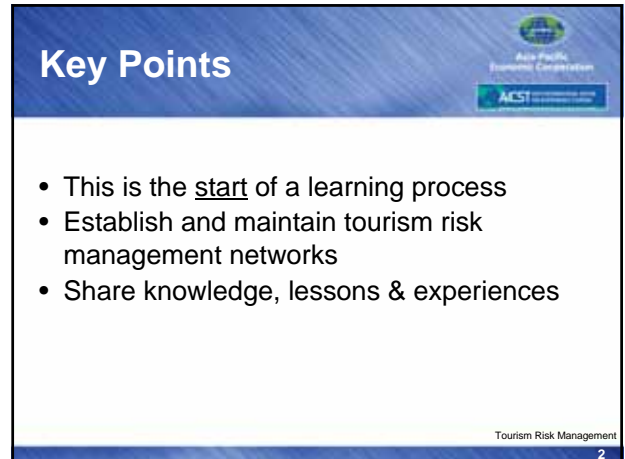




Tourism Risk Management

Adapted from EMA's Emergency Risk Management Process

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Key Points

- This is the start of a learning process
- Establish and maintain tourism risk management networks
- Share knowledge, lessons & experiences

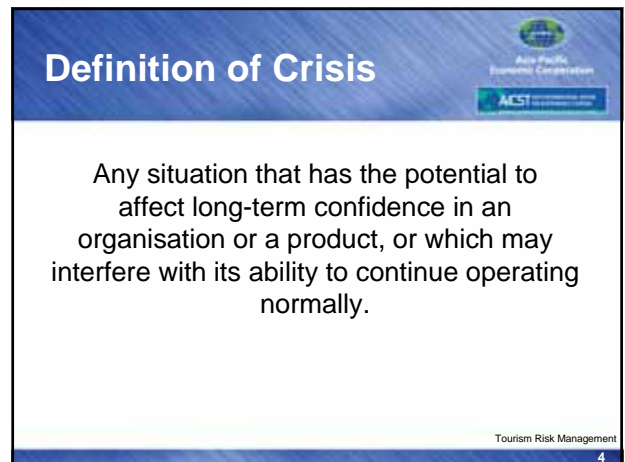
Tourism Risk Management 2



Tourism

- Generates incomes
- Creates & sustains jobs
- Encourages investment
- Facilitates trade

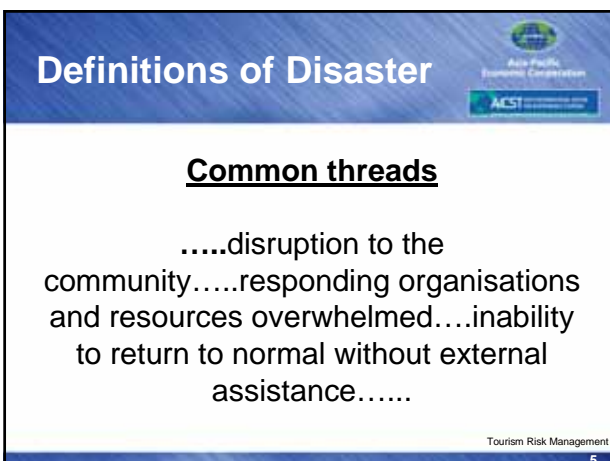
Tourism Risk Management 3



Definition of Crisis

Any situation that has the potential to affect long-term confidence in an organisation or a product, or which may interfere with its ability to continue operating normally.

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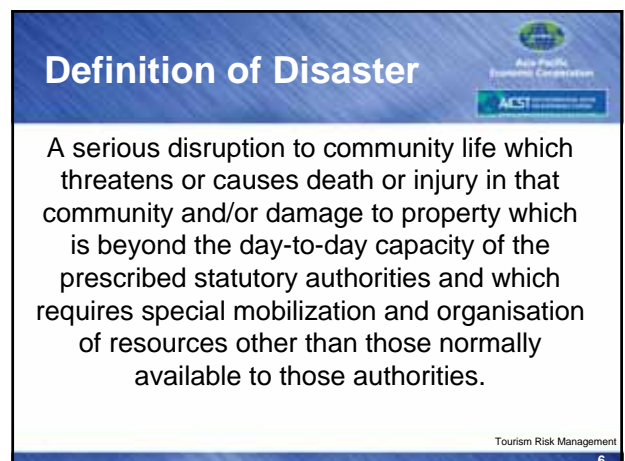


Definitions of Disaster

Common threads

.....disruption to the community.....responding organisations and resources overwhelmed....inability to return to normal without external assistance.....

