

E-PME  *Enlisted*
PROFESSIONAL MILITARY EDUCATION

Operational Risk Management 4.G.04

Learning Objective(s): **DISCUSS** the purpose of Operational Risk Management and standard risk terminology.

Why You Need to Know This

Human error causes a significant number of mishaps that have resulted in the loss of personnel, cutters, boats, aircraft, and equipment.

Operational Risk Management (ORM) is an approach used by the Coast Guard to assist with mission-related risk assessment. Whether conducting buoy operations, landing helicopters, or inspecting tank barges, ORM provides a logic-based, common sense approach to making calculated decisions on human, material and environmental factors before, during, and after Coast Guard operations.

This lesson will provide you with the information you will need to know in regards to Operational Risk Management.

Topics Covered

This section will cover the following topics:

- ORM Purpose
- Risk Terminology

At the end of this lesson you will be required to participate in a learning activity. You are encouraged to first review the learning activity and the sign off requirements located in the “**For You and Your Supervisor**” section of this lesson. Reviewing this information before you begin the lesson will allow you to take proper notes and focus on key learning points.

ORM Purpose

One of the Coast Guard's primary goals is to minimize personnel loss and property damage due to mishaps. Mishap records show that approximately 88 percent of all mishaps are due to the unsafe acts of people, while 10 percent are due to unsafe conditions not identified or corrected by people. Thus, 98 percent of all mishaps in the Coast Guard are attributed to unsafe acts and conditions caused by people.

ORM provides a logical and systematic means of identifying and controlling risk. The tools of ORM are designed to eliminate unsafe acts by people, as well as reduce or eliminate unsafe mechanical or physical conditions. ORM is not a complex process, but does require individuals to support and implement the basic principles on a continuing basis. Within the Coast Guard, while managers are directly responsible for safety, supervisors are the key persons in the mishap prevention process.

Risk Terminology

In order to communicate risk effectively, it is important that all Coast Guard personnel have a shared understanding of standard ORM terms. The list below contains key terms that shall be used when communicating risk across program and activity lines:

- **Operational Risk Management (ORM)**: A continuous, systematic process of identifying and controlling risks in all activities according to a set of pre-conceived parameters by applying appropriate management policies and procedures. This process includes detecting hazards, assessing risks, and implementing and monitoring risk controls to support effective, risk-based decision-making
- **Risk**: The chance of personal injury or property damage or loss, determined by combining the results of individual evaluations of specific elements that contribute to the majority of risk concerns. Risk generally is a function of severity and probability. The models in this Instruction, however, single out exposure as a third risk factor
- **Severity**: An event's potential consequences in terms of degree of damage, injury, or impact on a mission
- **Probability**: The likelihood an individual event will occur
- **Exposure**: Exposure incorporates the following factors involved in a given event:
 - Amount of time
 - Number of cycles
 - Number of people involved and/or
 - Amount of equipment

These factors are expressed in time, proximity, volume, or repetition.

Risk Terminology (Continued)

- **Mishap**: An unplanned single or series of events causing death, injury, occupational illness, or damage to or loss of equipment or property
 - **Hazard**: Any real or potential condition that can endanger a mission cause personal injury, illness, death, or damage equipment or property
 - **Risk Assessment**: The systematic process of evaluating various risk levels for specific hazards identified with a particular task or operation. Various models are available to complete this step in the ORM process
 - **Risk Rating Scale**: A scale of specific risk degrees, determined during the ORM process's risk assessment step. Various Coast Guard communities and activities should use the safety industry's standard terms of low, medium, or high when discussing risk across program lines. However, each community will define low, medium, and high risk in terms meaningful to its own personnel
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Learning Activity



To successfully complete this requirement you will need to discuss with your supervisor the purpose of ORM and the terms associated with this process.

For You and Your Supervisor

In order to meet the sign-off requirement for this lesson **YOU** must perform the following:

1. Prior to meeting with your supervisor review the contents of this lesson and organize your thoughts in writing.
 2. Discuss the general concept and key terms associated with ORM.
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For You and Your Supervisor

Before signing off on this requirement your **SUPERVISOR** must:

1. Make sure the member comprehends the general concept and key terms associated with ORM.
 2. Provide the member with corrective feedback and answer any questions they may have related to this topic.
 3. Sign-off the check-off sheet on the Record of Enlisted Professional Military Education (E-PME) Performance Requirements.
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References

The references used to develop this lesson can be found at CG Directives (CG-612), www.uscg.mil/directives:

- Coast Guard Operational Risk Management, COMDTINST M 3500.3
- Coast Guard Team Coordination Training, COMDTINST M 1541.1

Later on in Your Career

The EPME course will expand your knowledge on this topic to include Operational Risk Management principles and processes along with the Incident Command System (ICS).
