Perspectives for better Risk Management

Jeff Cole
The Farmers Market Coalition
&
Mass Farmers Markets
In cooperation with Craig Anderson
MFB, Inc.
Your Perspective

The Self Fulfilling Prophesy

- How you feel about risk influences your behavior
- Your behavior influences your risk
- Your risk influences your ability to get or keep insurance and your cost
the ground rules

- Insurers are not required to provide liability insurance.

- Nearly every insurance company exists to produce a profit (Mutual companies return profit to insureds)

- Policies are issued if premiums are greater than estimated exposure plus expenses.
How exposure relates to profit

- Exposure is the anticipated value of claims \( X \) the probability of claims.
- Anticipated profit is premium – expenses – exposure
- Policies are not written if there is no anticipated profit and will be cancelled if there is no profit over a certain time period.
Meeting Insurers on your terms

- Understand the lingo
- Understand insurance laws of your state
- Define what insurance means to you
What does insurance mean to you?

- For some: A necessary evil
- For others: A gamble
- And for others: Just something that you do
- For others still: A risk management tool
A Necessary Evil

- Avoid “too much” attention

- Tense or adversarial relationship with agent(s)

- Reactive (principally: “solve my problem”)

- Drive to get the “most” for your $ or more likely; to spend the least amount of $
The Gamble

- Will I experience an incident or not?
- If I do, what will it cost me?
- The value to me is experiencing less in expense than the cost to me of the incident
Something that You Must Do

- Laws/regulations require it.
- My bank requires it
- My landlord requires it
- My spouse requires it
Basics of Risk Management

- Understand and evaluate your risks
- Decide the level of risk you will take or are required to take
- Find the proper solution at an acceptable cost
5 Steps to “Winning”

- Hazard analysis & identification
- Understand regulatory laws and authorities
- Risk assessment and impact analysis
- Hazard mitigation
- Planning and training
Hazard Analysis

The hazard analysis process accomplishes three purposes:

- Hazards of significance are identified
- Provides a basis for selecting likely hazards
- Guides Development of preventive measures for a process or product that ensure or improve safety.
Hazard Identification

- What is the vulnerability of people and property?

- Types of hazards
  - Natural
    - Geological
    - Meteorological
    - Biological
  - Human caused
    - Accidental
    - Intentional
What Do You See?
Laws and Authority

- Local
  - health departments
  - zoning
  - building
  - fire
  - public safety
  - Licenses

- State
  - all of the above?
  - animal welfare
  - customer safety regulations
  - employee safety regulations
  - insurance regulations

- Federal
  - USDA
  - Trade
  - OSHA
  - Other
Assessment and Impact

- What is the likelihood X will occur?
- What is the result?
- What if anything will it cost?

This is what insurance companies do best.

They hate dealing with the unknown
Fruits and Vegetables: No Longer Ignored

- Food hygiene - Are items protected from the elements

- Cross contamination control
  - microbial and chemical
    - reused boxes
    - multiple use trucks
    - combined storage
    - food grade packaging
    - pest control
    - no storage on ground
    - personal
Fruits and Vegetables: No Longer Ignored

- Cleaning
  - food grade cleaner; PPM?
  - procedure; high risk to low
  - disposable vs. reusable
  - Are work surfaces smooth, impervious, and cleanable?
  - Is cleaning and moistening water potable?
  - Are containers sanitized?
What Do You See?
Risk assessment and impact analysis

- Facilities/Stall
  - Construction
    - Tables, bins, racks, floor, loading/unloading weight capacity, sharp edges, nails, holes, breaks, pinch points
  - Stability
    - Canopy secure
    - Signs secure
    - Banners?
    - Other
What Do You See?
What Do You See?
What Do You See?
Risk assessment and impact analysis

- Temperature control
  - controlled transportation and storage
  - records

- Personal hygiene
  - Hand washing
  - Eat, drink, smoke near food?
  - First Aid
  - clean clothing
  - jewelry
Hazard Mitigation
(risk management actions)

- Inspect
- Repair
- Warn
What Do You See?
Planning and training

- Staff training
  - food safety
  - physical safety
  - controls
  - programmatic
  - systemic

- Emergency action plans
  - first aid for consumers
  - when/how to call 911?
  - weather/other hazard monitoring
  - who is in charge, who takes over other responsibilities
Communication

- Ask
- Listen
- Explain
- Advocate
- Assist
- Appeal to higher authority
Summary

- Eliminate the risks you can (economically)
- Control the risks you can not eliminate
- Share (spread the risk with others)
- Communicate