Tourism Risk Management 5



Definition of Disaster

A serious disruption to community life which threatens or causes death or injury in that community and/or damage to property which is beyond the day-to-day capacity of the prescribed statutory authorities and which requires special mobilization and organisation of resources other than those normally available to those authorities.

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Disasters

Have a significant impact upon **PEOPLE & infrastructure** & thus upon tourism facilities, operations and visitors.

They produce **LONG-TERM** problems of restoration & rehabilitation and will affect the return to normal of tourism activities. Businesses reliant upon tourism will also be impacted.

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What is needed?

An **integrated** disaster management system with an active partnership between all agencies, government and the community.

The tourism industry participate where possible in the integrated system at local, regional and national levels.

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Key Points

- Crisis affects an organisation or business
- A disaster affects a community
- Tourism will be affected by a community disaster
- Tourism operators are part of the disaster management community

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Risk Management

The Risk Management Process

Tourism Risk Management

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The Risk Management Process

Provides a generic framework for organisations to identify, analyse, assess, treat and monitor risks to their organisations.

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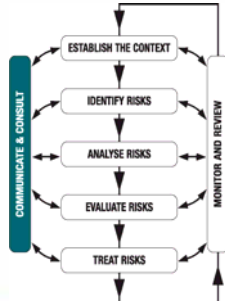
The Tourism Risk Management Process

A **proactive** process which enables tourism destinations and businesses/organisations to minimise losses and take advantage of opportunities.

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The Tourism Risk Management Process



Tourism Risk Management

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Risk Management..... Disaster Risk Management

- Risk Management – an **organisational** process
- Disaster Risk Management – a **community** based, multi-agency process.

Tourism destinations and operators should be involved in ***both processes.***

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Disaster Risk Management

In the Pacific – CHARM – Comprehensive Hazard & Risk Management

At ADPC – CBDRM – Community-based Disaster Risk Management

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Tourism Risk Management

Tourism destinations and operators should undertake a tourism risk management process to identify, analyse, assess, treat and monitor risks to their tourism operations and business.

YOU share the responsibility for the safety and security of visitors.

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Communication and Consultation

A two-way process of internal and external communication should be established and maintained with **stakeholders** so that different views and expertise are included.

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Key Points

- Risk management provides a generic framework
- There is an organisational process and a community process
- Disaster risk management is a community, multi-agency process
- Tourism destinations and operators have a role to play in both processes
- Communication and consultation are critical
- Tourism destinations should participate in disaster management committees where possible.

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The Tourism Risk Management Process

1. Establish the context
2. Identify hazards, vulnerable elements & risks
3. Analyze & evaluate risks
4. Treat risks
5. Monitor & review
6. Communicate & Consult

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The Tourism Risk Management Process

Step 1 Establish the Context

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The Context

Establishes the stakeholders, policies, systems, procedures and relationships which are relevant to risk management for tourism organisations.

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The Context

- Perceptions, values & interests of visitors
- Political & legal environment
- Social influences
- Competitors
- Financial/economic factors
- Key business drivers

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Internal organisational factors

- Organisational culture
- Capabilities
- Economic constraints
- Goals & objectives
- Community support
- Organisational strengths, weaknesses, opportunities & threats

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Risk Criteria

Simple, basic statements of what is unacceptable or will not be tolerated.

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Examples of Tourism Risk Criteria

- Any preventable crisis which results in negative media reporting is unacceptable...
- Any preventable crisis which makes visitors reluctant to visit a destination or tourist facility is unacceptable...

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Key Points

- The context establishes the parameters within which tourism risk management activities take place
- It establishes statements of what is unacceptable to tourism destinations or operators

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The Tourism Risk Management Process

Step 2 Identify Risks

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Ways to Identify Risks to a Tourism Destination or Business/Organisation

- Brainstorming
- Checking historical records
- Consulting experts
- 'What if it happened here?'

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Elements at Risk

Which elements could be affected by a crisis impacting upon a tourist destination or business/organisation ?

- Visitors
- Employees
- Services
- Facilities
- Reputation
- Economic viability

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Example - Poor safety record.....

- Visitors
- Employees
- Reputation
- Facilities
- Economic viability

What elements would be affected if there was an epidemic?

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Risk doesn't remain STATIC

- New sources of risk (hazards) will occur to tourism destinations and businesses/organisations (e.g. Avian Flu).
- Sources of risk must be monitored and reviewed regularly.

