

Risk and Crisis Management for Schools

Austega's Guide for School Leaders

Schools are expected to be well-managed businesses in addition to places of learning.

School leaders are increasingly expected to show professional expertise in a number of distinct fields: educational leadership, people management, facilities management, financial and strategic planning and, by no means least, risk and crisis management.

This guide assists school leaders in their role as risk and crisis managers. This encompasses both a professional approach to risk and also demonstrable evidence that such an approach has been undertaken.

Risk vs Crisis

A risk is any factor that might hinder a school achieving its goals, whether these are educational or financial. It is a very broad term and includes factors as diverse as the possibility of a lawsuit or of a building burning down, as well as business risks such as enrolments failing through reputation damage or demographic change, or of costs creeping higher than the school's competitors. Risks include both adverse slow long-term trends, and crisis events that occur in a moment.

Risk management involves identification of the school's risks, assessing their significance, and preparing for and treating those that are deemed significant in a measured professional manner. The mitigation can be via imposing controls, purchasing insurance or by changing the business model to reduce the underlying exposure.

A crisis is a risk characterised by time-related stress triggered by an event. The triggering events can still be diverse, including, for instance, a bomb hoax, a student kidnap, a gas leak from a neighbouring property, or a child-abuse media allegation against a staff member. Being ill prepared for or mishandling the stress of the event can sometimes be more damaging than the underlying event.

Crisis management involves responding professionally to this time-critical stress in a manner that addresses the critical needs of the time while calming rather than exacerbating the stress experienced by other participants. Crisis management is greatly assisted by preparation that ensures that needed resources are readily available – for example student lists and parent contact details being accessible offsite. Responding to a crisis requires school leaders to act spontaneously but with the support of careful planning. School leaders' skills and confidence are significantly enhanced by crisis simulation and testing.

While the focus is different, both risk and crisis management rely on systematic preparation to identify, evaluate and either remove or address sources of concern.

Risk management

The *Australian/New Zealand Standard on Risk Management (AS/NZS 3460:1999)* is recognised globally for its groundbreaking analysis of the risk management process. It details the following steps:

1. **Establishing the Context** – organisation goals, regulatory and business environment etc,
2. **Identify Risks** – elements that can undermine the organisation or hinder its goals,
3. **Analyse Risks** – determining likelihood and consequences, estimating the level of the risk in its current control environment, identifying relevant indicators,

4. **Evaluate Risks** – applying formal judgement as to whether the risk as it currently exists is acceptable or needs further treatment,
5. **Treat Risks** – if risk is unacceptable establish and implement changes required in controls, insurance and/or business strategies, with clearly defined delegation and responsibilities, and
6. **Monitor and Review** – completing the circle with clear communication and consultation with relevant parties, and appropriate management reporting including relevant indicators to track the changing risk environment.

An experienced facilitator can tailor the above process to suit the needs and culture of a school community.

Establishing the Context

In its simplest form the context is the school's goals within its framework of regulatory and community expectations. This is the bedrock against which risks, as elements that might hinder the achievement of goals, can be identified.

The school's goals need to be expressed pragmatically. Often a school mission statement is too broad or ill-defined, and needs to be broken down into the more concrete goals it implies, such as:

- Providing, and being perceived by the general community as providing, a safe and encouraging learning environment for children,
- Achieving certain levels in school leaving examinations,
- Retaining a waiting list of at least x for each enrolment year, and
- Retaining at competitive cost a high quality teaching staff enthusiastic about the school and its ethos.

Often it is useful to consider the tasks that each executive staff member undertakes and to ask their purpose – of course it is possible that some identified tasks may not be considered central goals of the school!

It is also important to analyse the community, business and regulatory environment. Issues in these domains as they can multiply some risk factors such as by increasing the potential reputation damage. A context without a "longer term view", on the other hand, can also bias the risk identification with some risks lost in the shadows of those that have media or industry attention. For example, recent focus on child protection and the new mandatory reporting requirements certainly increase the reputation risk associated with a child abuse claim (consider the Trinity College case), but it may also overshadow the risk that pastoral care is, or is perceived to be, inadequate.

