



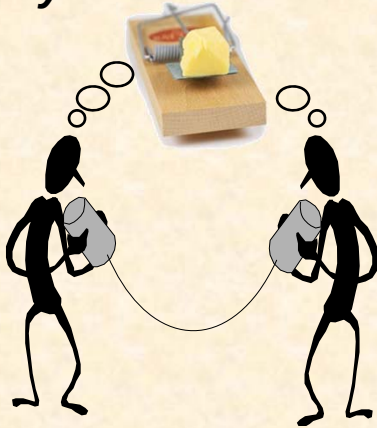
Step 8 - 10: Manage Operational Risks

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Agricultural & Applied Economics

Risk Navigator SRM



*The best-laid schemes o' mice an
'men often go awry.*



Robert Burns

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Operational Management

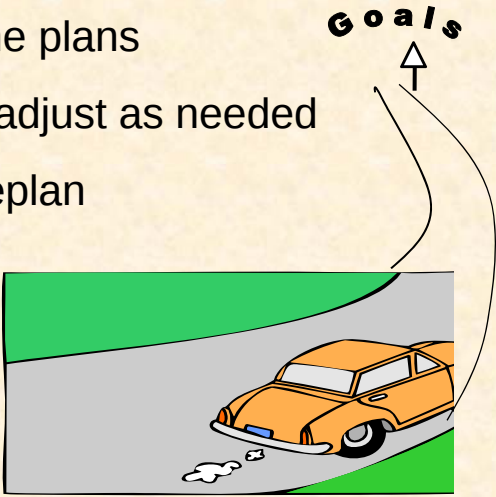
- Putting the strategic plan into action on a day-to-day basis. . .
- Following the *tactics* outlined in the tactical level describing *how* to go about the process of. . .
- Achieving the *strategic goals* within the constraints of the *financial health* and *risk preferences* outlined at the strategic level

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Operational Management: “Beginning the Journey”

- Implement the plans
- Monitor and adjust as needed
- Evaluation/replan

Goals



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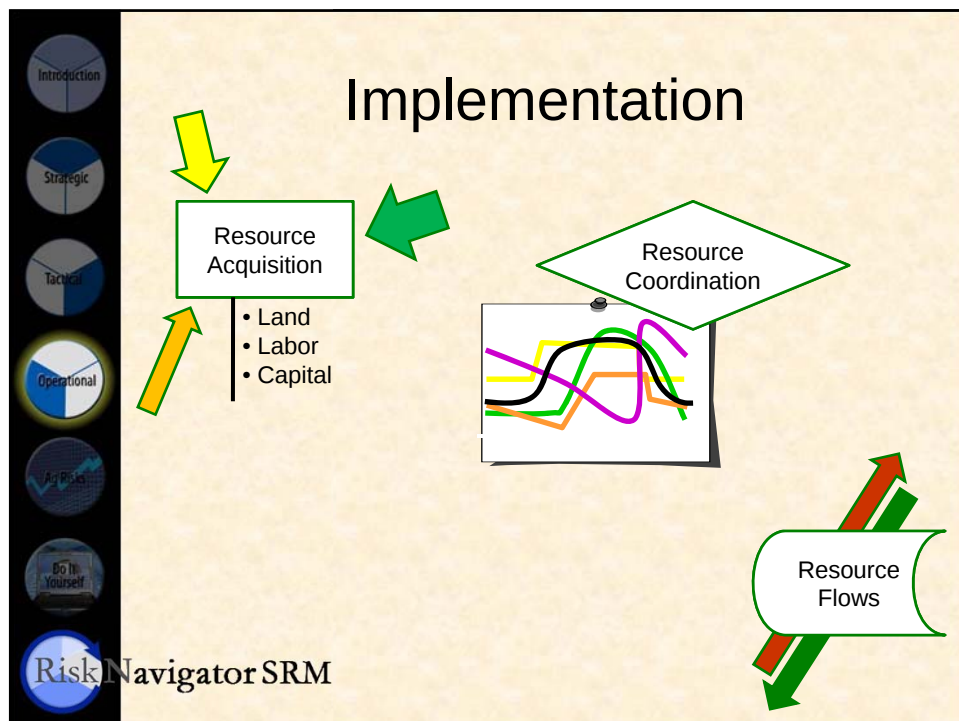
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Operational Management

“Plans are just wishful thinking unless they immediately degenerate into hard work.”

