

Inherent Risk List

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Creating a more sustainable and safe future



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Optimising the Internal Financing Cost in a Corporate Setting

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Cost optimisation when facing urgent, unexpected capital shocks

Strategies for predicting and managing future situations of capital shocks

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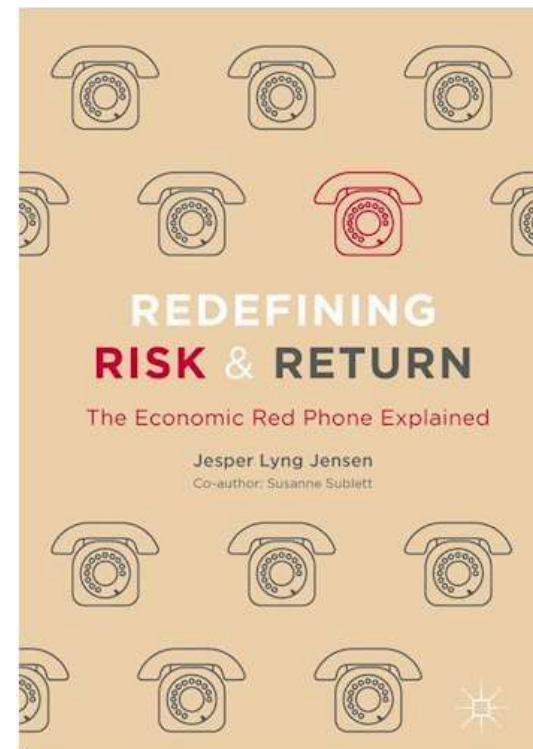
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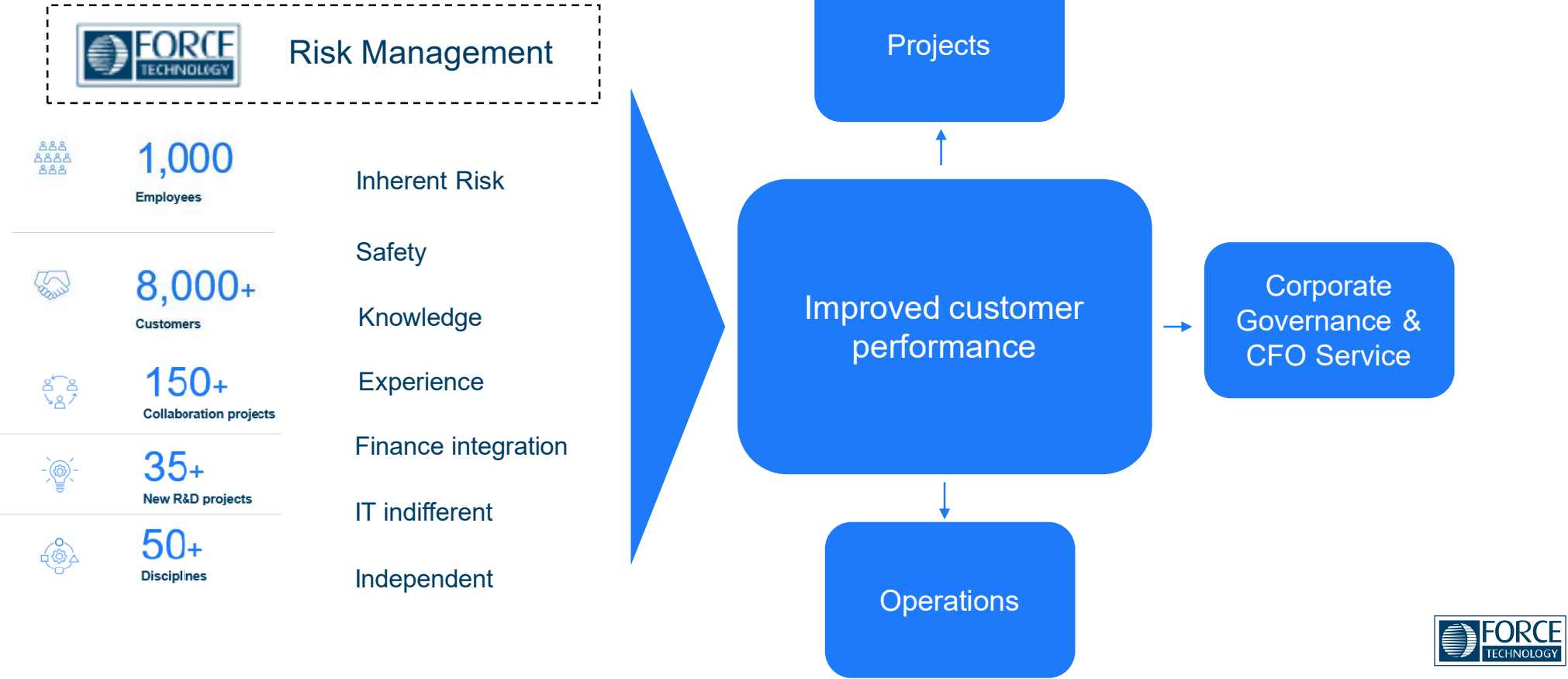
Risk, Resources and Structures: Experimental Evidence of a New Cost of Risk Component – The Structural Risk Component and Implications for Enterprise Risk Management

