



MARSH RISK CONSULTING CAPABILITY STATEMENT

BACKGROUND

Enterprise Risk Management (ERM) maturity assessments are central to seeking answers to two key questions:

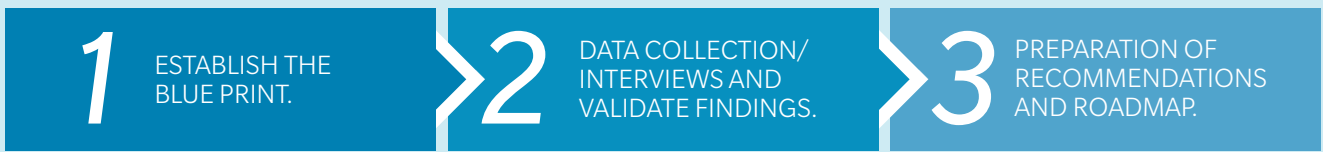
1. How advanced are we within the risk management space and what changes are required to improve performance?
2. What does best practice actually look like (from both a global risk management and market/industry sector perspective)?

To help answer these questions, Marsh Risk Consulting (MRC) could provide ERM advice to your airport through an independent review of your risk management current state, your preferred future state, and the development of an implementation roadmap to achieve your risk management goals.

The unique challenges of any airport operation carry a burden of risk. This risk needs to be effectively managed to ensure success. Having a framework and process in place to guide your staff on the identification, assessment, control, transfer, and management of risk is fundamental to this success.

The purpose of this paper is to set out our typical approach and credentials for your consideration.

METHOD



The proposed approach typically involves a combination of structured interviews and a desktop review of documentation to critically examine and benchmark current risk management practice against peers and a variety of globally accepted industry standards (see below). A gap analysis between current state and the characteristics and indicators of an agreed future state would then generate a blueprint for risk management and a delivery “roadmap”. This would be designed to ensure future development activities fully leverage investments to date where practicable.

BEST PRACTICE

There are a large number of “best practice” risk management guidelines and requirements in circulation, created within many jurisdictions, and by many different bodies for a wide variety of reasons. Marsh has developed a point of view that considers the broad spectrum of best practice, including our own experience working with hundreds of clients in multiple industry sectors. Our best practice criteria aim to deliver value beyond compliance, and are therefore more than simply an amalgamation of many different standards. We have however still drawn down from a variety of reference guidelines and standards as illustrated below.



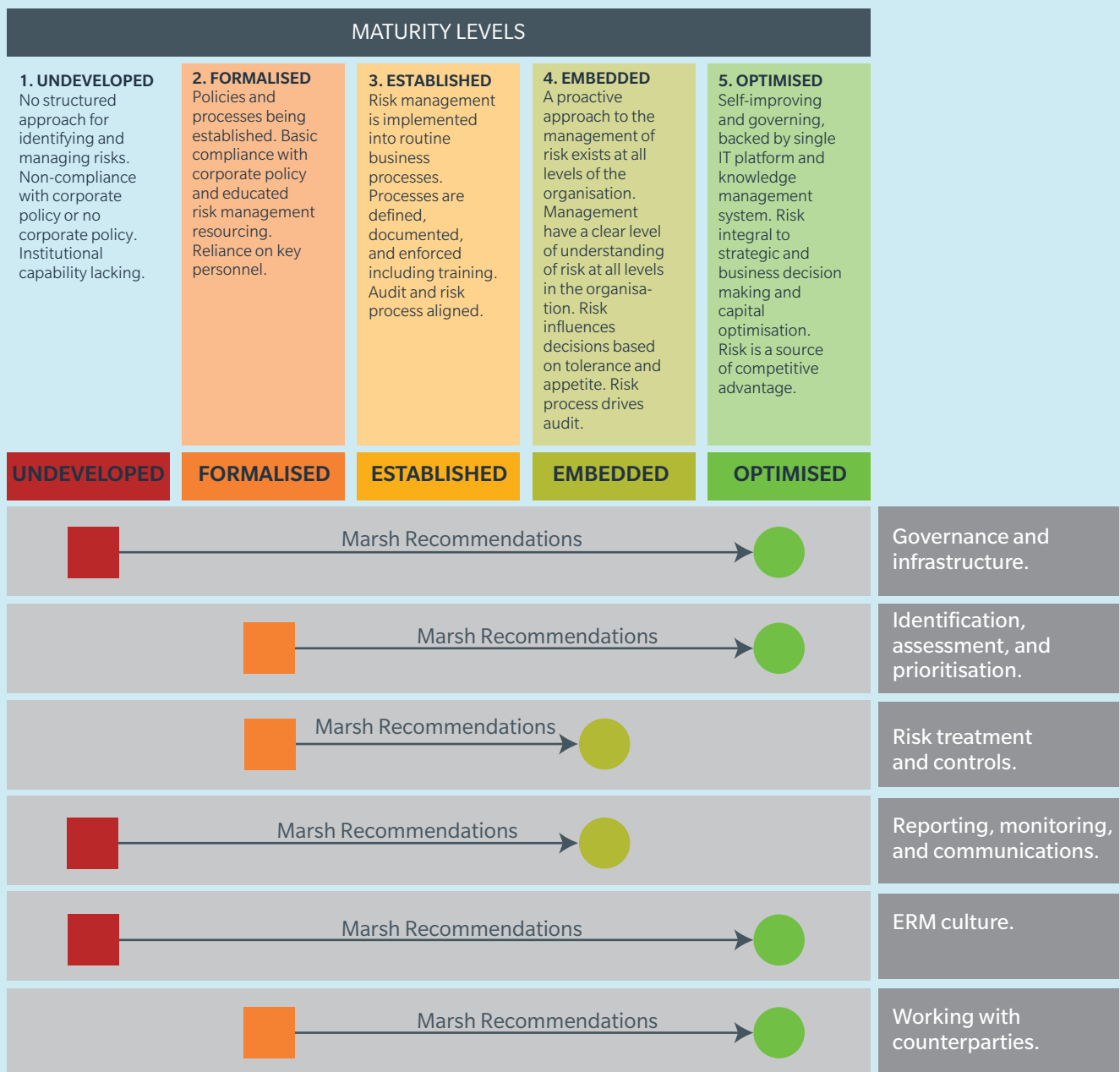
APPROACH

Our proprietary maturity model would help you benchmark your risk management process and supporting activities against peer group and airport best practice in the following areas:

