

DEVELOPMENT OF A EUROPEAN RISK MANAGEMENT INTERNET PORTAL FOR SMES

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INTRODUCTION

In small and medium sized enterprises, there is a need for easy-to-use risk management tools. The risks threatening SMEs emerge as tangled problems involving the surrounding society as well as business operations. Risk management requires vision and experience. The shortening life span of technologies, customer-oriented production, company networks, as well as new products and operations place new challenges on risk management in small companies.

SMEs are a diverse group. Unwieldy and mechanical models and practices narrowly restricted to specific types of risk are not sufficient. Companies need practical tools that cover a wide range of risks, readily adaptable to specific needs and quickly applicable. Besides the tools, basic skills in risk management are required along with the adoption of a risk management way of thinking. With SMEs own resources, and through co-operation with experts and authorities, it is possible to bring in the required new viewpoints and a variety of approaches.

In Finland, an extensive project was implemented to develop risk management tools and information for the SMEs. The project was carried out in two phases during the years 1996–2000. The research and development work was carried out by four leading Finnish research institutes in the field of risk management: VTT Technical Research Centre of Finland; the Finnish Institute of Occupational Health; Turku School of Economics and Business Administration; and Tampere University of Technology. The project was funded by the European Social Fund, the Finnish Work Environment Fund and Finnish insurance companies. The project had large support from different fields of Finnish society. Several governmental bodies, insurance companies, the Finnish Federation of Enterprises and trade unions contributed to the project, whose aim was to promote the overall knowledge and skills in risk management and business risks.

The results of the development work were first compiled into a printed risk management toolkit. The toolkit covers the risks found to be most critical for SMEs. The first phase of the project (1996–1998) included the development of tools for the assessment and management of personnel, product and business risks(1). During the second phase (1999–2000), tools covering environmental risks, information security and agreement and liability issues were developed and a risk management website was published (2).

STRUCTURE OF THE RISK MANAGEMENT TOOLKIT

The risk management toolkit covers a wide range of risks. In addition, it provides information about the basic elements of risk management. The user is given information about different risks, the tools to assess them, and how to plan and review the control measures to be taken. The risk areas that the toolkit covers are illustrated in Figure 1.