Identify Risks

There are a number of industry methodologies used by organisations to identify their risks in an open, unbiased manner. There is no one right way; they all have their strengths and weaknesses, with some more suited to particular organisation cultures and particular personality types than others. It is important to remember that identifying a risk at this stage is not making any judgment about how well it is controlled.

The methodologies vary from the more to the less structured:

- *Goals structured approach* – This approach starts with confirming the organisation's goals in clear concrete terms, followed by the facilitator explicitly guiding participants to identify the factors that could prevent one or more of these goals being reached.

- *Industry experience* – This approach considers known risk incidents and near incidents from the school sector and related industries and asks how they might manifest themselves for the organisation. Lists of school risk incidents are maintained by risk management organisations that work with schools.
- *Open brainstorming* – This unstructured approach asks those participating to list any risks that occur to them that the school might face. The open approach can be particularly valuable for organisations in rapidly changing industries, such as schools with rapidly changing technology and political environments. The facilitator needs to ensure that critical or judgmental responses are kept in abeyance during the brainstorming phase.

Most of these methodologies are collaborative, using the combined experience and self-sparking of ideas of relevant staff and other participants.

However harnessing their collective experience and wisdom has two problems. Firstly it can be expensive in terms of total staff time involved, particularly with the initial degree of guidance some staff may need in a relatively new exercise. Secondly the integrity of the information gained can be compromised by group dynamics, for example, if one person dominates the group or if the group uses the opportunity to pursue some other agenda.

An experienced facilitator manages these possible problems with one of the following mechanisms:

- *Facilitated workshop* – The facilitator introduces and guides the workshop to maximise the information output while moderating the group dynamics risk.
- *Electronic communication* – The facilitator introduces the risk identification goal and methodology and then asks specific questions by email. Subsequently the facilitator circulates a summary of the responses (normally anonymously) for further ideas that these might arouse.
- *Combination of above* – This can achieve the best of both methods and in particular caters for different participants' preferred mode of interaction.

The result of this stage is an agreed articulation of the risks that the organisation faces.

Analyse Risks

The first goal of analysis is to determine which risks are significant. This is generally broken down into two stages: determining the relative likelihood and occurrence of risk events on the one hand, and then the severity or consequences of the identified risk events should they occur. These assessments normally take into account any current controls or mitigating factors.

Varying degrees of precision can be sought according to the organisation's preferences. Often the more involved analysis would only be applied to the most significant risks. Methods used include:

- *A high/medium/low qualitative ranking* – In line with the Australian Risk Management Standard, relevant participants are individually asked to rate on a high/medium/low scale both the likelihood of the risk occurring and the impact severity if it did occur. Averaging over even a small number of participants can provide an ability to differentiate between risks. Using simple numerical equivalents (for instance high=3, medium=2 and low=1 and multiplying the likelihood and severity ratings together can provide a generally useful risk priority rating – though the separate likelihood and severity scores remain important.
- *A questionnaire qualitative ranking* – This extends the above approach by asking directed questions about the likelihood and severity of the risks, for example, "Would this risk involve adverse media coverage?" or "Could this risk involve loss

of life?" The responses can then be numerically weighted more precisely than on a simple "high/medium/low" scale.

- *Scenario quantification* – This endeavours to estimate a dollar value impact for a specific risk incident scenario, and generally involves two stages:
 - *Investigation/research* – A directed consideration of either relevant industry incidents or of a hypothetical scenario to estimate the severity of the risk, and the effective quality and relevance of any controls or insurance in place, and
 - *Collaborative confirmation* – The relevant school leaders need to provide a reality check on the research assumptions and conclusions and also to "own" them. This also has useful awareness training benefits.
- *Loss data analysis* – This involves the statistical analysis of organisation and industry loss data for the risk. Theoretically attractive, this is rarely possible due to difficulties in obtaining consistently defined loss data. In many cases accounting losses would not fully capture the effective loss to the school.

