

Where is your Risk Tolerance



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Risk Appetite vs. Risk Tolerance

Risk Appetite is the amount of uncertainty you might accept to achieve the end goal. It is a function of circumstance:

Extremely High

Low

High

Extremely Low

Moderate

Risk Tolerance is the specific level of risk that you deem acceptable within various categories



A **high-risk** tolerance culture may prioritize productivity, efficiency and compliance over safety procedures, potentially increasing the likelihood of accidents or injuries.

A **low-risk** tolerance culture places a greater emphasis on strict adherence to safety protocols, often resulting in a safer work environment but potentially at the cost of slower decision-making processes or reduced flexibility.

Hazard Recognition and Risk Tolerance

There are three distinct cognitive processes that occur when assessing hazards and determining how much risk they present. The key processes involved in risk tolerance are:

- Hazard identification – visual or sensory input that identifies a situation that could lead to risk. *Do I see it?*
- Risk perception – processing sensory information to determine exactly how and to what extent those hazards could impact our well being. *Do I understand it?*
- Risk tolerance – the cognitive process of deciding to proceed with the task or activity, to change how we do it, or to not do it at all. *Do I accept or reject the risk?*

Personality Traits and Factors

✓ **Resistant vs. Accommodating**

✓ **Anxious vs. Calm**

✓ **Impatient vs. Patient**

✓ **Distractible vs. Focused**

✓ **Impulsive vs. Cautious**

✓ **Thrill-Seeking vs. Apprehensive**

✓ **Age**

✓ **Financial circumstances**

✓ **Life Events**

✓ **Emotions**



Balance



- **Assess risk tolerance.** Conduct regular assessments to understand the prevailing risk tolerance within the organization and its impact on safety.
- **Promote safety culture.** Encourage a culture where safety is prioritized, valued and integrated into daily operations.
- **Invest in training and resources.** Provide comprehensive training programs, and safety equipment.
- **Regularly review and update protocols.** Continuously review and update safety protocols based on evolving risks, industry standards and regulatory requirements.

DEFINITIONS:

Hazard: Any agent that can cause harm or damage to humans, property, or the environment.

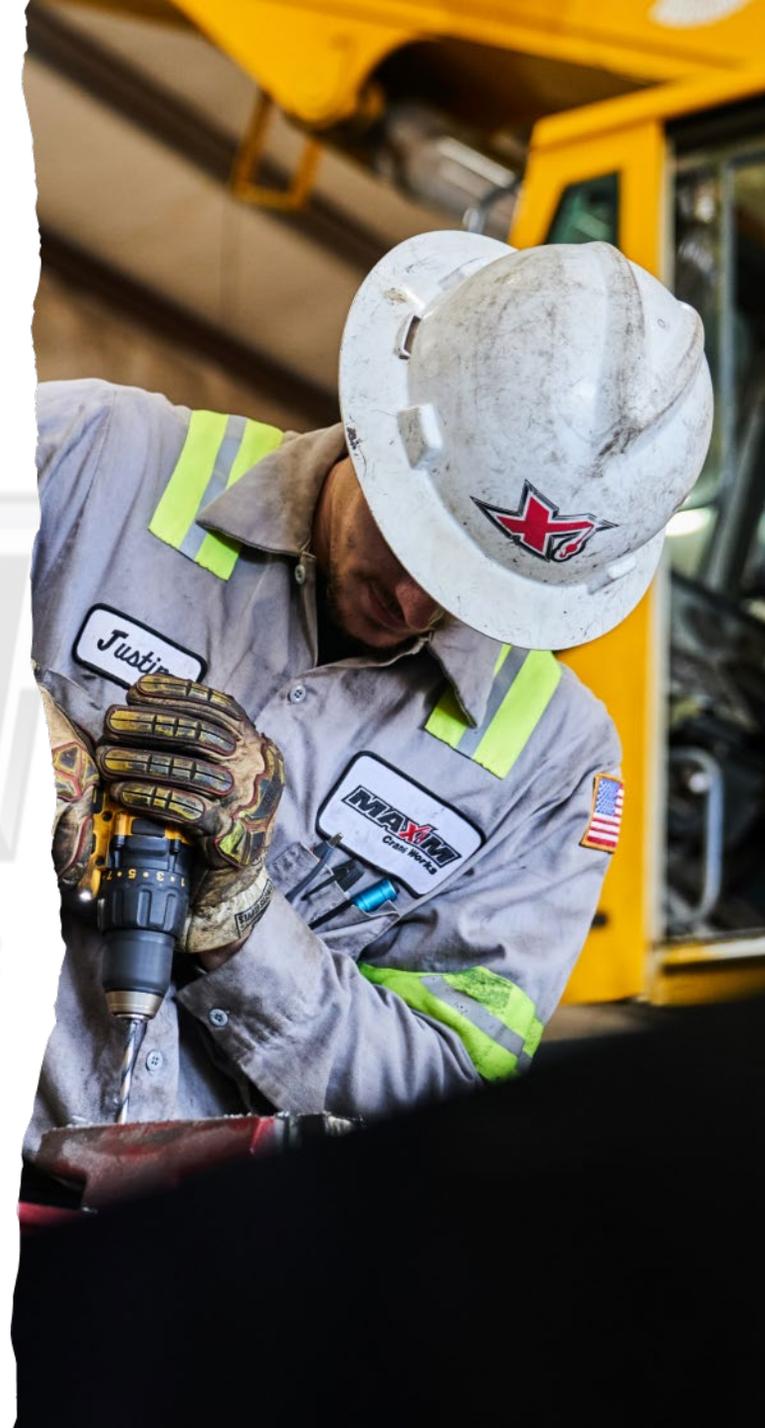
Risk: the probability that exposure to a hazard will lead to a negative consequence