Peter Drucker







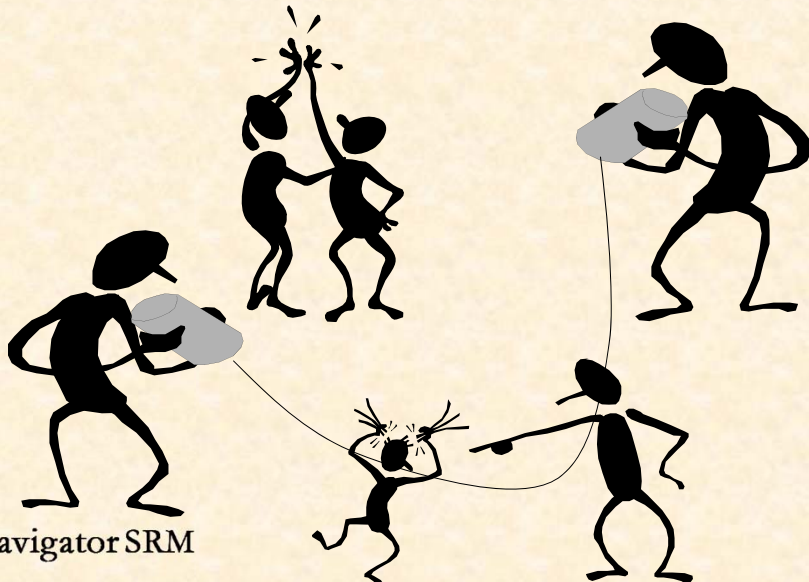
Strategy Implementation

Formulate Strategy

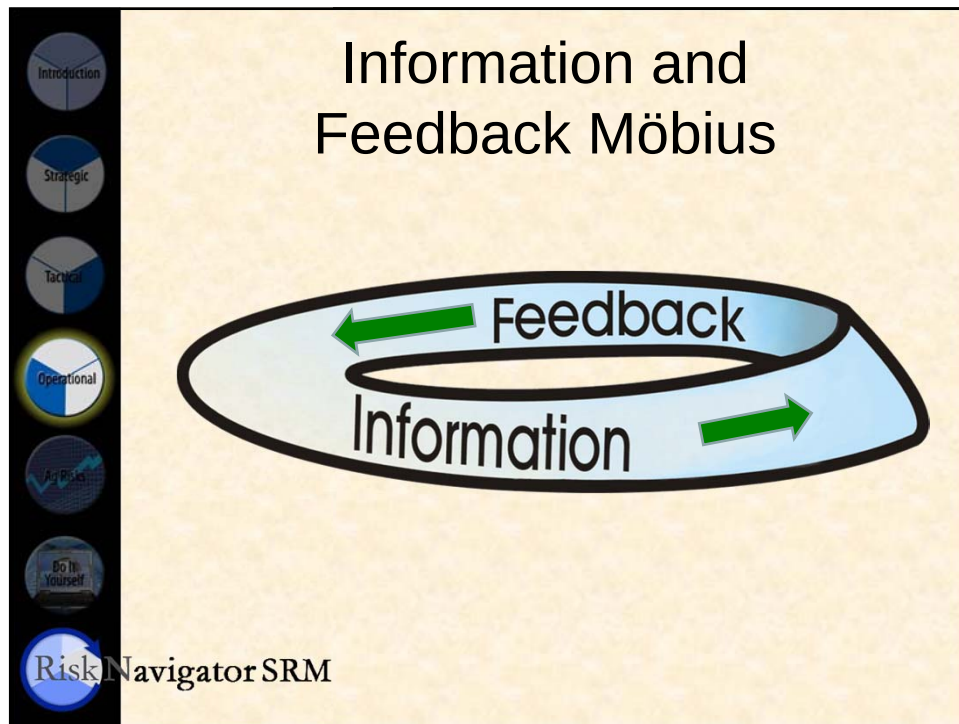
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Communication is Essential



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What must be done to ensure successful accomplishment of the developed goals/objective/plan(s)?

