

# SAFE TIME

## Loss Reduction



by Ir. Shum Keng Yan

IN Safety Management Systems, many of the systems deal with Risk Based Loss Prevention which is more proactive. Topics pertaining to Risk Based Loss Reduction will be discussed in the coming articles. Even though this is reactive in nature, we shall still need to be prepared when unexpected events happen. Before we begin, let us take a look at the following table to get an overview of the types of risk treatment methods, their explanation and examples.

However, we shall skip the Fire Protection Systems and focus on the Business Continuity Plans. In fact, the scope of Business Continuity Planning is larger than the scope of safety. Yet, safety takes a huge chunk of the responses required and many safety professionals are involved.

Let us start with some basics. The term, Business Crisis and Continuity Management (BCCM), as used by the United

States' FEMA, will be used in place of Crisis Management and Business Continuity Management. Different organisations would either use the term, Crisis Management or Business Continuity as an umbrella heading, and sometimes they are used interchangeably.

We will look at a simpler model on how to actually ensure that BCCM works. We will start off with the textbook stuff and then move onto a method which you can easily use without having to ransack all the manuals during a crisis!

If you would like to refer to a certain standard, it would be a good starting point to check out the ISO 22301:2012, on "Societal Security – Business Continuity Management System – Requirements". Sounds like a plan? If you have any opinions related to the above topic, feel free to drop me an e-mail at: [pub@iem.org.my](mailto:pub@iem.org.my). ■

Risk Treatment Method	Explanation	Examples
AVOID – risk is no longer present	Avoidance (cannot happen any more)	Control Measure: Elimination
RETAIN – risk is still present	Loss Prevention (has not happened)	Control Measures: Substitution, Isolation, Engineering Controls, Administrative
	Loss Reduction (already happened)	Fire Protection Systems Business Continuity Plans (Emergency Response Plans, Business Recovery Plans)
TRANSFER – risk is still present	Share with others	Insurance Contract (indemnity, disclaimer) Sharing of risks (e.g. Joint Venture)

*In a strange way, the further we head towards "reactive", the more we are willing to pay. In many organisations that I have studied, organisations pay the most for insurance (with little hesitation), followed by BCCM and the least at loss prevention (which requires a lot of justification!) Perhaps we should be more proactive and invest in the processes that prevent incidents from happening in the first place!*

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