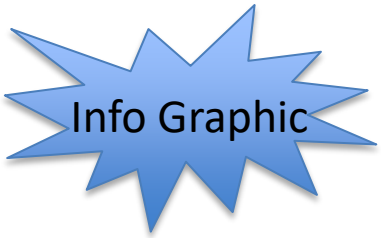
1. Select the KRIs that are measurable and predictive (leading indicators)
2. Select a mix of leading and lagging indicators for each key risk
3. Don't select KRIs that are too difficult to track
4. Select only the ones that provide useful information

Remember, the objective is to address **key** risks and KRIs need to be easily understood



Effective Risk Management Programming

Monitoring & Reporting





Value in Reporting

- Relevant
- Simple
- Timely
- Identifies trends
- Compliance concerns







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Q & A

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