



RISK MANAGEMENT CORNER

Risk Management: A Peek Inside Your Company Culture

Risk management is often thought of as something to *do*, but just as importantly, it's also something to *believe*. It's a state of mind that, when shared by everyone in an organization, can enrich the company culture and become a valuable asset to customers.

What impact does a strong culture have?

When that risk management state of mind takes hold, every transaction outside the organization reinforces what the business is all about. Culture impacts business operations such as recruiting, retaining, motivating, reinventing, and continuous improvement. It is a visible representation of your company. For example:

Hiring and retention

The new generation of employees wants to understand a business and its culture enough to feel comfortable working there. They don't want to work for just a paycheck. They want to know how their work impacts overall business results and how those results impact society. They want a connection to their company and what they accomplish through their job. Sound employment practices can play an important role in overall risk management by helping to hire and retain reliable, trustworthy workers. And, once you've hired the best, you certainly want them to stay. A formal retention program can benefit companies of any size, and may help persuade your star performers to become long-term employees.

Planning and implementation

As businesses set company and employee goals, initiatives, or strategies, having a strong risk management culture helps the process move from planning to implementation. Having a culture that focuses on understanding the risk associated with change is critical to successful implementation. Companies with strong, engaged cultures recognize potential hazards or roadblocks in the planning stages and don't have to wait until the implementation phase to find and solve a potential issue. This reduces the time and effort spent to rework those goals and put the new plans in place.

Results

A negative culture impacts results as much as a positive culture does. Imagine watching a business service vehicle weave in and out of highway traffic because the driver is texting. Worse, the driver's distraction causes a horrific accident. When you notice the company name on the side of that vehicle, do you think, "I'm never going to do business with them!"? That certainly isn't good advertising for that business.

Aside from the bad publicity, a side effect of that driver's distraction is something called hidden costs or profit leaks. They are the sales you never got or may never get because of the actions of your business and/or employees. These leaks come in all shapes and sizes, and can substantially impact a business's profits. But, by controlling exposures, implementing best practices, and continuously refreshing your risk management culture, your company can create more opportunities for long-term success than your competitors that don't.

Culture is not a task, not an initiative, not a goal—it is you, your employees, your suppliers/vendors, and everything else your business stands for *every day*. Culture is critical to success—both with customers and employees. Believe it!

This article is intended to provide general information and recommendations regarding risk prevention only. There is no guarantee that following these guidelines will result in reduced losses or eliminate any risks. This information may be subject to regulations and restrictions in your state and should not be considered legal advice. Qualified counsel should be sought regarding questions specific to your circumstances and applicable state laws. All rights reserved.



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