



THE
Art
OF RISK

Abstract Expressions of Risk: The Art of the Org Chart

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How Organizational Structure Matters

- Access to resources
- Access to decision-makers
- Authority of the Risk Manager position
- Culture of the organization

What do you HATE about your current structure?

- No authority?
- No help?
- Your boss?



Pros & Cons

- There are pros and cons to any organizational structure
- Learn to leverage the pros and overcome the cons



Pros & Cons

- Every obstacle has a champion. Find them at:
 - Social events
 - Speaking engagements
 - Retirement parties
 - Training opportunities – even if it's outside of RISK
- Things you can control
 - Be positively passionate
 - Project confidence
 - Value people



Culture

- Finance Department
 - Focus on the bottom line
 - Deep understanding of financial impacts of decisions
 - Defender of the agency's assets
- Human Resources Department
 - Focus on the workforce
 - Adherence to rules and process



Culture

- Chief Executive's Office (County Executive, City Manager, Chief Business Officer, etc.)
 - Always looking at the big picture
 - More direct interface with the public
 - Concerned with the health of the entire organization
 - In good position to weigh risk of loss vs. potential for gain
- Legal Office (County Counsel, City Attorney, General Counsel, etc.)
 - Focus on legality
 - Compliance



Human Resources Placement

Pros

- WC is typically in HR
- WC usually ties in naturally with occupational safety
- Rule/process focus works well with risk management
- Closer integration with disability and retirement issues
- Closer integration with disciplinary issues
- Potential synergy with benefits function (global insurance program)
- Natural connection to the entire organization



Human Resources Placement

Cons

- Disciplinary role vs. empathetic role in WC and safety
- Colleagues and managers do not always understand risk management
- Litigation efforts can be bifurcated with legal department
- Labor issues can create conflict with risk management goals



Successful Strategies

- Use existing HR networks to advance risk management objectives
- Build trust to counter perception of HR as the disciplinarian and the source of labor conflict
- Establish a good relationship with legal office and work as a unified team for litigation issues
- Work with legal to figure out representation for non-litigated employment law issues



Finance/Business Services Placement

Pros

- Closer nexus to budgeting process (audited budget, current budget, budget development)
- Actuarial Report Development
- Reserve Funds Portfolio/Asset Management
- Real Property Inventory and Appraisal
- Small Property Inventory and Appraisal
- Fleet Inventory Control (purchase, sale, piggyback contracts)
- Checks and Balances with Other Department Loss Expenditures
- Trust Fund Bank Reconciliations
- Greater Control of Restitution Process
- Greater focus on Public Financing Instruments (Bonds, COPs, TRANs)



Finance/Business Services Placement

Cons

- Bifurcated service delivery in other RM areas such as:
 - Work Comp
 - Benefits
 - Litigation Management
 - Safety & Loss Control
- Finance Director or CBO present claims in Closed Session versus Risk Manager
- Specialize Compliance Training may not be emphasized



Successful Strategies

- Emphasis on Cost Avoidance & Minimizing Financial Risk
- Leverage Relationships during Budget Development/Execution
- Collaborate with HR, OCA/District Counsel, CM/Superintendent
- Focus on Enterprise Risk Management (ERM)
- When Relationships Fail - Use Finance Director/CBO as the “Big Bat”
- Be an ‘intrapreneur’ in your organization to create public value

“Always look for ways to say ‘Yes’!”



Legal Placement

Pros

- Legal relationships
- Minimal budget responsibilities
- Politics
- Efficient department direction
- Minimal access to C-Suite and Board



Legal Placement

Cons

- Turf wars
- Lack of Risk Management understanding
- Subservient to Counsel
- Programs more difficult to complete



Successful Strategies

- Perfect relationship building
- Learn how to “sell” Risk Management
- Leverage your legal with departments, C-Suite and Board
- Understand the big picture politics
- Stay calm



Pearls of Wisdom

- Always look for ways to say “Yes”!
- Put your oxygen mask on first
- Dance on the balcony
- What’s your Iowa?



Executive Office Placement

Pros

- Access to C-Suite
- Access to Board
- Bigger budgets
- Easy ERM connections
- Directing departments
- Leadership skills



Executive Office Placement

Cons

- C-Suite Communications
- Politics
- Increased scrutiny
- Press
- Unions
- Board Offices
- Catch all for projects



Successful Strategies

- Find a Champion/Be a Champion
- Be ready to stand up for yourself and Risk Management
- Be prepared to lead very, very, very big projects
- Fine tune your communication and leadership skills
- Build loyal staff
- Plant seeds and send off trial balloons
- Formulate and execute a plan over several years
- Understand the big picture politics



Department Head Placement

Pros

- Independence
- Budget
- Hiring and supervision
- Policies
- Programs
- Minor politics
- Off the radar



Department Head Placement

Cons

- Competing budget requests
- Lack of communication w/Board
- Laborious department participation



Successful Strategies

- Find a champion
- Have an elevator speech perfected
- Build loyal staff
- Build department relationships
- Wave your flag to be seen
- Find ways to give and take not tit for tat



Wherever You Go There You Are

- Be effective in whatever department you are assigned
- Use your influence
- Train your relief and find your successor



Questions





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