



IS YOUR RISK ANALYSIS ALIGNED WITH YOUR ORGANISATION?



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A DEFINITION OF RISK

Risk implies future uncertainty about deviation from an expected outcome.

It measures the uncertainty that a person/company is willing to take to realize a gain from an investment/challenge/project.



A DESCRIPTION OF RISK

- Risks are of different types and originate from different situations. E.g.
 - **Health risk** – lifestyle, work/life balance, genetics (inherited risk e.g. BRCA gene, heart disease), etc.
 - **Environmental risk** – spillages, discharges to air, land and water, noise, etc.
 - **Personal risk** – learning to drive, buying car/property, bank loans, etc.
 - **Business risk** – company changing direction, business being sold/taken over, reputation etc.





HOW DO MOST PEOPLE/COMPANIES SEE RISK BEING IDENTIFIED?

- Risk assessments for tasks to be completed.
 - COSHH assessments for substance being used.
 - Environmental risk assessment for planning applications and part of environmental permitting requirements.
 - Insurance policies (e.g. public liability, vehicle insurance, etc).
 - Maintenance programmes.
 - Calibration of equipment.
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RISK TO REPUTATION: ROLLS ROYCE

Legend has it that Rolls Royce Cars 'never breakdown', they just 'fail to proceed' and Rolls Royce has built a reputation on this.



ROLLS ROYCE & RUDYARD KIPLING

- Novelist Rudyard Kipling had a Rolls Royce Phantom.
- While on holiday in France, it failed to proceed. He called Rolls Royce's Paris distributor to complain.
- The next morning, he enquired with the hotel manager if Rolls Royce had contacted the him overnight to fix the vehicle.
- It was then that the hotel manager said that a team had come from Rolls Royce during the night, repaired the car, left before dawn so as not to disturb him.



RISK TO REPUTATION: ROLLS ROYCE

- If a Rolls Royce fails to proceed at the side of the road, a lorry is despatched to collect the vehicle.
- During transportation, the vehicle is kept undercover to prevent manufacturer identification.
 - If it occurs at the owner's property/office etc, then a team of mechanics are despatched to complete the work.



Risk awareness & ISO 9001 (Quality)



ISO 9001:2015, Clause 6.1

- Actions taken to address risks and opportunities shall be proportionate to the potential impact on the conformity of products and services.
 - **NOTE 1:** Options to address risks can include avoiding risk, taking risk in order to pursue an opportunity, eliminating the risk source, changing the likelihood or consequences, sharing the risk, or retaining risk by informed decision.
 - **NOTE 2:** Opportunities can lead to the adoption of new practices, launching new products, opening new markets, addressing new customers, building partnerships, using new technology and other desirable and viable possibilities to address the organisation's/customers' needs.
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WHAT DOES IT MEAN FROM A QUALITY PERSPECTIVE?

These can be business risks, which indicate that the company hasn't anticipated the potential risks for a new product/new site/etc.

For example...

WHAT DOES IT MEAN FROM A QUALITY PERSPECTIVE? (CONT.)

- **Healthy order book** but not enough employees or competent persons available to complete the work. This means passing customer deadlines, potential for financial penalties, damage to company reputation/image.
 - **Payment terms** – The customer wanting to pay on 90 days from date of invoice, to the supplier wanting payment within 30 days of order being despatched.
 - **Shortage of competent persons** – The standard of product may not meet the customer specification (e.g. machinists not stitching in a straight line or following the markings).
 - **Shortage of the correct grade of raw materials** – (E.g. identifying and ordering the correct pantone colour). Resulting in customer rejects, complaints, unable to return product, etc.
-

WHAT DOES IT MEAN FROM A QUALITY PERSPECTIVE? (CONT.)

Those examples show where **identifying the risks** can enable the company to plan how to **address the risks**.

For example: Having a broad specification on the product. As seen on bottles of water, the pH can vary from 5.5 to 6.5 – with some suppliers and others having a range of 8 to 9.



Risk analysis & ISO 45001 (Health & Safety)



Occupational health and safety (OH&S) risk

- Combination of the:
 - Likelihood of occurrence of a work-related hazardous event(s) or exposure(s);
 - Severity of injury and ill health (3.18);... that can be caused by the event(s) or exposure(s).

6.1.2.2 Assessment of OH&S risks and other risks to the OH&S management system

- The organization shall establish, implement and maintain a process(es) to:
 - a) assess OH&S risks from the identified hazards, while taking into account the effectiveness of existing controls;
 - b) determine and assess the other risks related to the establishment, implementation, operation and maintenance of the OH&S management system.
 - The organization's methodology(ies) and criteria for the assessment of OH&S risks shall be defined with respect to their scope, nature and timing to ensure they are proactive rather than reactive and are used in a systematic way.
 - Documented information shall be maintained and retained on the methodology(ies) and criteria.
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WHAT IS DETAILED IN ISO 45001:2018?