In most cases one of the first two simpler approaches would be appropriate for a school risk assessment, with scenario quantification probably useful as a risk management exercise for the identified largest risks. This can be particularly useful in assessing the relevance of and reliance on controls and insurance.

The second goal of risk analysis is to move from static to a dynamic assessment of a risk by identifying indicators that track its change over time. For instance the risk of insufficient enrolments might have as indicators: [1] the number of appropriately aged children in the intake area and [2] the number of enrolment inquiries received - and alert triggers established in terms of lower than comfortable waiting list numbers two or five years ahead of enrolment. These risk indicators and alert triggers are important in the Monitor and Review phase discussed below.

Evaluate Risks

While it is not possible to eliminate risks, it is the board or council's responsibility to ensure that risks are within acceptable bounds. Consequently it is at this point, after the risks have been identified and analysed, that the facilitator will prepare a summary paper in order to allow the board or council to accept or reject the articulation of risks and to determine whether the risks in their current form are acceptable or not.

This is a formal collaborative decision, and one that will undoubtedly be revisited should a risk incident subsequently disturb or threaten the school. The board or council is accountable for this judgment and accordingly the judgment should not be made lightly.

At the outset the board needs to consider the risk articulation and be comfortable that:

- All the risks that might threaten the school and its goals have been identified,
- The identification and analysis methods and assumptions used are appropriate for the organisation's needs, and
- The analysis of key risks and their controls, insurance and other mitigating factors is adequate and realistic.

After it is comfortable with what it has been presented and the process behind it, the board then needs to determine two matters in regard to each risk:

1. Whether the board accepts the risk's current level and management as acceptable or alternately needs change (which may or may not include specific instructions from the board for the change), and

2. To whom the board delegates responsibility for any needed change or for monitoring, including clear instructions for reporting back.

The board may determine, for example, that:

- The risk of declining enrolments needs further analysis and remediation options, that the Marketing Manager is responsible for action, and that report back to the next board meeting with recommended action is required, or
- The risk of declining enrolments is currently acceptable, that the Marketing Manager is responsible for monitoring this risk, and that report back to the board is required in one year, when two year forward waiting list numbers fall below a certain level, or when the Marketing Manager believes it is otherwise necessary.

Treat Risks

This stage follows on from the analysis and evaluation. If the board finds that the current level of a risk and its management is unacceptable, then some ameliorating response is required. This can take many forms depending on the risk. These include:

- *Modifying controls* – Improving the quality or quantity of controls can reduce the likelihood and size of risks. For example the risk of fraud in an accounts department could be reduced by requiring additional management checking of payments, and by enforcing job rotation. Normally the issue is to find the right balance between costly controls and establishing the right “professional environment” – and to remember that large losses normally involve some collusion by those responsible for the controls! Controls need to be understood broadly. For example, in combating the risk of child abuse claims, controls would include school practices of avoiding private teacher/student meetings and of using glass classroom walls.
- *Modifying insurance* – Insurance can cover some exposures on some categories of risk, and adjusting the levels of cover and excess/deductible, while ensuring the policy wording is not inappropriately restrictive, may provide the risk reduction required. However it is important to consider both the credit standing of the insurer and the risk’s reputation and lost business impacts that may not be covered by insurance.
- *Preparing for risk incidents* – Being prepared for risk incidents (particularly crisis incidents) can significantly reduce the risk impact. Such preparations could include, for example, staff succession plans, considered media responses to possible incidents, as well as standard crisis-related evacuation and fire drills. The testing of these preparations adds significantly to confidence in their use in stress situations.
- *Reducing or transferring risk via changed contractual arrangements* – Some risks experienced by schools can be at least partly transferred to others. This is particularly relevant in dealing with contractors, whose involvement with the school can cause the school significant risk. Appropriate indemnities and insurance arrangements should be sought as needed. Some risks can also be transferred to parents by appropriately wording terms and conditions and permission forms, though excessive confidence in this measure may be misplaced given courts normally find that schools/teachers have a responsibility of care irrespective of such wording.
- *Reducing risk via changed business strategies* – Where the business model has not properly taken risk into account, risk management may well require underlying business strategies to change. For instance, the adoption of small specialised overnight educational excursions may have been predicated on the costing assumption that a group of say ten students would only need one teacher in

attendance – yet this needs to be rejected or modified on risk management grounds as leaving the school and teacher highly exposed to abuse claims.