- Governance and infrastructure.
- Identification, assessment, and prioritisation.
- Risk treatment and controls.
- Reporting, monitoring, and communications.
- ERM culture.
- Working with counterparties.

Marsh recognises that an airport company has many areas of risk that need to be protected, be it strategic, operational, hazard, or financial. Historically, the airport sector has focused on risk management activity through compliance which protects operational risk, however in our experience is not usually sufficient to give stakeholders and shareholders confidence in the overall business performance and stability.

RISK MATURITY ASSESSMENT AND BENCHMARKING



■ Current State ● Desired Future State

CASE STUDIES

CASE STUDY

THE CLIENT

The Airport Cooperative Research Programme (ACRP) is an industry-driven, applied research programme that develops near-term, practical solutions to problems faced by airport operators. ACRP is managed by the Transportation Research Board (TRB) of the national academies and sponsored by the Federal Aviation Administration (FAA). The research is conducted by contractors who are selected on the basis of competitive proposals.

THE PROJECT

Airports are implementing ERM frameworks to effectively manage the changing risk profiles. ERM is a valuable tool that enables senior management, board members, stakeholders, and key decision makers to have a holistic understanding of what the critical risks are, how well they are monitored and managed, and how they link to the achievement of its strategic objectives.

ACRP recognised the need to provide airports with guidance on how to implement best practice ERM and engaged MRC, in association with two other firms, to develop a guidebook on the application of ERM at airports.

The overall project objective was to develop a practical step-by-step guidebook for ERM implementation, which recognises that ERM is not a “one size fits all” approach but rather a customised journey based on a standard set of principles for airport CEOs and its executive teams. This guidebook is based on an assimilation of airport-relevant best practices in ERM.

THE RESULTS

The project team created an adaptable ERM framework model and electronic risk classification tool as a basis for application across airports of all types, sizes, and locations. This was presented to the ARCP panel in an interim report for sign off, before the guidebook and accompanying tool was finalised and submitted to the ACRP panel for review and acceptance.

Ultimately, the processes outlined in the guidebook should better enable airport systems to manage organisational performance, identify sources of risk, and make better strategic decisions.

CASE STUDY

THE CLIENT

The client is a state owned airport operator of one of Europe’s top 30 international airports and a regional airport providing international and domestic flights. Each airport operates two runways. In addition to the safe operation of both airports, the group has international airport retail interests in numerous countries. Turnover comprises of aeronautical revenue and domestic and overseas commercial activities.

THE PROJECT

The client requested Marsh to undertake a review of its ERM approach and associated procedures and toolkits. The review was undertaken at the client’s premises and funded through an insurance bursary. The project was undertaken through 3 phases; Phase 1 involved a thorough desktop review of the client’s ERM documents and processes, Phase 2 involved interviewing internal stakeholders, reviewing the ERM toolkit and client confidential information, Phase 3 consisted of writing up findings and comparing the client’s maturity to a peer group of 3 other airports as well as ISO31000. Marsh worked closely with the client’s staff, including the company secretary, CFO, and audit director throughout the study. Marsh’s staff interviews were structured around its unique maturity model which considers all key facets of ERM. Scores were assigned to each ERM component from 1 “Undeveloped” to 5 “Optimised” and actions identified to close the gap between current and future states.

THE RESULTS

Marsh clearly identified the clients ERM performance and suggested areas for improvement based on our knowledge of best practice ERM at other airports and learning from other sectors. Marsh compiled study findings in a detailed report and presented a summary at the client’s executive risk committee.

The review provided the client with an invaluable independent opinion on its ERM maturity and insight into ways to develop it further. Marsh is continuing to work closely with the client on other risk management engagements to help further close the maturity gap in selected ERM components.

OUR TEAM

Marsh Risk Consulting (MRC) is a wholly owned subsidiary business of Marsh with some 800 colleagues working in more than 30 countries. Our Enterprise Risk and Resilience Practice has a global footprint and in the UK and Ireland has a team of over 50 consultants.

Our team here in the UK and Ireland works on a broad range of risk related disciplines including:

Corporate governance standards.		Workshop facilitation.		Reporting and communication advice.	
Project risk advice and support.		Risk identification and assessment.		Insurance risk maturity assessment.	
Risk management systems and technology expertise.		Supply chain risk solutions.		Crisis management and strategic resilience consulting.	
Culture improvement and communication strategies.		Bespoke training, delivered by accredited trainers.		Risk control improvements.	

KEY CONTACT



David Stark

Practice Leader (London)

David is the leader of our UK and Ireland Enterprise Risk and Resilience Practice and has a strong track record in providing strategic risk advice and implementing solutions on business critical programmes. Consulting assignments have typically involved working with integrated client teams and communicating complex issues to its boards and supply chain partners. David is responsible for the leadership of Marsh Risk Consulting's risk propositions to the aviation sector and has extensive airport experience.

We would be delighted to answer your queries or provide additional advice as required.

CONTACT US

For more information on enterprise risk management or any other Marsh Risk Consulting services, please contact:

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