OR *how do we implement them....?*

1. Properly schedule the steps.
2. Get cooperation from others responsible for helping us complete action steps (e.g., loan officer, range conservationist, etc.)
3. Do not leave out any major task(s)

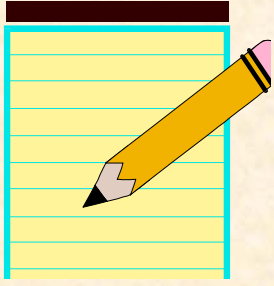
The icon shows a yellow pencil with a pink eraser and a black tip, positioned as if it has just finished drawing a red 'X' inside a black square box.

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Operational Management Involves:

- Breaking down plans into specific action steps
- Scheduling the order of action steps
- Developing contingency plans to prepare for possible eventualities

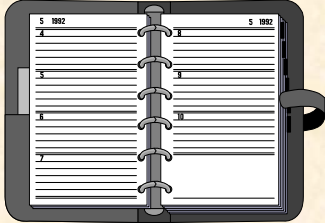


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Tools for Scheduling Action Steps

- + End-Point Scheduling
- + Optimist/Pessimist Scheduling
- + Calendars
- + Gantt Charts
- + Pert Charts



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End-Point Scheduling

A good way to schedule is to start with the time the objective is to be accomplished and work backward to the present.



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The use of end-point scheduling helps us to be realistic in our scheduling because it requires that we start with the time when we wish to finish rather than the time when we can start. It is the *finish time* that is most important.

Project Plan for _____	
Project Steps	Date
Project completion	9/xx/XX
Step 5	7/xx/XX
task 5.2	7/xx/XX
task 5.1	6/xx/XX
Step 4	5/xx/XX
Step 2-3	4/xx/XX
Step 1	3/xx/XX
task 1.3	3/xx/XX
task 1.2	2/15/XX
task 1.1	1/10/XX
Today	xx/xx/XX

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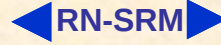
Optimist/Pessimist Scheduling

First, we determine the optimistic parameter.

How much time will it take to accomplish if everything went well?

Then we determine the pessimistic boundary by asking ourselves, *How much time will it take to accomplish if everything went poorly.*

Finally, since we know not everything that could go wrong will go wrong and that all that could go right will not go right, we pick what we think will be the most **realistic** time.



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This forces us to set an upper and lower boundary on the time estimates.

We then focus our attention on the area within the boundary.

Example Optimistic/Pessimistic Schedule								Est. Completion	
Project Steps	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Early Finish	Late Finish
Step 1.0									
sub-step 1.1	EF-20LF-8							2	8
sub-step 1.2		EF-12LF-17						12	17
sub-step 1.3			EF-5LF-9					5	9
								19	34
Step 2.0									
sub-step 2.1		EF-13LF-20		EF-40LF-45				13	20
sub-step 2.2								40	45
sub-step 2.2.1		EF-14LF-28						14	28
sub-step 2.2.2					EF-20LF-22			20	22
sub-step 2.3							EF-6LF-8	6	8
								93	123
Step 3.0									
sub-step 3.1				EF-45LF-55				45	55
sub-step 3.2				EF-17LF-25				17	25
								62	80
TOTAL Days:								174	237



Calendars

A desk-top calendar that depicts the entire week in some detail allows us to write in when various action steps have to be accomplished during the course of the year.

A pocket calendar is not as detailed but does allow for easy portability.

A wall calendar that depicts month by month allows us to see at a glance when action steps need to be completed.

Day planners are more complex but allow us to review several projects and plan at the same time.



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Calendar for: _____

SUN	MON	TUE	WED	THU	FRI	SAT
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

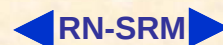


Gantt Charts

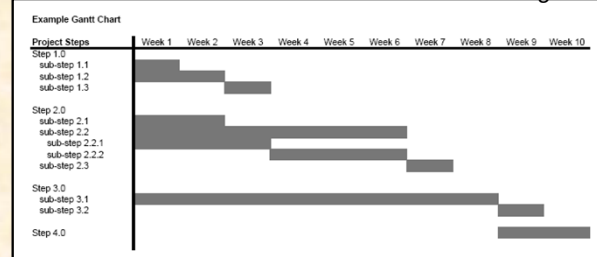
A Gantt chart depicts the beginning and ending dates for an event, the sequencing of events, and the extent to which an event is completed.

