

It is widely accepted that management of key organizational risks is imperative in healthcare but there is little certainty or agreement on the best approach to achieve this. HIROC and a national steering committee undertook a review of published and tacit knowledge on enterprise risk management (ERM)/integrated risk management (IRM) in healthcare/non-healthcare organizations¹. Common pitfalls and leading practices learned in this review are summarized below.

Little Evidence on Effectiveness of Current Approaches to ERM/IRM

"We believe that enterprise risk management approaches are largely unproven and still emerging. Apparently, so do the many practitioners who have expressed dissatisfaction with the proposed normative and regulatory ERM frameworks."

Mikes A, Kaplan R. Harvard Business School, 2014

Current Approaches Are Unnecessarily Complicated

"There are a large number of common misconceptions about both the approach and the process that have become obstacles to successful implementation... ERM is in fact an easier, simpler, and more logical undertaking than most people realize."

Fraser J. 2007

Failure to Focus on Risks to Key Objectives and Operations (i.e. Care)

"Strategic risks are those that represent major threats to achieving the trust's strategic objectives or to its continued existence. Strategic risks will include key operational service failures."

Audit Commission, NHS, 2009

Tracking Too Many Risks

"Many trusts identified large numbers of principal risks for each objective; often 15 or more. This, together with a large number of strategic objectives made the assurance framework unmanageable for the board, thereby significantly reducing its effectiveness."

Audit Commission, NHS, 2009

Don't "Re-invent the Wheel" - Key Risks in Healthcare are Known

In all healthcare organizations there are a core set of objectives (and key risks under each) related to care, human resources, finance, leadership and governance, community engagement, information systems and technology, facilities, regulatory compliance, and teaching, research and community health (as appropriate).

Ensure Strong Senior Lead & Credible Internal Coordinator

"The effectiveness of risk management ultimately depends less on the guiding framework than on the people who set up, coordinate, and contribute to risk management processes. It is people, not frameworks, that identify, analyze, and act on risk information."

Mikes A, Kaplan R. Harvard Business School, 2014

Start With Board / Executive and a Few Key Risks

High risks should be defined as only those areas where the board and CEO might need to get involved if conditions warrant - that is, risks involving high impact and material probability of occurring."

Fraser J. 2007

Recognize Limitations and Keep It Simple

In healthcare, a human-based system, some important risks are hard to quantify; risk assessment/quantification, by individuals and groups is inherently biased. Focus on opportunities to improve controls for key risks; IRM is an iterative process and will never be perfect.

¹See HIROC's Integrated Risk Management for Healthcare Organizations Guide.