Jesper Lyng Jensen, Claus Due Ponsaing, Sof Thrane
Department of Operations Management

Research output: Contribution to journal › Journal article › Research › peer-review



FORCE Technology as Risk Management service provider



Why do we need improved Risk Management tools?

- Risk Management, including safety focused risk work, lacks an overall platform.
 - Not a guideline or other how to... we have plenty of that!!!
 - But real structure and data integrity, to make Risk Management have greater value for companies
- If we can make Risk Management stronger as a discipline, we will improve safety work

Risk management is not many disciplines

Its ONE discipline

The Model for Integrated RM, QM and Finance

This is focus!



Inherent Risk

- Complexity
- Human factors
- What activity and where



Inherent Risk



- Inherent Risks are fundamental risks that are a consequence of your activity
- In Finance we have Standard Budget Posts” which are almost the same. We could also call them inherent cost items.
- In principle Inherent Risk is comparable to an empty box – just like the standard budget post

List in Excel

We have inherent risk lists for different industries

- Power-to-X
- Maritime industry
- Food-, biotech- and pharmaceutical industry
- Windpower

*We are open to
create more*

Benefits to a company if Inherent Risk Lists

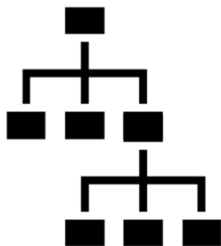
Store of knowledge and experience



GTS Institute based security



Corporate experience & knowhow



Lessons Learned

List of inherent risk for the Food, Biotech and Pharmaceutical industry

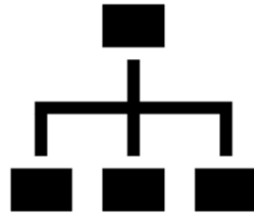
Level 1 ID	Level 1	Level 2 ID	Level 2	Explanation and examples	Level 3	Education and competencies	Data and controls	Process design and standards
1	Materials and process errors	101	Wrong dimensioning of equipment					
		102	Insufficient maintenance					
		103	Malfunction due to corrosion					
		104	Malfunction due to wear and tear					
		105	Malfunction due to friction					
		106	Malfunction due to process changes					
		107	Malfunction due to change in raw materials					
		108	Products out of specifications					
		110	Damage during processing of substances with dangerous properties					
		111	Equipment or processes capable of causing cascade events					
		112	Processes with a known potential for fire hazard or other hazards					
		113	Wrong, or missing, labelling of pipes and equipment					
114	Malfunction of supply systems or installations							
118	Failure of engines and moving parts							
119	Failure during manual overrides							
120	Failure of safety equipment							
2	Fraud, internal and external	201	Compliance breach, intentional					
		202	Bribery, kick back deals					
		203	Invoice fraud (internal and external)					
		204	Forgery e.g. of certificates					
		205	Employees kidnapped or held hostage					
		206	Theft					
		207	Industrial espionage					
208	Arson or other acts of vandalism							