Risk Tolerance:

a culture that relies on individuals being able to perceive risks when they arise, understand the consequences of the risk, and then decide NOT to tolerate ANY RISK that might make their life/job UNSAFE.

10 FACTORS THAT INFLUENCE RISK TOLERANCE

1. **Overestimating Capability or Experience.**
2. **Familiarity with the Task.**
3. **Seriousness of Outcome.**
4. **Voluntary Actions and Being in Control.**
5. **Personal Experience with an Outcome.**
6. **Cost of Non-Compliance.**
7. **Confidence in the Equipment.**
8. **Confidence in Protection and Rescue.**
9. **Potential Profit & Gain from Actions.**
10. **Role Models Accepting Risk.**

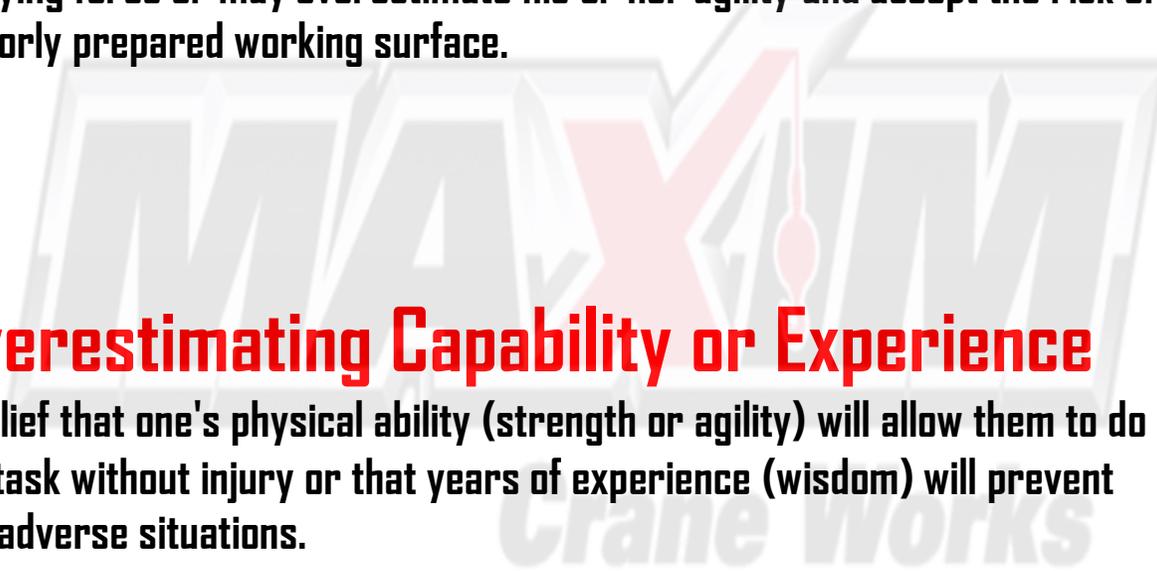


This is the # 1 Factor in Risk Tolerance:

A person may overestimate their strength and will accept more risk when applying force or may overestimate his or her agility and accept the risk of a poorly prepared working surface.

Overestimating Capability or Experience

A belief that one's physical ability (strength or agility) will allow them to do the task without injury or that years of experience (wisdom) will prevent any adverse situations.



