

Effective Risk Management: Safe, Not Sorry

Why companies need to proactively manage travel risks as part of overall risk management efforts.



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Travel can be risky business. This is particularly true if security and risk management take a back seat in the travel program. For many organizations around the world, 9/11 demonstrated how unprepared they were to deal with events involving their business travelers. Soon after, security became a focal point for organizations and their travel managers.

Today, six years later, organizations run another risk: complacency. In the fast-changing world we live in, losing sight of the past and responding to short-term priorities is commonplace ... and potentially dangerous. Risk management of any kind is not just a question of effectively handling major disasters. Nor is it sporadic in nature. Successful risk management means continuously reducing the frequency and severity of incidents that can interrupt normal business operations, as well as limiting the costs associated with response, recovery, lost productivity and liability. Successfully managing the risks associated with business travel is no different.

Business travel is on the rise. In fact, many organizations have gone so far as to define business travel as "any time an employee leaves the office on official business domestically or internationally." This encompasses everything from a sales call in a neighboring town to a long-term expatriate assignment.

As the definition expands, so do the risks. Acts of terrorism, hotel fires, plane crashes, epidemic illnesses and natural disasters are the obvious culprits. Less obvious are the traffic accidents, unforeseen labor strikes, political tensions, unfamiliar local laws and customs requirements that can bring business to a costly standstill.

Many organizations today still react to incidents as they happen. It is imperative that they begin to define and implement effective risk-mitigating procedures that are continuously optimized. They must also teach their employees to use the systems and processes in place.

Managing travel-related risks

In world-class organizations, managing travel-related risks is an extension of an overall risk management effort and encompasses the same basic components:

- **Thorough planning is key.** Well-defined policies and procedures must be put in place to cut down on risk, avoid improvised responses and reduce liability. With regard to travel, this could mean limiting the number of employees on the same flight, banning hotels in high-crime areas or implementing pre-planned evacuation measures in the event of a serious emergency. Employees at all levels of the organization—including the traveler and the travel booker, as well as the travel counselor at the point of sale—must always have the most up-to-date information at their fingertips.
- **Identifying the threats and hazards associated with each travel itinerary and assessing their degree of severity is the next step.** Defining worst-case scenarios will help organizations set acceptable levels of risk for the group as a whole and the individual traveler, and enable them to prepare more effective response plans in the event of an emergency.
- **Implementing risk mitigation strategies goes a long way in helping organizations and their travelers reduce risk and respond effectively to an emergency or crisis.** The most effective measures include pre-trip traveler briefings for high-risk destinations, well-designed emergency plans and processes, targeted training in executive protection, continuously updated crisis management plans and 24/7/365 traveler tracking.
- **Around-the-clock monitoring of world events and breakdowns in risk-mitigation strategies will help organizations keep travelers better informed and protected.** To that end, formal notification processes must be in place day and night to handle the emergencies travelers may encounter. Travelers must also have access to a 24/7/365 helpline for information and assistance.

Even the best risk management programs can be improved. Consequently, feedback is needed after every crisis or emergency. Organizations must determine if the situation could have been avoided in the first place and/or better handled. If so, policies, plans, mitigation strategies and procedures must be reevaluated and modified accordingly.

A coordinated effort

Implementing a travel risk management program may seem daunting. It is important to remember, however, that a successful program is the coordinated effort of multi-disciplinary experts in travel management, human resources, the legal department, risk management, medical services and IT. Each of these professionals must have access to the same, constantly updated information, including employee profiles, contact information, travel itineraries, threat and destination intelligence, and emergency response procedures.

Travel management companies and risk management firms play a vital role in helping organizations enhance traveler security. They can provide pre-trip destination intelligence, 24/7/365 traveler alerts, round-the-clock traveler tracking, emergency services and employee training. In addition, they can help organizations benchmark and assess the maturity of their travel risk management program, identify areas for improvement and help them continuously optimize their results.

Business travel is essential to the growth and development of organizations around the world, albeit a world filled with risk. As a result, no one can afford to stay at home... or passively stand by, waiting for the sky to fall. More than ever, proactive, thoughtful measures are required to protect business travelers, optimize their productivity on the road, reduce an organization's liability and ultimately boost the bottom line. Being safe is certainly better for business than being sorry. ■

Corporate duty of care

Implementing a proactive travel risk management program can be a lifesaver both for individual employees and the organization as a whole. This summer, a Corporate Manslaughter and Corporate Homicide Bill went through Parliament in the United Kingdom and is now awaiting Royal Assent before its introduction next year. Nothing precludes other governments from considering similar legislation.

Under the bill, an organization may be found guilty, and liable as a whole, of corporate manslaughter if senior management is found guilty of playing a significant role in the decision, management or organization of the activity that causes an individual's death within the U.K. and amounts to a gross breach of a relevant "duty of care." The maximum penalty is an unlimited fine.

Duty of care is defined as the legal responsibility of an organization to do everything "reasonably practical" to protect the health and safety of employees. Companies and organizations must provide a safe work environment (including the hotels and airlines an organization uses), inform and instruct employees of potential hazards (e.g., high-risk destinations), and disseminate health and safety advice.