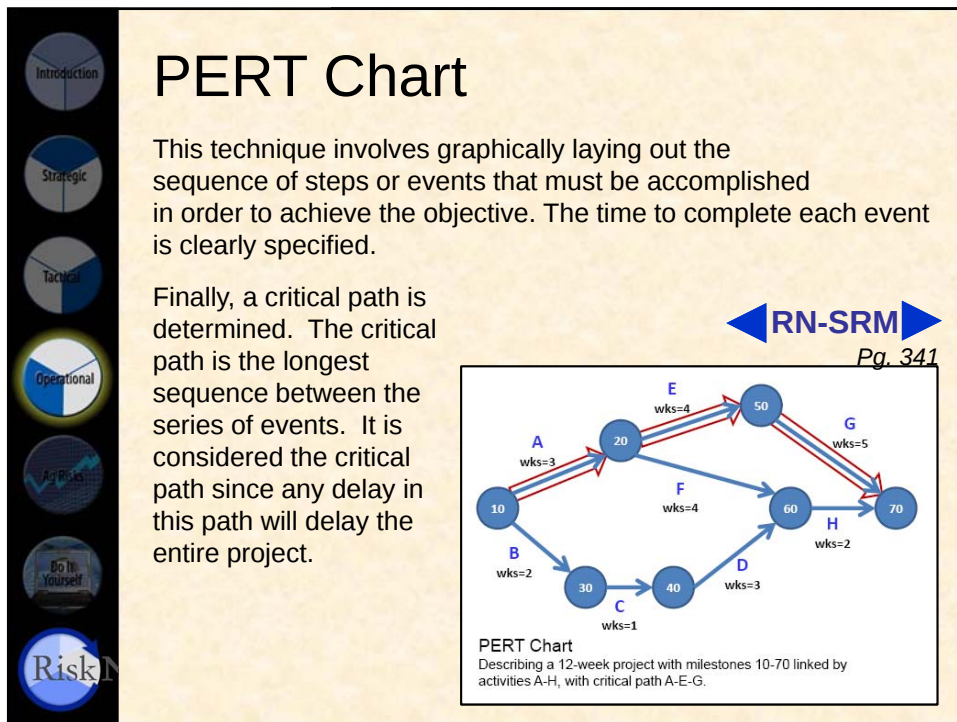
As action steps are accomplished, they are noted on the chart. Barriers are also identified.

It is the timing of action steps that are important in Gantt Charts.



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Time as a Resource for Operational Planning

Fact:
To control your operation and your life, you must control your time.

Fact:
We have all the time there is.

Fact:
You cannot save time--
you can only spend it or invest it.

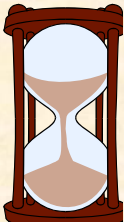
Fact:
Putting in more hours is not the answer.

**The *first* step to good time management:
*Know Your Priorities***

If the strategic planning process has been completed properly, this should not be a problem; everyone should be aware of the priorities.

These priorities are what the operation has agreed to as being the highest return items.

Spending your time working toward these priorities is better than spending your time working toward something else.