Strategies for addressing risk created through over-estimating capability and experience:

- Reflect on your role as a mentor (Worker/Dad)
- The person watching may not have the same physical capability or experience, therefore do it the safe way so that they can learn
- Acknowledge that the physical capability and skill may be sufficient but then reinforce the way it is supposed to be done.
- Use guides, Safe lifting and material handling standards

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COMPLACENCY (Situational Awareness)

“Self-satisfaction, especially when accompanied by unawareness of actual dangers or deficiencies.”

Merriam-Webster Dictionary

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Familiarity with the Task (Complacency) or (Situational Awareness)



“He had done this task 500 times without hurting himself”



“We had stacked about 200 of them when ...”



“I do it about 10 times every day”

Strategies for Reducing Tolerance

- Situational Awareness – Treat every time like the first time **‘Stop and Think’**
- What could go wrong this time?
- How would I teach a new person to do this?
- Verbalize the steps of the task while doing it

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“How bad could it be?”

When we believe that the outcome of our actions will not be serious, we are prepared to accept more risk. If we believe the outcome to be serious, risk tolerance goes down.

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Seriousness of the Outcome

The seriousness of the outcome from an action may be underestimated or understated due to:

- i.e. “I saw an Chlorine leak, but it was nothing worst than a bad smell.”
- “I heard a PSV valve, didn’t think much of it.”



Using language and descriptors that trivialize the true nature of the risk:

- referring to a consequence as a ‘pinch’ when it is actually a ‘crush’.



Seriousness of the Outcome

Common language that discounts the seriousness of the outcome includes:

'Pinch Point'

Is a 'pinch' the worst that could happen or is it a 'crush' that will break bones or result in an 'amputation'

Could this 'pinch point' result in a fatality?



Elevated work

Is it really not that high, I am only reaching outside the handrail for a second

Dropped object

It's only a small bolt; how much could that hurt?

Peanut Butter and Jelly...



Seriousness of the Outcome Change!!!!!!!!!!!!!!!!!!!!!!

Strategies for addressing risk created by underestimating the seriousness of the outcome:

Use incident communications and safety alerts to demonstrate the seriousness of the outcome:

Use language that more appropriately describes how serious the outcome could be

Category:	<input type="checkbox"/> Health	Incident Date:	
	<input type="checkbox"/> Safety	Incident Time:	
	<input type="checkbox"/> Security	Job Location:	
	<input type="checkbox"/> Environment	Client:	
Level:	<input type="checkbox"/> Regional	Site Supervisor:	
	<input type="checkbox"/> Business Unit		
	<input type="checkbox"/> Local		
	<input type="checkbox"/> Site		

Brief Description (FACTS ONLY):

Insert Picture Here
(If Needed)

Immediate Cause:

-
-
-

Root Cause:

-
-
-

to go

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Control over an activity or engaging in an activity voluntarily results in the risk being perceived as lower.

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Actions and Being Prepared

The **decision to voluntarily participate** in a task or activity will be based on our perception of the risk associated with the task.

(Plan) out the activity.

The **desire to engage** in the activity may be great enough to discount the known risks.

(verbally/visually) go through the steps.

Thinking that we are in control of the task or activity reduces our reliance on other unknowns and therefore the risk is perceived as being lower.

Intervening when we think this. **Control over an activity or engaging in an activity voluntarily results in the risk being perceived as lower.**

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When we have had a personal experience in our past with a serious outcome, we will be less accepting of the risks associated with the activity

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Personal Experience with an Outcome

A personal experience with an outcome will make us less accepting of risk with a related activity or task.

The challenge:

- As our operations become safer, new workers may never have had a personal experience with the outcome and may be sceptical that it could occur.
- We need to ensure that workers who have not had a personal experience with an outcome still know that it is possible to have an incident with that type of activity.
- Daryl Bennett



PERSONAL EXPERIENCE WITH AN OUTCOME – CHOICES

STRATEGIES FOR ADDRESSING REDUCING RISKS ACCEPTANCE WHEN THERE HAS BEEN NO PERSONAL EXPERIENCE WITH A SERIOUS CONSEQUENCE:

Keep the 'corporate memory' alive:

- the serious incidents that our company has experienced in the past need to be communicated to newer workers
- Supervisors, '*expert observers*', and the '*keepers of the corporate memory*' have the obligation to share their experiences with newer workers

Demonstrate that incidents have occurred because of not following a procedure – "*What could go wrong?*"

Demonstrate that there have been serious consequences in the past – "*How bad could it be?*"

Use *Safety Alerts* and *Incident Summaries* from within the company, from industry associations and from other companies to reinforce that incidents have and could happen.