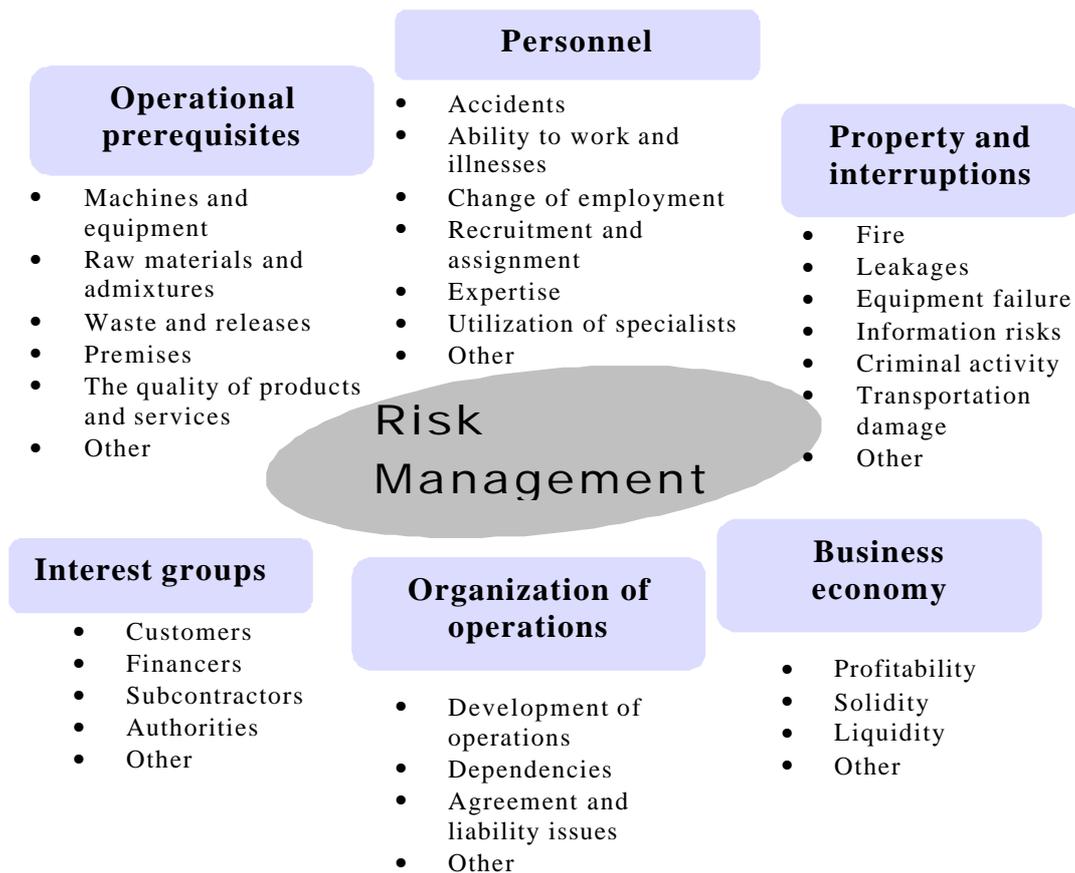


Figure 1. Risk chart for SMEs

The toolkit contains various tools:

- **Booklets:** The **instruction books** are intended as background material for the topic in question. The **workbook** allows a more in-depth examination of risks. It contains sheets that describe and help identify key hazards. It also includes tips on how to carry out more detailed risk analysis and how risks can be managed. The booklets have associated info/work cards.
- **Work cards:** These are tools to help implement a particular area of risk management. Work cards contain checklists or risk charts, which include some topic information.
- **Info cards:** These are short summaries on specific areas of risk management.
- **Trainers' Guide:** Contains info cards with instructions for risk management training in SMEs. The support material is intended for trainers and supervisors of group work.

RISK MANAGEMENT FOR SMES WEBSITE

The website (<http://www.pk-rh.com/>) has two separate sections. The first section contains more than 500 pages of risk management information and news. In addition, it provides access to all the different parts of the risk management toolkit in pdf format

The second section includes more than 100 pages of the risk management tools. These tools enable users to carry out risk analyses. The risk analysis is carried out in three steps:

1. Identification of hazards.
2. Assessment of the risk magnitude.

3. Planning of control measures for managing the risks.

The risk assessment data is stored in the Internet service provider's server. This section uses secure SSL-protocol for encryption and requires the users to register in order to access the pages

