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Integrated Risk Management in bus service tendering; what can it do for you?



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Intro

Topics to be discussed



Topics

- WHAT: what is Integrated Risk Management?
- WHY: what can it do for you?
- Risk Management maturity in practice
- HOW: where to start?
- Conclusion

➤ What is Integrated Risk Management?

- Integrated Risk Management (IRM) = Managing the risks and opportunities on all levels in an organization
- Risk/opportunity = an uncertain event with a cause, a probability of occurring, and an impact on the realization of goals





What can IRM do for you?

The WHY



➤ Advantages

- Ensure that goals and objectives will be realized
- Help seize or enhance opportunities as soon as they arise



“What if we don’t change at all ...
and something magical just happens?”

- Lower costs of business failure
- Better decision making
- Compliance with relevant regulations



➤ Because...

- You know what measures to take to prevent negative events
 - Or to enhance positive events happening
- You know what to do when negative events do happen
 - Or to increase the effect of positive events
- Including non-compliance with rules & regulations





IRM maturity in practice

Assessment of maturity of IRM in public transport



➤ Methodology

- 4 PTAs and 10 PTOs from several countries
- Based on most recent annual reports
- Criteria:
 - Focus on risk management (policy, process etc.)
 - Risks and opportunities covered
 - Quality of descriptions of risks and opportunities
 - Description of risk appetite
 - Focus on bus service contracts
 - Focus on electric/autonomous buses
 - Attention paid to climate resilience
- Scores: 1 up to 5 stars on every criterion

PTAs and PTOs

- PTAs:
 - Transport for London
 - Metropoolregio Rotterdam Den Haag
 - Vervoerregio Amsterdam
 - Provincie Utrecht
- PTOs:
 - Arriva (Deutsche Bahn)
 - Abellio (Nederlandse Spoorwegen)
 - Go-Ahead
 - Stagecoach
 - HTM
 - RET
 - GVB
 - Connexion (Transdev)
 - Qbuzz (FS Italiane)
 - Syntus Utrecht (Keolis)

➤ Ranking Public Transport Authorities

#	PTA	Maturity of IRM
1	Transport for London	★ ★ ★
2	Vervoerregio Amsterdam	★ ★ ★
3	Metropoolregio Rotterdam Den Haag	★ ★
4	Provincie Utrecht	★ ★

- No description of risk appetite
- Climate resilience is not really an item
- Little to no focus on electric buses, no focus on autonomous transport

➤ Ranking Public Transport Operators

#	PTO	Country	Maturity of IRM	
1	Stagecoach	UK	★ ★ ★ ☆	
2	Abellio (NS)	UK (Netherlands)	★ ★ ★ ☆	
2	Go-Ahead	UK	★ ★ ★ ☆	
4	GVB	Netherlands	★ ★ ★	
4	Qbuzz (FS Italiane)	Netherlands (Italy)	★ ★ ★	
6	Arriva (Deutsche Bahn)	Netherlands (Germany)	★ ★ ☆	
6	RET	Netherlands	★ ★ ☆	
8	HTM	Netherlands	★ ★ ☆	
9	Connexion (Transdev)	Netherlands (France)	★ ☆	
10	Syntus Utrecht (Keolis)	Netherlands (France)	★ ☆	

➤ Ranking Public Transport Operators (2)

- PTOs are more mature at risk management than PTAs
- Risks always described, opportunities only by some
- Quality of descriptions varies from poor to really good
- 4 out of 10 have an extensive description of risk appetite, the rest have none at all
- Half of the operators pay attention to the risks of their individual bus service contracts
- 6 out of 10 don't have any mentioning of the risks and/or opportunities of electric buses
- Climate resilience is only an item for 2 of the operators



How to?

Practical guidelines



➤ Where to start

- IRM is universal; steps are not specific for one sector
- 6 Steps:
 1. Identify goals and objectives
 2. Identify risks and opportunities
 3. Develop a healthy risk appetite
 4. Assess probability and impact of risks and opportunities
 5. Determine adequate control measures with respect to the risk appetite
 6. Check if control measures are effective



➤ What to avoid

- Some pitfalls:
 - Trying to be 100% complete
 - Identify existing problems as risks
 - Identify predictable events as risks
 - Identify a non-effective control measure as a risk
 - Assume that all risks have to be mitigated or eliminated
 - Assume the risk is mitigated just because there is a control measure





Conclusion



A short conclusion

- From an Integrated Risk Management point of view there is still a lot to gain for PTAs as well as for PTOs, mostly:
 - lower costs of business failure
 - better decision making
- PTAs and PTOs need to collaborate to further improve the maturity level:
 - board room (of parent company)
 - concession management (daily operations)
- Beware of the pitfalls!