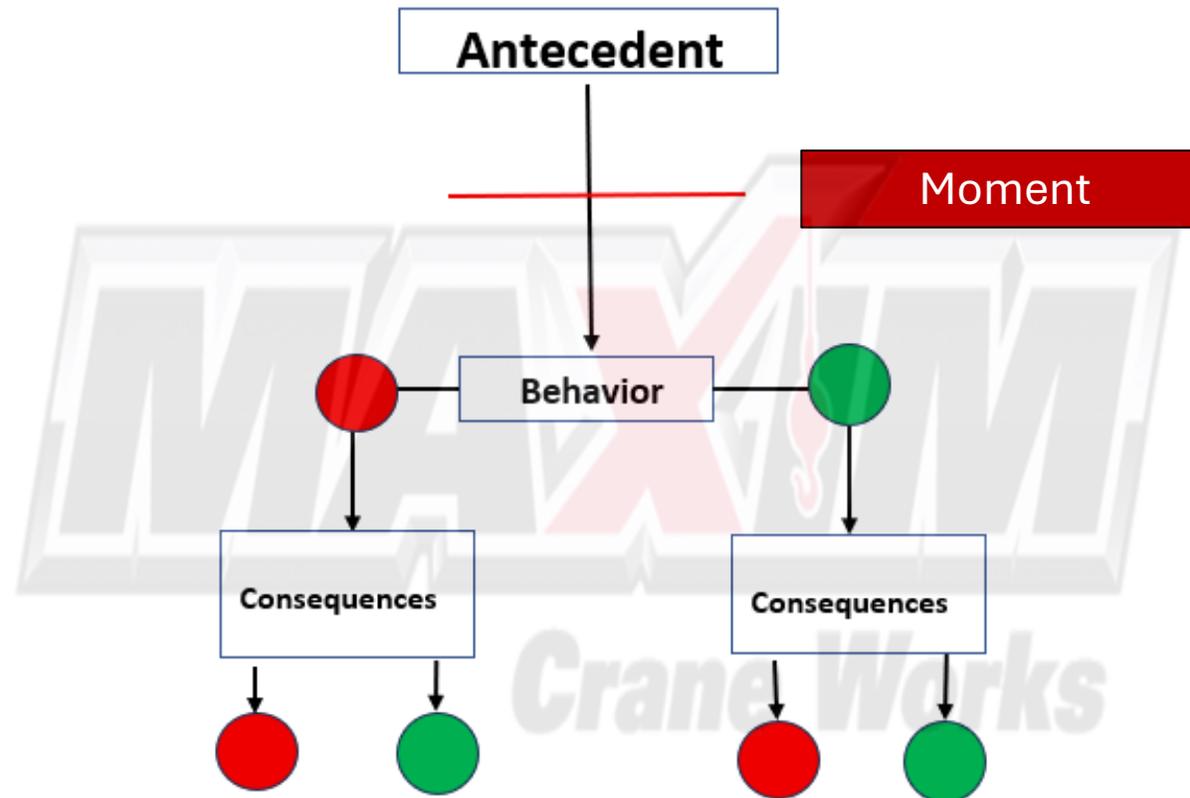
Decision Making - Antecedent- Something Coming Before

An **Antecedent** can be:

- an emotion
- belief,
- a feeling
- a value
- a task
- previous experiences
- an event
- a happening

An **Antecedent** comes before a **Behavior**.





UNSAFE ACTS AND CONDITIONS

UNSAFE CONDITIONS AND UNSAFE ACTS

1. UNSAFE CONDITIONS INCLUDE DEFECTIVE TOOLS OR EQUIPMENT, LACK OF MACHINE GUARDS, AND POOR LIGHTING.
2. UNSAFE ACTS INCLUDE DISABLING SAFETY DEVICES AND BEING UNDER THE INFLUENCE OF DRUGS OR ALCOHOL.



THE CAUSES OF INJURY





60 -30 -10

60% DON'T SEE HAZARD

30% ID THE HAZARD, DON'T UNDERSTAND RISK

**10% ID THE HAZARD, UNDERSTOOD THE RISK,
DON'T UNDERSTAND THE CONSEQUENCES!!!**

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Summary

- **Our owners truly understand that the MOST IMPORTANT ASSET they possess is the employees of Maxim and their families.**
- **Maxim Ownership, Leadership, and Management have committed to continuing to train our employees in Risk Tolerance. This training is the baseplate for all other procedural training and sets the tone for our company.**
- **Maxim's leadership has committed to continue to grow this training so that future employees will have the same experience and will learn to value Risk Tolerance not only in the workplace also in their daily lives.**

THANK YOU



RISE WITH US™