Value proposition for an industrial partner

List of inherent risk for the Food, Biotech and Pharmaceutical industry

Level 1 ID	Level 1	Level 2 ID	Level 2
1	Materials and process errors	101	Wrong dimensioning of equipment
		102	Insufficient maintenance
		103	Malfunction due to corrosion
		104	Malfunction due to wear and tear
		105	Malfunction due to friction
		106	Malfunction due to process changes
		107	Malfunction due to change in raw materials
		108	Products out of specifications
		110	Damage during processing of substances with dangerous properties
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		2	Fraud, Internal and external
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208	Access or other acts of vandalism		



Education/
Training



Process
Optimisation/
Standards

Data/
Controls

Improvement

*Improved consistency & quality of Risk Management
- HAZOP, Regulatory Risk assessments, Safety Assessments*

Single risk analysis – Where do we have (name) risk

Benchmarking – What kind of risks do we have on our products

The ability to aggregate a certain type of risk into a corporate exposure

Statistics on which risks we have in our organization and where?

Approvals – Imagine if we could agree with regulatory authorities

List of risk pr manager – What core risks are your responsibility

Knowledge, control and design gaps uncovered

Ability to link risk and expert advise – internal and external

Where to go from here in RM

- With an extremely simple solution we can improve the relevance and impact of risk management
 - We can collaborate on this tool (level 2)
 - You can build your own corporate version (level 3)
- Preventing accidents now have a Risk Management platform

Next steps for Inherent Risk Project

Guideline for Risk Management in Power-to-X industry being prepared together with DBI

- We are looking for people from the industry to help us improve this guideline by commenting it
 - Contact me if you are interested (JLJE@forcetechnology.com)
- Dialogue with authorities
- Funds available for implementation in the Power-to-X industry
 - 2x 300.000 kr for FORCE Technology and DBI respectively

10 RM quality improving tips

1. Always use a risk manager to design and facilitate the risk work
2. Use Inherent Risk list as backbone for your risk management work
3. Use structured risk management. Follow the budget structure if nothing else
4. Risk follows work – not objectives. Improve your risk definition
5. Know exactly who the risk owner is
6. Risk management is all managers knowing their risks and are working to reduce them all
7. Use quantifies risk assessments. Red, amber, green has no real utility
8. Link risk management with reserves. You will save your company money by doing that.
9. Do not invent a separate reporting structure for risk. It is just process/manager/department information like all other management information
10. Always use a risk manager to design and facilitate the risk work.

Risk Management Services



Risk Screening

- One-off problem solving exercise based on Inherent Risk
- Risk deep dive with clear recommendations



Project Risk Management

- Continuous, structured and value-adding
- Improved project performance



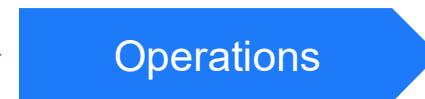
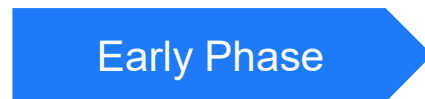
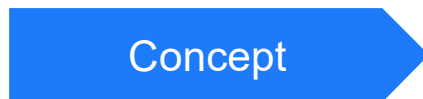
CSRA

- One off exercise
- Structured by project plan
- Single most powerful RM tool



Operational RM

- Continuous and Inherent Risk based
- Risk based risk management recommendations



Questions

Keep in touch

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