

Risk assessment



Whether you are at the point of lending funds to a senior vice president who is developing a mixed-use facility including a branded hotel, considering launching one of your hotel brands in an emerging economy such as Brazil, proposing to develop a spa in your hotel in Brighton, evaluating your hotel management company's proposals for the deployment of capital from the replacement reserve relating to an airport hotel in Greece, you will be taking account of risk.

External and internal

Some risks arise from the external environment, others arise internally from the business itself and the business model adopted. Whether driven internally or externally, the nature of risk can be strategic, financial, operational or hazard.

Looking only at hazard risk assessment, one thinks of risks that arise from natural events, misuse of intellectual property, suppliers, environment, contracts, fire and life safety, and hygiene.

In the first place, one needs to identify the risks – anything that can cause harm. And then consider the risk; the chance high or low, that someone can be harmed by this hazard together with an assessment of how serious such harm could be.

When you work in a hotel all day, sometimes it's easy to overlook some hazards. There is nothing that beats walking the property to look and assess what can reasonably be expected to happen.

Employees have a role to play in supplementing this assessment with their own experiences and thoughts. Look into the night manager's log book and the engineer's work logs to see what has happened to the plant that you may not be aware of. Remember to think about long-term risk as well as more immediate safety hazards.

Evaluation

Having identified the hazards, you need to evaluate who might be harmed and how. You don't need to identify people but you do need to identify groups of people (staff, customers, suppliers, neighbours, sub-contractors, shareholders, etc.).

Next in a hazard risk assessment comes the evaluation of risks and the determination of the precautions to be taken. You can never prevent all risk so the goal must be to install reasonably practical solutions. Look at what you are already doing to reduce risk, what controls you have in place and how processes are organised. Best practice and benchmarking internally and externally are good sources of ideas as to how to proceed.

Ask yourself if you can get rid of the hazard risk completely. If not, how can you control the risk so that harm is unlikely. When controlling risk, try a less risky option, prevent access to the risk, organise processes to reduce exposure to the risk, issue protective equipment, provide welfare facilities. It need not cost a lot.

Documenting the process

Now write down what you have done. Demonstrate that you have made a proper check, asked who might be affected, dealt with the significant hazards, implemented reasonable precautions and left residual risk low, and involved your staff.

Finally, come back to the matter regularly. Business and risk do not stand still. Beware of risks that bite back.

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