Key Points

- You need to identify **all** sources of risk to your tourism destination or organisation
- Identifying the elements at risk from each of the sources of risk helps you identify **priorities**

The Tourism Risk Management Process

Step 3 Analyse Risk

- Once you've identified the sources of risk to your tourism destination or business/organisation, you have to analyse their likelihood and consequences.
- You need to know which will have the most negative effects in order to prioritise your actions.

Determining Likelihood & Consequence

Qualitative and Quantitative Evaluation

Risk Rating Matrix

Likelihood	Consequences				
	Insignificant 1	Minor 2	Moderate 3	Major 4	Catastrophic 5
A (almost certain)	H	H	E	E	E
B (likely)	M	H	H	E	E
C (possible)	L	M	H	E	E
D (unlikely)	L	L	M	H	E
E (rare)	L	L	M	H	H

Note: The number of categories should reflect the needs of the study.

- E** : Extreme risk; immediate action required
- H** : High risk; senior management responsibility must be specified
- M** : Moderate risk; management responsibility must be specified
- L** : Low risk; manage by routine procedures

Key Points

- You need to understand sources of risk and their consequences
- You must decide which will have the most negative effects on your destination or business/organisation and operations and which to address as a priority

The Tourism Risk Management Process

Step 4 Evaluate Risk

Evaluate Existing Treatments

- Is the risk being managed by existing measures?
- What will happen if it's not treated?
- Will it affect other destinations/businesses?
- Is it someone else's responsibility?
- What else do we need to know?
- **What are the values & expectations of visitors?**

Always monitor & review those you decide not to treat.

Priorities and circumstances may change.

Key Points

- Evaluate effectiveness of existing control measure
- Identify partnerships with relevant agencies
- Know what visitors will and will not accept

The Tourism Risk Management Process

Step 5 Treat Risk

Steps to Treat Risk

- Consider risk treatment options
- Assessment criteria
- Select most appropriate options
- Prepare risk treatment plan

Standard Risk Treatment Options

- **Avoid** the risk
- **Reduce** (likelihood & consequences)
- **Transfer** the risk (share responsibility)
- **Retain** the risk and plan to manage the consequences.

Risk Treatment Options

Prevention/mitigation examples:

- Compliance programs
- Inspection & process controls
- Security devices, alarms and processes
- Preventive maintenance
- Training & education.

Risk Treatment Options

Can the costs be shared between tourism destinations and operators, the community or government?

Who will benefit if the risk is managed?

Selecting Risk Treatment Options

- Will it be acceptable to stakeholders (visitors)?
- Is it too complicated/difficult?
- Long-term benefits?
- How long will it take?
- Will it adversely affect tourism?
- Should others share the costs?
- Will it create new risks to tourism?

Risk Treatment Plans

- Allocate responsibilities
- Identify timelines
- Decide methods of implementation
- Establish expected outcomes
- Allocate budget
- Identify performance indicators & milestones

Residual Risk

Crises will still occur, so you need to plan to respond to and recover from crises.

Key Points

- Identify the best risk treatment options
- Establish partnerships for risk treatment
- Develop plans to implement risk treatments
- Develop tourism crisis response and recovery plans for residual risk

The Tourism Risk Management Process

Monitor & Review

Monitoring & Review

Essential to ensure continual improvement and the currency and relevance of the tourism risk management process.

Monitoring & Review

- Repeat the tourism risk management cycle regularly (annual basis)
- Measure the progress of risk treatments
- Learn from your organisation's crises and those of other destinations and tourism operators

Monitoring & Review

Risk doesn't remain static.....nothing remains the same.....

Regular Monitoring & Review of:

- Decisions and processes
- Visitors' expectations & attitudes
- New sources of risk
- Risk ratings/priorities
- Elements at risk
- Efficacy of existing risk treatment measures
- New/additional risk treatment measures

Tourism Risk Management

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Key Points

- Regular monitoring & review is essential
- Tourism risk management is an on-going process
- Learn from others' experiences
- Share your experiences with other tourism destinations and businesses/organisations

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Tourism Risk Management

Summary

Tourism Risk Management

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Key Points

- This is the **start** of a tourism risk management learning process
- We all need to **share** information and learn from the experiences of others
- The tourism industry is **vital** to the economic viability of all countries
- Tourism operators share the responsibility for the **safety & security of visitors**

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Tourism Risk Management

Adapted from EMA's
Emergency Risk Management
Process

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