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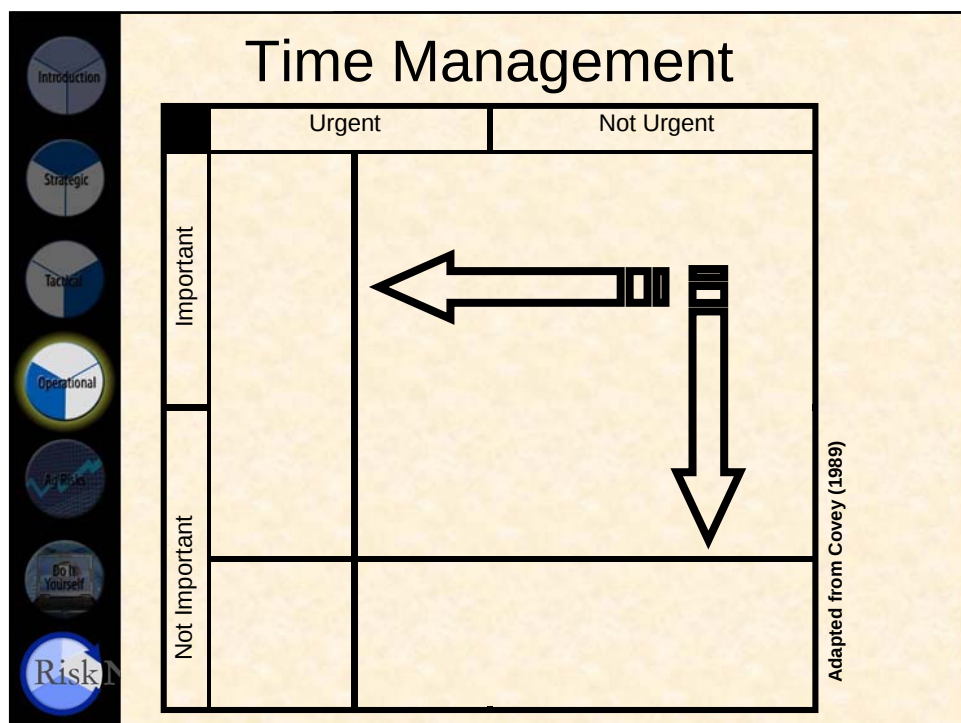
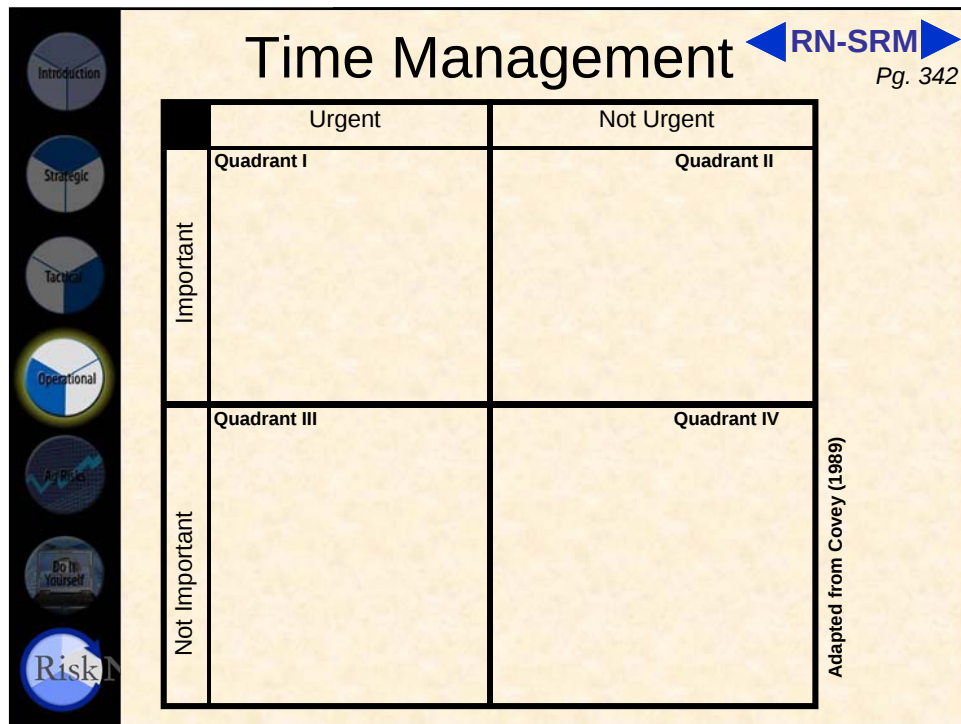
*“To waste your time
is to waste your life,
but to master your
time is to master your
life and make the
most
of it.”*