The broad range of treatment methods can more than cover the skill and experience domains of all the school's leaders. Risk management requires coordination and collaboration amongst the school executive. Accordingly the person delegated to report back to the board on treatment options, and then to execute the recommended strategy, will frequently be the school's principal or its financial controller.

Monitor and Review

Risk management is not a one-off “set and forget” action. The school and its industry environment change continually and its risk and crisis management has to stay up-to-date. Indeed a major challenge for the school and its board is to establish a sustainable risk management program: one that continues to professionally protect the school and to achieve ‘buy-in” or support of the school's executive staff. It is often better to start with lower-cost high-level risk coverage than to undertake, at the outset, a detailed project.

A key part of sustainable, dynamic risk management lies in the delegation to monitor and review the identified key risks. This is facilitated by:

- Clear and clean delegation of responsibility, reinforced by reference to risk management roles in job descriptions during recruitment and annual assessment interviews,
- Clear identification of relevant risk indicators that are to be used to monitor the level of the risk or the effectiveness of the controls used to manage the risk, and
- Clear arrangements for reporting back to the board, in terms of a time period and/or a risk indicator reaching certain alert trigger levels (additionally the delegation should include a responsibility to report whenever the person feels it is necessary).

For some high level risks, the board may wish to monitor risk indicators itself on a regular basis. This would certainly be a wise practice for the principal as chief executive officer of the school, providing him or her with a quick overview of the way the major risks of the school are changing.

Crisis management

Crisis management can be seen as a subset or special case of risk management. It starts with the same stages of establishing the context and identification – although with a focus on incidents with time-critical stress.

Management of these identified crisis incidents generally takes the following steps:

1. **Analysis & prevention** – normally a workshop of hands-on participants, identifying critical dependencies and issues, identifying and implementing means of avoiding crisis incidents, identifying appropriate work-arounds in the event of occurrence
2. **Preparation** – collating necessary information and putting identified necessary contingency arrangements in place, including keeping arrangements up-to-date
3. **Training, testing & review** – acclimatisation training, desktop tests, physical walk-throughs, unanticipated simulations, review and revise

An experienced facilitator can guide an organisation efficiently through these stages.

Analysis & prevention

While the identification of risks with crisis characteristics may be appropriately done at an executive management level, the analysis of the potential incidents needs to involve those with day-to-day hands-on experience. Managers can easily “assume” practices that simply do not occur. Alternately perceived major risks may already have ready solutions because those that handle the work day-to-day have developed practices that protect them. Sometimes, however, the opposite is the case. Assumed protections are not in place, or cannot be achieved, and the person on the spot knows this while the manager does not. The first rule in crisis analysis is “Do not assume anything – check it out.”

The analysis stage should:

- Identify the essential functions impacted by the identified crisis and then identify the function’s critical dependencies, such as the core technologies or resources that are relied on. With increasing use of computing systems, this is an obvious candidate, but so are communication systems, safe physical spaces, key staff (and their knowledge), and even critical paper files.
- Be on the look out for easy crisis prevention. If a work practice can be easily changed to reduce a critical dependency then the opportunity should be seized.
- Construct a list of elements that need further work/preparation. Likely candidates would include:
 - Arranging suitable alternate sites both for immediate student evacuation and for subsequent ongoing use should the current site be unusable,
 - Compiling necessary contact information for ready access out-of-hours or off-site,
 - Preparing simple protocols for immediate handling and escalation of incidents (some of these may be specific to certain types of incident eg personal injury or bomb hoax, but there should also be a general protocol),
 - Arranging communication protocols and systems to allow the school community to be kept informed of developments in the event of a crisis.
- Allocate these tasks to appropriate persons clearly and with defined completion dates. This would generally be best seen as an ongoing responsibility for keeping the element up-to-date rather than just a one-off task.

