

Vehicle Fleet Risks in the U.K.

STRATEGIC RISK MANAGEMENT

John Stevens is managing director of RiskFrisk and Fleet Risk Profiler in the U.K. In this interview, Stevens discusses the SH&E risks and costs facing vehicle fleets in the U.K. today and explains RiskFrisk's role in helping companies create effective fleet risk management programs.

TPS: Please provide a brief description of your professional background and of your position(s) with RiskFrisk and Fleet Risk Profiler.

JS: I have worked in the private and public sectors in senior positions and international operations covering human resources, employee relations, training and development, fleet management and risk management, including employee safety and health, fleet risk management, production safety and fire safety.

I originally formed RiskFrisk in 1998 and then led the project team that designed and developed the Fleet Risk Profiler management system in 2008.

RiskFrisk specializes in strategic health and safety and fleet risk management, and we work with clients from many sectors and organization sizes in the U.K. and internationally.

TPS: What are the greatest SH&E risks facing vehicle fleets

in the U.K. today?

JS: The greatest SH&E risks facing vehicle fleets and related operations in the U.K. are:

- organizations with very poor awareness of their total risk and cost exposures and how to improve;
- where action is taken, a focus on local piecemeal initiatives for minimum legal compliance;

- using superficial uncoordinated initiatives without any awareness of their relevance or benefit;

- assumption that fleet risk management is only about driver risk assessment;

- poor attention to fleet matters, and at best, ineffective systems for management control;

- limited identification and prioritization of actions and very little measurement of progress and cost benefit;

- no official standards to drive risk and cost reduction programs;

- pressures on costs and delivery slots as well as higher fuel and insurance prices;

- competition from outside the U.K. and lack of general profitability;

- organization reducing delivery/sales/service people but increasing call rates, etc. in a larger area;

- drivers using mobile phones, etc. while driving.

TPS: Does the U.K. have any fleet safety standards or guidance similar to Safe Practices for Motor Vehicle Operations (ANSI/ASSE Z15.1-2006) in the U.S.?

JS: Much government and industry guidance is available, but nothing as specific as Z15.1 has been published. The content of our Fleet Risk Profiler™ system goes beyond Z15.1 to provide a globally relevant reference tool for good/best practice.

In 2003, the U.K. Health and Safety Executive (HSE) published a short document stating that managing work-related driving was part of the legal requirements for general health and safety management, e.g., risk assessments, training, etc.

The police, who investigate work-related road deaths, have published detailed guidance on how to investigate such deaths, but these are not standards. The police and HSE inspectors will now jointly investigate work-related driver fatalities.

TPS: Is distracted driving as big a problem in the U.K. as it is in the U.S.? If so, what is being done to educate fleet drivers about the dangers of distracted driving?

JS: I cannot comment as to the relative size of the problem in the U.K. and U.S., but it is clear that the problem has not reduced in the U.K. for a number of reasons:

- Many vehicle manufacturers now provide Bluetooth systems as standard, and car and truck manufacturers are putting more information in front of the driver, as well as externally more traffic signs and other roadside distractions.

- Many more people now have smart phones, with larger screens, which provide services that people may be tempted to use while driving, such as satellite navigation, texting, even e-mails!

- The U.K. introduced legislation making it a clear offense to drive while holding a mobile device, but the law remains unclear as to whether it is an offense to use a device with a hands-free system. However, the police have prosecuted offenders involved with road traffic incidents for using this system as well as for using a handheld device.

- Very few companies have decided to enforce a complete ban on the use of mobile devices, but this policy is gathering momentum and many influential global organizations





are now considering a total ban based on recent scientific evidence relating to the distraction caused by using mobile devices.

- The police tend to target other offenses, such as drunk driving, and overall there are fewer active police patrols.

TPS: *Based on your experience, what are the greatest SH&E benefits of an effective fleet risk management program? How soon can an organization typically expect to see results?*

JS: The greatest SH&E benefits are:

- identifying all fleet and related risk and cost exposures within fleet, logistics and supply chains;

- evaluating a complete range of strategic, management and operational factors, including KPIs;

- knowing where the organization is most exposed, in terms of risk, cost and operational inefficiencies;

- developing an action plan based on detailed and valid data, rather than guess work;

- being able to show all stakeholders, especially regulators, that you are in control, internally and externally, including benefits to your reputation;

- reducing accidents, incidents and resulting injuries as well as losses and direct/indirect costs.

We find that clients typically achieve up to a 20% improvement in overall cost reduction, with measurable benefits within 12 months of starting their fleet risk management review process, provided they implement the agreed action plans and continue to monitor and maintain their full range of risk and cost controls.

TPS: *How does RiskFrisk determine an organization's fleet risk management needs?*

JS: We normally start with a strategic enterprise-wide review of the whole organization looking at strategic, management and operational systems across their total internal and external operations,

including their supply chain. The review identifies where the organization is most at risk and where their standards, policies, procedures and management systems need improving.

