

How risky is your organisation?

In our normal slot on tendering and commissioning we are going to look at risk management so let me explain how the two go hand-in-hand. When buyers (local authority, NHS etc) are looking to enter into a contract with a provider, they want to see that there is minimal risk involved. You might have heard the term 'risk averse' used in the same sentence as local authorities or other buyers. This means that organisations such as the local authority will go to great lengths to avoid any and every risk when looking to buy in a service.

When you are considering tendering, throughout the whole process your organisation will be assessed (amongst other things) as to how risky it would be to enter into a contract with you. Even your accounts will be assessed on the levels of risk. For example if your annual accounts show a large deficit then this will go against you and your organisation will be awarded fewer points than if your accounts showed a healthy balance.

So what can you do? You need to make sure that your organisation has a robust, ongoing process for managing risk. By this I mean, looking at the things that could go wrong and finding ways to deal with these risks to reduce the chances of them happening and /or their impact if they do. Risk management is all about forward planning.

This is not a one off job but a continuous process. Firstly you need to identify risks for your organisation. They could be around governance, operational, financial, external or compliance. Once the risks have been highlighted, you need to assess them for the likelihood of it happening, the impact if it does and prioritise the ones that have the highest likelihood and the greatest impact. What steps can you take to minimise the risks? Could you control the risk (specialist training for a particular piece of equipment), transfer the risk (get insurance) or live with it? Once these things have been established then someone should be identified as the risk owner. It is their job to monitor that particular risk to see if anything changes. This information then feeds back into the process, which also involves monitoring the internal and external environment for new risks.

It is about showing the commissioner that if they enter into a contract with your organisation there will be minimal risk involved for them. However, managing risk is best practice within your organisation, whether you are thinking about tendering or not.

A simple and easy to understand guide to managing risk can be found at:

<http://www.tennysoninsurance.co.uk/download/Making%20Risk%20Management%20Simple.pdf>