These stages will be achieved by a combination of facilitated workshop and follow-up communication. The facilitator generally coordinates and reports to the principal on progress.

Preparation

The output of this stage is prepared protocols, action scripts and other resources that will support and facilitate effective crisis management. It starts with the work undertaken to respond to the elements identified in the analysis stage.

With these resources coming from different individuals, there is an important role for a facilitator to review, edit and coordinate these responses to ensure consistency, fit, complete coverage and immediate useability under stress conditions by their audience of school leaders and managers.

The facilitator needs to find the balance between recognising and relying on the expertise of the staff in place (and retaining their buy-in for the on-going process) and managing and eliminating any remaining weaknesses.

Some parts of this process will take considerable time, and require some hard business decisions. As with many businesses, a school is unlikely to wish to pay commercial rates

for alternate premises to cover the possibility of loss of their primary site. A more attractive alternative is often a reciprocal agreement with a suitable appropriately located school to support each other in such a crisis – such agreements inevitably take time to arrange. Similarly preparations to facilitate the replacement and rebuilding of a computer system inevitably involve time-consuming discussions with technology suppliers and experts.

In addition some factors may be identified that can only be reasonably achieved at the next acquisition or redevelopment cycle – these could include additional backup or remote access features for computer systems, or alternate exit locations or safety features for buildings. Once identified these requirements need to be effectively added to specifications for whenever these capital works/purchases next come up.

A final key part of this preparation stage is to ensure the protocols and resources will be up-to-date and readily accessible when they are suddenly needed by a crisis. A manual that is too hard to use or that is only located in a burning building is not much use. Lateral thinking and hard experience is needed here. Solutions normally comprise a range of alternatives such as:

- Wallet cards with immediate contact details and escalation protocols
- Protocol or action scripts located at likely need points (eg handling of bomb threats near main reception phones)
- Managers and relevant staff having two binders with tabbed action scripts and resource information (one for their office and one for their home)
- A regular (say quarterly) system of these binders being replaced with updated versions (this ensures that managers handle them and know where they are each quarter and is much more reliable than distributing update sheets)
- Asking managers at random if they have any suggestions as to how the binder and other resources could be made more useable.

Training, testing and review

The training, testing and review phase is the most important. It confirms the quality of the earlier stages, in terms of both content and useability in times of stress.

Even more importantly it builds the skill and confidence of staff in responding to crises. The goal of testing is to find weaknesses in the preparation, not in the staff. Rather it is to train the staff in what is expected of them in a crisis, and provide them with the chance to become familiar with the resources prepared for these contingencies. If a staff member does not feel comfortable with his or her role, then either some further resource needs to be developed or simply more training and testing is needed.

Training would normally be done face-to-face with the management group, partly to reinforce the mutual support that is fundamental to crisis management. Topics covered would normally include:

- The perspective and high level principles of crisis management,
- Industry experience of managing crisis incidents (to provide some familiarity),
- Background information in the more likely crisis domains (eg the Fire Service talking about issues with school fires and evacuations, the Police talking about violence and hostage situations at schools),
- Familiarity with the prepared resources such as the wallet card and action script/resource binder, and
- Purpose of the testing regime being to provide confidence and to review preparations.

