

Annex B

HSE: BUSINESS RISK MANAGEMENT

STRATEGY FAILURE: IDENTIFYING THE RISKS

a. Failure to frame the right strategy:

This is defined as failure to put in place a strategy which enables the organisation to know where it is going and why, and which is underpinned by a set of objectives, outcome targets and evaluation mechanisms to ensure it is capable of being delivered. Reasons for such failure may be that the organisation has no effective capacity for constructing a strategy; has inaccurate or misleading data on which to do so; or has misread the political and economic environment within which HSE is operating.

b. Failure to implant strategy in organisation:

Failure to communicate the strategy throughout the organisation, and gain understanding and acceptance of it: may arise as a result of weakness in communication systems, lack of genuine commitment by senior management to the strategy; and/or lack of receptiveness on part of staff to understanding of strategy.

c. Failure to deliver on the strategy:

This would cover a number of factors such as failure to pick up changing elements in the external operating environment, failure to put in place – or utilise – effective systems to monitor progress against strategic objectives and lack of clear accountability for strategy delivery. Reasons for such failure would be lack of commitment of resources to back the strategy; lack of understanding of what would constitute measurable outcomes; failure to access information which would show delivery weaknesses.

d. Failure to demonstrate that the strategy is delivering health and safety benefits:

This implies failure of systems to monitor and evaluate outcomes, including having data to hand to know how the strategy is progressing, and failure to carry conviction with the stakeholder community as to what our strategy is achieving. Failure with stakeholders could arise from a failure to understand and gain evidence of what alters behaviour of key stakeholders; or perception on their part that our strategy does not fit coherently with their business needs.

e. Failure to anticipate challenges to our strategy:

In this category would be risks such as failure to identify the likelihood that health risks will occupy as great a part of our forward agenda as safety/major hazard risks do at present. This heading could also cover the risk that we fail to spot gaps/overlaps in our regulatory coverage and fail to work to correct them. These risks could arise if our strategic capability is not sufficient to assess, and gather the evidence of, trends in the workplace and the wider economy which might call our strategy in question; or political trends which (for example) move the agenda away from regulation towards other, softer intervention mechanisms.

HSE : BUSINESS RISK MANAGEMENT

Managing the Risks Template

STRATEGY FAILURE: MANAGING THE RISKS

RISK	PROBABILITY OF RISK	INCREASING or DECREASING?	EFFECT \ CONSEQUENCE OF RISK
Failure to frame the right strategy	High	Increasing	Loss of strategic direction for organisation; loss of confidence on part of external stakeholders
Failure to implant strategy in organisation	High	Increasing	Failure to generate commitment and understanding by staff; delivery of strategy called in question
Failure to deliver on strategy	High	Increasing	Loss of opportunity to secure health and safety improvements; reputational damage to organisation from failure to deliver
Failure to demonstrate that strategy delivers health and safety benefits	High	Increasing	Damage to credibility of organisation; loss of stakeholder confidence
Failure to anticipate challenges to strategy	Medium	Increasing	Relevance of organisation's strategic objectives would be questioned: doubt cast on usefulness of strategic foresight capacity

March 2002-03-02

STRATEGY FAILURE (all risks)

(a) What control measures are currently in place to avoid strategy failure?

- Creation of strategic plan as joint responsibility of HSC and HSE – checks and balances;
- Linking of strategic plan to PSA targets, held jointly with Department (hence joint ownership);
- Monitoring and evaluation (eg by evaluation committee) of progress against key elements of strategic plan.
- External validation of strategy through extensive work with stakeholders (consultation, stakeholder management, conferences etc).

(b) What control measures should be put in place to avoid strategy failure in future?

- Setting up of HSE – wide strategy unit as part of change programme to develop, monitor and evaluate strategy for organisation as a whole.
- Communication of strategy internally and externally to be integral part of unit's task.
- Delivery of strategy subject to regular monitoring and, where necessary, intervention at Board level if delivery off target.
- Adequacy of data and evaluation systems for task of demonstrating health and safety benefits of strategy under review in context of statistics and evaluation programme.
- Strategy unit to be overtly tasked with anticipating future health and safety risks and proposing means of dealing with them.
- External review (PSA plus) and external stakeholder pressure to deliver successful strategy.

(c) What mechanisms exist to provide assurance that measures are sufficient?

- Commission and Board “ownership” of strategic plan; regular reporting to both by strategy unit of progress against plan.
- Readiness on part of Board to commit resources to delivery of strategy, and where necessary divert resources from elsewhere if monitoring indicates that strategy may fail to deliver.

(d) Any new control measures to be added, and if so by when?

Some evidence to suggest existing control measures (under (a) above) are not sufficient to minimise the risk of a wrong strategy, or a strategy which proves undeliverable. Putting in place of strategy unit in light of change management programme will be opportunity to address and remedy these weaknesses.