- **Note 1 to entry:** An effect is a deviation from the expected — positive or negative.
 - **Note 2 to entry:** Uncertainty is the state, even partial, of deficiency of information related to, understanding or knowledge of, an event, its consequence, or likelihood.
 - **Note 3 to entry:** Risk is often characterized by reference to potential “events” (as defined in ISO Guide 73:2009, 3.5.1.3) and “consequences” (as defined in ISO Guide 73:2009, 3.6.1.3), or a combination of these.
 - **Note 4 to entry:** Risk is often expressed in terms of a combination of the consequences of an event (including changes in circumstances) and the associated “likelihood” (as defined in ISO Guide 73:2009, 3.6.1.1) of occurrence.
-

WHAT DOES IT MEAN FROM A HEALTH & SAFETY PERSPECTIVE?

- Health and safety risks can vary from what can be seen to be obvious (e.g. fire, flood, bad weather), of which there can be some level of prevention or reduction of impact.
- As knowledge/awareness of products and processes have improved, risk can in some areas be designed out.
- For example:
 - Health monitoring for employees exposed to products and processes that could impact their health.
 - Monitoring of an employee's age, health, etc. in relation to succession planning.



Risk analysis & ISO 14001 (Environment)



ISO 14001:2015, Clause 6.1.2

- Clause 6.1.2 provides some guidance for companies for looking for their risks, determining what their risks are. For example:
 - Within the defined scope of the environmental management system, the organization shall determine the environmental aspects of its activities, products and services that it can control and those that it can influence, and their associated environmental impacts, considering a life cycle perspective.
 - When determining environmental aspects, the organization shall take into account:
 - a) change, including planned or new developments, and new or modified activities, products and services;
 - b) abnormal conditions and reasonably foreseeable emergency situations.
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RISK AWARENESS & ISO 14001 (CONT.)

- The organization shall determine those aspects that have or can have a significant environmental impact (i.e. significant environmental aspects) by using established criteria.
 - The organization shall communicate its significant environmental aspects among the various levels and functions of the organization, as appropriate.
 - The organization shall maintain documented information of its:
 - environmental aspects and associated environmental impacts;
 - criteria used to determine its significant environmental aspects;
 - significant environmental aspects.
 - **NOTE:** Significant environmental aspects can result in risks and opportunities associated with either adverse environmental impacts (threats) or beneficial environmental impacts (opportunities).
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WHAT IS DETAILED IN ISO14001:2015?

Significant environmental aspects can result in risks and opportunities associated with either adverse environmental impacts (threats) or beneficial environmental impacts (opportunities).

➤ Effect of uncertainty.

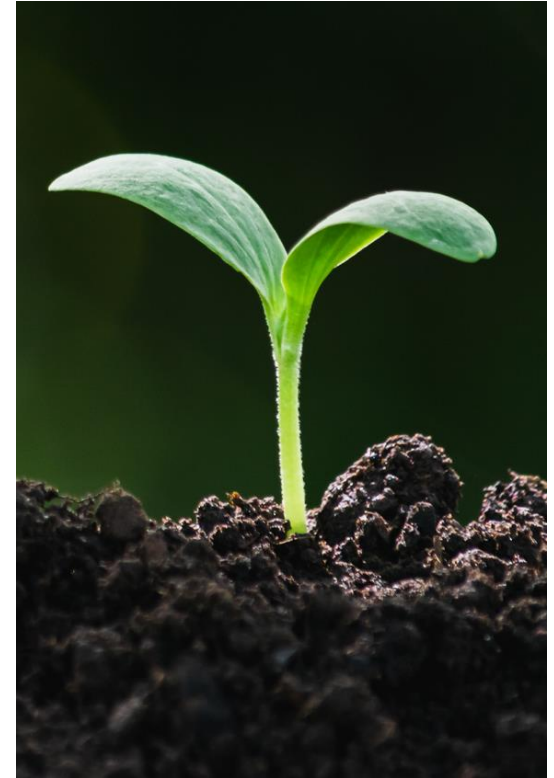


WHAT IS DETAILED IN ISO14001:2015? (CONT.)

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WHAT DOES IT MEAN FROM AN ENVIRONMENTAL PERSPECTIVE?

- Planning permissions for initial housing developments, industrial/commercial warehousing, factories.
 - Planning permission amendments when requirements change.
- Location, location, location – public highways (motorways and A roads), access to roads especially when near residential areas.
- Major infrastructure developments (e.g. roadworks, smart motorways, new river crossings).
- Permits to operate, from local authority, environment agency.
- Neighbours – both residential (human) and nature (foxes, badgers, bats, etc).





Senior
management

SENIOR MANAGEMENT TEAM

- Members of the senior management team can range from Managing Directors, Chief Executive Officers, Operations Director, Engineering Director, Chief/Senior Chemist, Sales Director, etc.
- When a company is looking to change direction, invest in new processes, build new manufacturing plant, the risks must be determined, discussed and if possible, designed out.
 - Has the market been studied? Has the company been approached by a customer asking for a slightly different product or to conduct a joint project for something new? Has the company used focus/consumer groups?
- If the management team can understand not just the financial risk for a business but also the quality implications, environmental impact and the health and safety impact on the risk...
 - ...the company will be able to address the risk with potential and suitable outcomes.



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 - *Inclusive of all relevant scope 1, 2 and 3 emissions*
- An ambitious goal to become net zero by 2035
- A sustainability promise to address wider sustainability topics
- Driving down service delivery-related emissions to support clients on their net zero journeys



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THANK YOU!

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