The testing program normally has several phases, with the underlying principle being to build up confidence and familiarity before undertaking the more stressful and costly crisis simulations. The testing program's sustainability is important both for its credibility and to capture new staff or staff in new roles. The normal stages are:

- *Scenario talk-throughs* – The facilitator presents a crisis situation to the key participants (sitting together around a table) and asks them to respond. The situation can initially be a standard one for which there is a prepared action script but in later sessions it would normally be a compound situation with “developments”. Participants join in as they “are advised of the crisis”. The facilitator undertakes all the roles of missing participants including for example students, parents, media, emergency services. Participants have access to their prepared resources, though the facilitator can throw in appropriate gremlins such as “the phones are out” or “the principal is being held hostage and can’t take your call” if these are part of the crisis situation. Often the most valuable part of these scenario talk-throughs is the discussion and review by the participants after the test has finished. This can identify resources that need to be prepared. A good facilitator can also ensure that participants’ appropriate actions are reinforced.
- *Unanticipated scenario run-throughs* – These are identical to the above except that the facilitator contacts each individual as the crisis situation unfolds. They then need to come to a pre-designated meeting room to continue. It adds two critical elements of realism: firstly that a crisis doesn’t hit when you are expecting it, and secondly that physical communication and travel can be major issues in the early stage of handling a crisis. Realism is also usefully enhanced by actual use of tools like phones (with the facilitator taking calls made to those not involved in the test), computers (for accessing information) and copiers. This gives the test a more real time pressure feel. Clearly it is essential that the test is not confused with a real crisis. This protection is normally achieved by advising possible participants that such a test will occur within the next say two weeks, and secondly by ensuring that all phone or other contact related to the scenario run-through begins with words like “This is a scenario test and not a real crisis.”
- *Restricted live tests* – These normally cover particular aspects of a larger crisis. Common examples would be to test school evacuation protocols and to test the capacity to rebuild a computer system complete with restored data at an offsite location, others might include unanticipated testing of the effective reach of a school-wide communication system (eg checking that everyone does hear a message on a PA system) or checking, with prior liaison, the effective response of various emergency services (eg. ensuring that they arrive at the appropriate point where the appropriate information is ready for them). Many of these involve the use of external parties – and this type of testing ensures that assumptions made by both sides are tested. These tests can, however, be expensive and require extensive pre-planning.
- *Full live tests* – Although representing the pinnacle in the testing phase, full live tests are not often done. Reasons for this include not only the costs, but also the disruption to the school (and possible media coverage) that might result. A fully realistic live test is sometimes almost as disruptive as the crisis against which it is designed to provide protection. Certainly if it is adopted, planning for this level of testing needs not only to liaise carefully with emergency services and other third parties that will be involved but also to consider the way it is portrayed to the school community and general public.

The review phase harvests the value of the testing. All participants should be encouraged to contribute to this. Allowing for different personalities, this is generally best handled by both an immediate open forum and the invitation for written comments after the event.

The facilitator's role at the open forum is to ensure a positive open tone to the discussions and, of course, to document any identified weaknesses in the preparation. Subsequently he or she manages their rectification, either directly or via following up with the appropriate persons. It is important for ongoing support that participants who have made significant suggestions either see a resulting change or hear why the suggestion was not pursued.

Services offered by Austega

Austega provides risk and crisis management facilitation services to schools in NSW and across Australia. It can provide a review of your current risk exposures and the controls and insurance arrangements you have in place to manage them. It can also assist you to respond to any risks that you identify as unacceptable.

Austega combines:

- Active experience in risk identification, management and measurement,
- Active facilitation, development and testing of business continuity arrangements
- Active work in the school education sector
- Business management and statistical modelling skills
- Monitoring of technological developments with particular application to education.

Austega understands that schools are hectic, financially constrained and unique business environments. It can provide risk and crisis management facilitation services in a cost-effective and sensitive manner tailored to the particular goals of the organisation. This would normally involve some face-to-face workshops with the participants involved, but can rely otherwise on electronic communications to reduce costs and the extent of intrusion into the busy day of schools and their leaders.

Austega offers a quality service to meet the needs of schools. For more information please contact:

Austega Pty Ltd
Attention: David Farmer
10 Lascelles Road
Narraweena
Sydney NSW 2099
Web <http://www.austega.com/>