Alan Laiken



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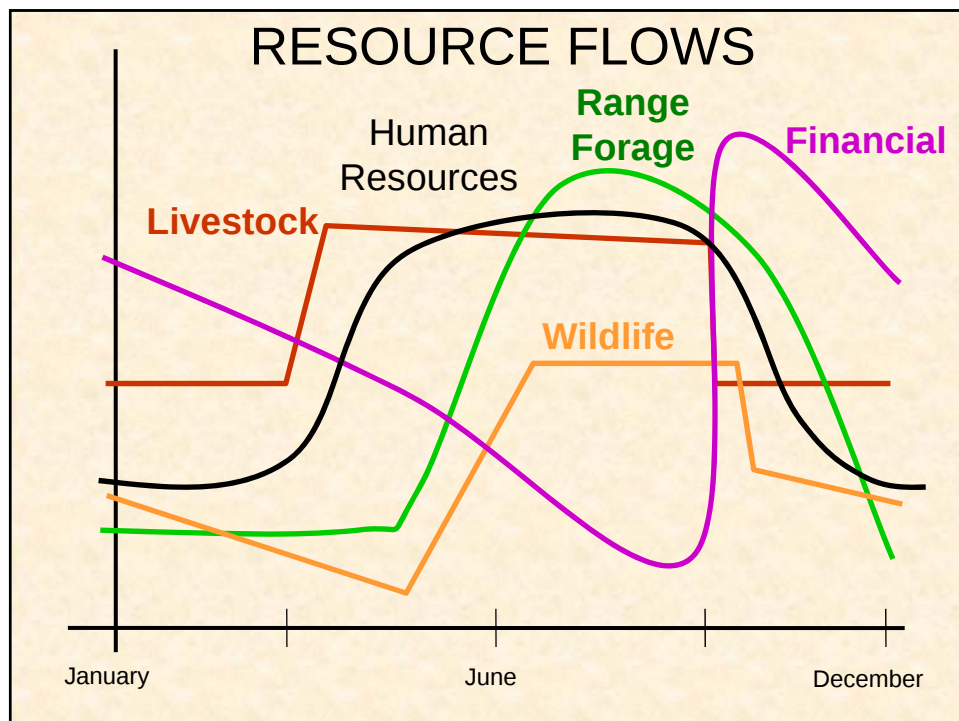
Do It Yourself

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Monitor and Adjust

- Concerned with providing *control* for the implementation process
 - Informational control:
doing the right things
 - Behavioral control:
doing things right





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Critical Success Indicator Worksheet

Enterprise: _____

	Beginning CSIs	This Year:	Target CSIs
Enterprise Income:			
Enterprise Operating Costs:			
Enterprise Allocated Overhead Costs:			
Enterprise Return Over Costs:			
Land Resources			
Labor Resources			
Capital Resources			
SWOT Analysis			
Strengths			
Weaknesses			
Opportunities			
Threats			

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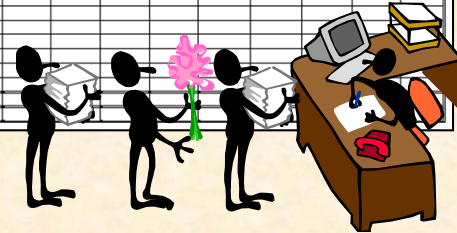
Resource Flow Plan

Resource Flow Plan For: _____

Description	January	February	March	April	May	June	July	August	September	October	November	December	Total
BEGINNING Resource BALANCE:													
Resource PRODUCTION:													
Resource #1:													
Resource #2:													
Resource #3:													
Resource #4:													
Resource #5:													
Resource #6:													
Resource #7:													
Resource #8:													
Resource #9:													
Resource #10:													
Resource from other sources:													
Resource from other sources:													
TOTAL Resource AVAILABLE:													
Resource USE:													
Use #1:													
Use #2:													
Use #3:													
Use #4:													
Use #5:													
Use #6:													
Use #7:													
Use #8:													
Use #9:													
Use #10:													
TOTAL Resource REQUIRED:													
ENDING Resource BALANCE:													

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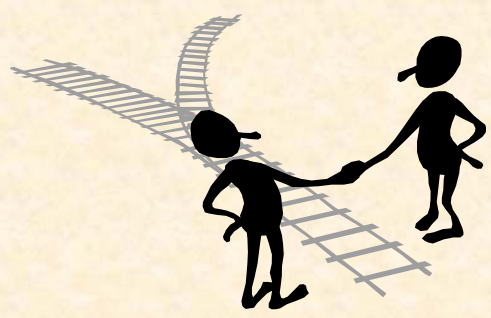




Planning for Contingencies

Seldom do actual operational plans exactly match planned operational plans.

