

Risky Business: Risk Management for Higher Education Facilities

By E. Lander Medlin

This past February APPA completed its 13th annual Thought Leaders symposium, which focused on the topic “The Landscape, Framework, and Strategies for Managing and Mitigating Risk.” We sought to:

- Learn more about enterprise risk management;
- Assess the risks confronting our institutions and the facilities industry;
- Identify strategies for mitigating threats and seizing opportunities.

Frankly, just the work “Risk” evokes thoughts of hazards, threats, and disasters—usually all negative. However, it’s a forgotten truth . . . with risks come opportunities. You certainly don’t want to be one of those news headlines, let alone deal with all the follow up, clean up, and potential public relations nightmares. It’s easy to say “avoid risks,” yet risk is

defined as “any issue that impacts an organization’s ability to meet its objectives.” And, enterprise risk management (ERM) is defined as “a business process that takes a strategic, campus-wide approach to risk.” What ERM further emphasizes is “optimizing” risks to achieve enterprise goals.

Nevertheless, it’s almost mind-numbing and definitely mind-boggling as there are hundreds of risks we could identify. Unfortunately, that’s what happens. We get so bogged down in making “lists of risks” that we don’t or can’t take real mitigation action. It’s the 80/20 Rule in reverse, where we spend 80 percent of our time on list identification and 20 percent on implementation. The Thought Leaders monograph provides a number of approaches to creating these lists including using URMIA’s (University Risk Management & Insurance Agency) Risk Register. Let others do the bulk of the work for you or your



institution so you can indeed focus on those risks that are High Probability/High Potential Impact. Use the “Heat Map” approach to categorize, rank, and prioritize your risks, which will in turn allow 80 percent of your attention focused on taking action.

THE GOAL: FLEXIBILITY AND ADAPTABILITY

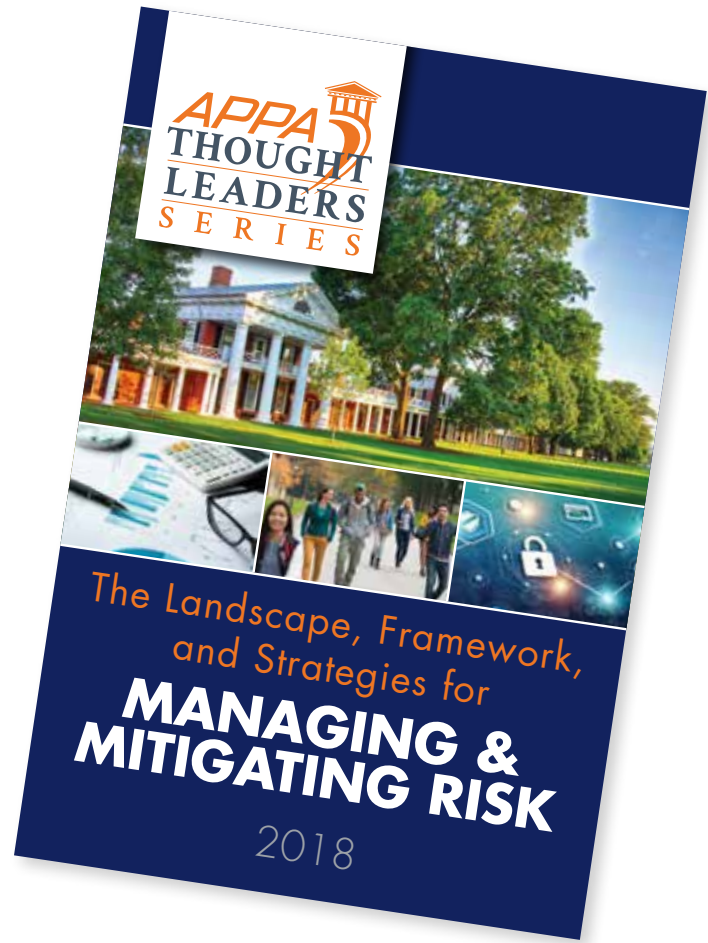
The framework for effective risk management requires a proactive, institution-wide approach, and one that is integrated and strategic—not silos. Remember, not all risks are equal. We need a formalized assessment to determine priorities, processes, resources, execution, and metrics (measured and managed). Even without resources, we cannot afford to turn a blind-eye. The ultimate goal of ERM is to increase an institution’s flexibility and adaptability. As Janice Abraham (CEO of United Educators and the renowned higher education risk guru) aptly stated, “Effective risk management includes the flexibility to respond to both negative and positive events and turn them to your institution’s advantage.” That’s of critical importance in considering risks as potential opportunities.

In addition to the TLS participants’ work, APPA queried SFOs about their institution’s preparedness, effectiveness, roles, and accountability with respect to risk. Most said they have a solid foundation for institutional risk readiness. Yet, we must remain vigilant. We found that having plans for mitigating risk and understanding your institution’s risk tolerance fall short if you don’t know “who owns your institution’s risks . . . meaning who is accountable?” Therefore, “If someone is not accountable for your institution’s risk, then NO ONE is accountable for your institution’s risk.”

The monograph highlights facilities’ role in managing risk as:

- Hands-On, In-Depth Knowledge
 - o Campus Buildings and Infrastructure
 - o Mitigation Actions
- A Large Responsive Staff
 - o Prepared for emergencies
- Eyes on the Ground
 - o Workforce engaged with operations
 - o Warnings of potential events

The perspective of facilities’ roles and responsibilities are important. Yet, of equal importance are the perspectives of senior institutional officers from three stakeholder groups who identified what they



need from facilities:

- Security/Risk Managers
 - o Be the eyes and ears of the campus
 - o Better cooperation and collaboration during planning, design & construction of buildings
- Academic Affairs/Student Affairs
 - o Be the content experts
 - o Enhance understanding of risks, challenges, and strategies to maximize student health and safety and academic success
 - o Build stronger partnership
- CEOs (Presidents)/CFOs (Business Officers)
 - o Rely on facilities expertise
 - o Keep informed of needs and strategies
 - o Current on changing regulations
 - o Make the business case for facilities reinvestments

In comparing the two perspectives, the most notable gaps between facilities and senior institutional officers were:

- Include all stakeholders in decision-making with corresponding feedback loops

- Build a more response-oriented workforce that is adaptable and flexible
- A campus-inclusive culture – NO silos

Janice Abraham was instrumental in guiding the TLS discussions and provided some best practices for managing risks and opportunities:

- Start from the top

- Understand specific roles
- Recognize differences between “business” and “education” industries
- Build on the work of others (experts, institutions, risk registers, etc.)
- Look at the total cost of risk
- Incorporate at the highest levels (Boards, etc.)
- Question “sacred cows” (they exist at every institution)

STRATEGIES FOR RESPONSE IN TODAY’S WORLD

Throughout the monograph we have identified major categories of risk, strategies for response, and key questions for discussion in and across your institution for managing and mitigating risks.

Interestingly enough, it wasn’t until the 1980s that we/institutions started thinking systematically about managing threats to the organization. Yet in today’s world, facilities professionals, senior leaders, and the lay public are so much more aware of risk. This makes it even more challenging and requires solid identification, planning, implementation, and execution to prepare and protect our institutions.

Ultimately, the more you know, the more overwhelming, even daunting, the task of managing risk can feel! So now, how would you rank your “institution’s” risk readiness? Most importantly, what can YOU do about it? We would suggest a great deal! It takes leadership by each and every one of us to:

- recognize risks,
- confront risks,
- own risks,
- be accountable for change,
- see opportunities, and
- seize opportunities.

It’s your choice! §

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