Our methodology also has two levels depending on the level of assessment and analysis required by the client. The most detailed review looks at the status of four factors when considering each relevant risk element: risk identification and assessment; policies and procedures; communications and training and monitoring and review. The "Lite" version reviews the overall management status for each risk element.

Detailed analysis shows the types and levels of risk and cost exposures and is used to generate a detailed action plan based on the organization's risk appetite, available resources and broader priorities. The action plan includes recommendations for improved management systems, e.g., vehicle management, driver assessment and training, journey/delivery assessments, environmental assessments, creation of management standards, policies and procedures.

We then support the organization to implement their action plan, including creating policies and

procedures, and by using carefully selected providers of specialist fleet services. We also work with the organization to adopt either RiskFrisk fleet standards (within our Fleet Risk Profiler system) or to support the development of their own standards. The standards are then used for ongoing performance reviews and action planning. We can adapt our Fleet Risk Profiler system to match an organization's own standards.

Depending on the organization's structure, the next step is to review the fleet risk management status of each division, country or site/depot and to develop action plans. Progress is assessed by undertaking reviews at regular intervals.

TPS: *What factors does RiskFrisk take into account when evaluating an organization's fleet risk management program (or lack thereof)?*

JS: You are right when you ask about "lack thereof" as we identify some real horror stories, often on the surface or more often buried, so our reviews are very thorough and detailed. We start with a risk profiling exercise using 16 strategic, management and operational factors, including vehicle types, loads carried, journeys and geography,

vehicle and driver status, vehicle and mileage, accident ratios, etc. This identifies the organization's operational risk profile and highlights aspects of their fleet and related operations that are not well managed, not properly considered or often completely overlooked.

We then use eight risk areas—vehicles, drivers, loads, sites, journeys, environmental, management and organizational—with more than 260 risk elements to risk assess the organization's existing strategic, management and operational control status. The organization is only assessed on those risk elements, which are relevant to their fleet and related operations. A detailed analysis is used to generate a targeted action plan based on the organization's risk appetite, available resources and corporate/local priorities.

TPS: *RiskFrisk has launched an online fleet risk management system, Fleet Risk Profiler. How did RiskFrisk develop and test the system processes and content?*

JS: The Fleet Risk Profiler system was developed using a combination of the experience and knowledge of a team of specialists who had developed and implemented successful fleet risk management systems within the U.K. and internationally.

Our international experience and consultancy projects helped us understand that progressive organizations, with operations in many countries, require auditing/assessment systems and action planning tools to manage the implementation and monitoring of a risk management system, relevant for all types and sizes of fleet and related operations, anywhere in the world. We also understood that such organizations wanted to inform their decision-making processes, with internal and external benchmark data, including with comparable fleet industry sectors.

Our experience of working internationally with people at all levels

also identified a requirement for a system that provides extensive and detailed analysis but deliberately does not tell them what the actions and the priorities should be; leaving them to make their own decisions, with our input, based on the organization's risk appetite, available resources and business, department or individual goals and objectives.

For the content, we drew from international risk management and fleet standards (including Z15.1), our own standards, client policies and procedures and good/best practices across the fleet, logistics and supply chain industries. We specifically used risk management concepts and methodologies to develop the processes and content and also deliberately focused on strategic, management and operational systems and risk- and cost-based content, rather than a narrow legal compliance focus. This means the system is a combined business, risk management, fleet risk management, environmental and SH&E tool.

We undertook extensive system testing within the U.K. and internationally to ensure that outputs were valid, consistent and accurate before the formal launch. U.K. and U.S. companies in the U.K, U.S. and Europe use the system, and we are soon to launch into South America, starting in Argentina working through a local partner.

TPS: *Where can the Fleet Risk Profiler system be used and by what type of organization?*

JS: The Fleet Risk Profiler system can be used by organizations:

- anywhere in the world;
- for any type of fleet and related operations, including internal operations and supply chain;
- for a corporate review of an organizations complete fleet and related operations;
- to undertake a single site management and operations review;
- for due diligence assessments of supply chain partners;
- for compliance monitoring of supply chain partners;

- to compare performance using internal and external benchmarking, including fleet industry sectors;

- to monitor and measure improvements in control efficiencies and effectiveness, including metrics;

- to implement an internal fleet risk management standard;

- to provide information for insurance underwriters.

TPS: *What are RiskFrisk's expectations for the system?*

JS: Our expectation is that the system will become the global benchmark for a complete fleet risk management system and used globally by organizations with diverse operations, complex fleets and related operations in multiple locations in many regions/countries. Especially those who wish to use the system for baseline audits, the implementation of fleet risk management standards and regular reviews of performance and management control linked to the organization's performance management system.

TPS: *What are RiskFrisk's goals and objectives for 2011?*

JS: We plan to:

- work with a large global logistics/supply chain organization;
- target international organizations;
- launch the Fleet Risk Profiler product in South America;
- launch our South American partners' insurance underwriting product in the U.K, then Europe;
- establish partnership sales operations in the U.S., Canada, South Africa and Australia. ☺

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