Consequently, every strategic plan needs a system for changing the course of action.



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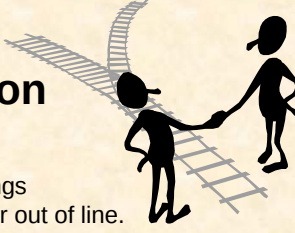
Insanity

Doing things the same way
and...
expecting a different result!!

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Characteristics of Effective Corrective Action



Timeliness. A good corrective action plan brings performance back on track before it gets too far out of line.

Future Orientation. The corrective action should focus on the future, not the past. Focusing on "should haves" is counter-productive.

Preventive. Corrective action should be concerned not only with correcting a present problem, but also with preventing it from happening again in the future.

Positive. Corrective action should bring about positive change, not punish past performance. Corrective action that is geared to address future action should stress expected positive performance.

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Contingency plans:

If autocratic and inconsistent supervision by the foremen are found-

1. Send the foremen to training on human relations and communication.
2. Set up staff meetings with the foremen to review proper supervisory practices.
3. Provide reading material for foremen on human relations and communication.
4. Monitor foremen's supervision performance.
5. Demote or terminate foreman who cannot improve their performance.



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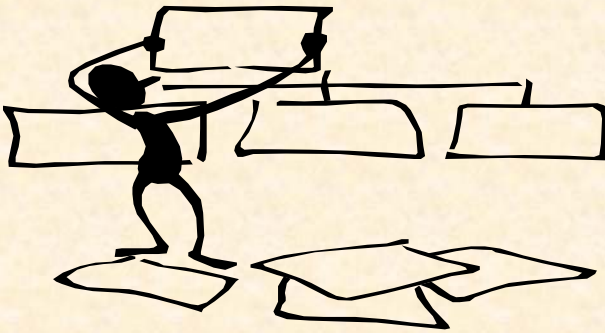
At Risk

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Replan

- As we move toward our goals, we should review our chosen route
- Make sure we are still “on course”



The illustration shows a stick figure standing on a path made of several large, light-colored rectangular blocks. The figure is carrying a large, dark rectangular box on their back. They are looking back over their shoulder at the path they have traveled, symbolizing a review or replanning of the route.

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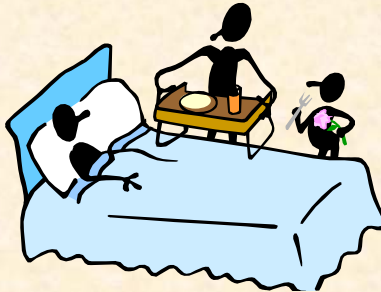
At Risk

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Checkup

- Ensure that *performance* matches the schedule anticipated and that *output* is sufficient
- Check that resources are *adequate* and remain in *good health*



The illustration shows a stick figure sitting up in a bed with a blue blanket. They are looking at a small table next to the bed which has a clock and a glass on it. Another stick figure is standing next to the bed, possibly a nurse or a caregiver, symbolizing a checkup or review.

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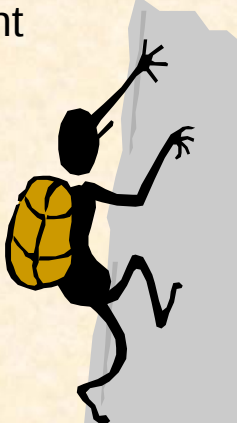
As-Planned

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Checkup – *most important*

- Reaffirm that *strategic goals* and *tactical objectives* are still correct and appropriate given recent progress

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Summary

What we discussed

- How to *implement* strategic risk management
- Systems for *monitoring and controlling* the implementation of strategic plans
- Reasons to *replan* regularly and the need for contingency planning

What is left to learn

- More about the techniques and systems available for making a strategic risk plan operational
 - Read the curriculum
 - Read the chapter



Questions?