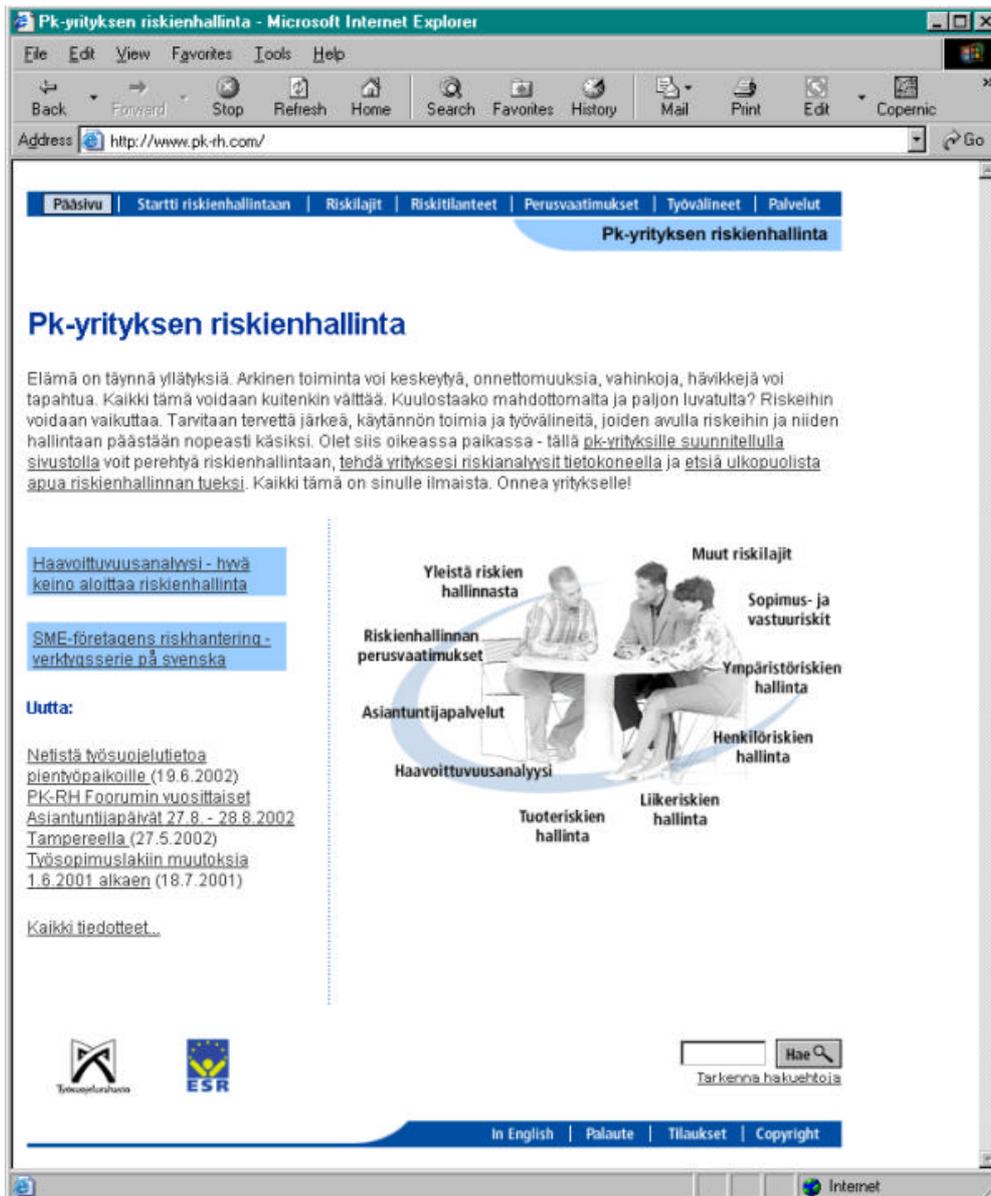


Figure 2. Home page of www.pk-rh.com

The risk management website was published in late September 2000. It is the only site with a wide coverage of the different areas of risk management in Finland, and it has achieved a solid position. The website has 200 - 400 users every day. The amount of registered users was almost 800 by the end of June 2002.

DEVELOPMENT OF A EUROPEAN APPLICATION OF THE RISK MANAGEMENT WEBSITE

In September 2001, a new project was launched to develop an international application of the Finnish risk management toolkit. This project was funded by the European Agency for Safety and Health at Work and the Finnish Work Environment Fund.

The main objective of this new project is to establish two training programmes in Finland, Germany and United Kingdom. The programmes focus on risk assessment, risk management and accident prevention by using the risk management toolkit. One programme focuses on the training of SMEs and the other on the training of expert instructors in each country. After training, the instructors will begin to train SMEs. The project is co-ordinated by VTT Industrial Systems. The project partners are Institution of Occupational Safety and Health, United Kingdom, Work Sciences Institute, Darmstadt University of Technology, Germany and Finnish Institute of Occupational Health.

The project consists of the following phases:

1. Translation of the risk management toolkit
2. Modification of the toolkit for local requirements
3. Workshops in Germany and United Kingdom on the use of the toolkit
4. Training of trainers
5. Training in SMEs
6. Evaluation of the results
7. Publication of the translated and adapted or 'localised' toolkit on the website

Part of the project involved the translation of the Finnish risk management tools related to accident prevention into English and German. The translations have been further adapted or 'localised' to the local conditions by the project partners in Germany and the United Kingdom. This has been a very important phase in the project as the toolkit includes references to legislation and information from the national authorities.

During the project, some refinements were made to the use of the toolkit. The aim of these refinements was to clarify the use of the different tools and their relationships. Accident hazards are identified with the aid of a vulnerability analysis: a simple three-step process designed to cover all of the risk areas in SMEs. When the major risks were identified, work on different types of risk can commence. The toolkit consists of many detailed checklists, risk charts, workbooks, info cards, guides and directories. They will provide a clear idea of the causes and the consequences of the major risks, and the procedures for managing these risks will become clear. The procedures will be summarised on a form, a schedule will be defined and responsible persons appointed. The use of the toolkit is illustrated in Figure 3.

The project partners have been using the localised risk management toolkit for training in both Germany and the United Kingdom. The toolkit was used to train employers and employees in risk management at SMEs. In addition, 60 risk management instructors were trained in the use of the risk management toolkit so that they can train other personnel in SMEs.

The project will be finalised by the end of September 2002, and at the same time, the German and English risk management toolkits will be made available through the risk management website at <http://www.pk-rh.com>.

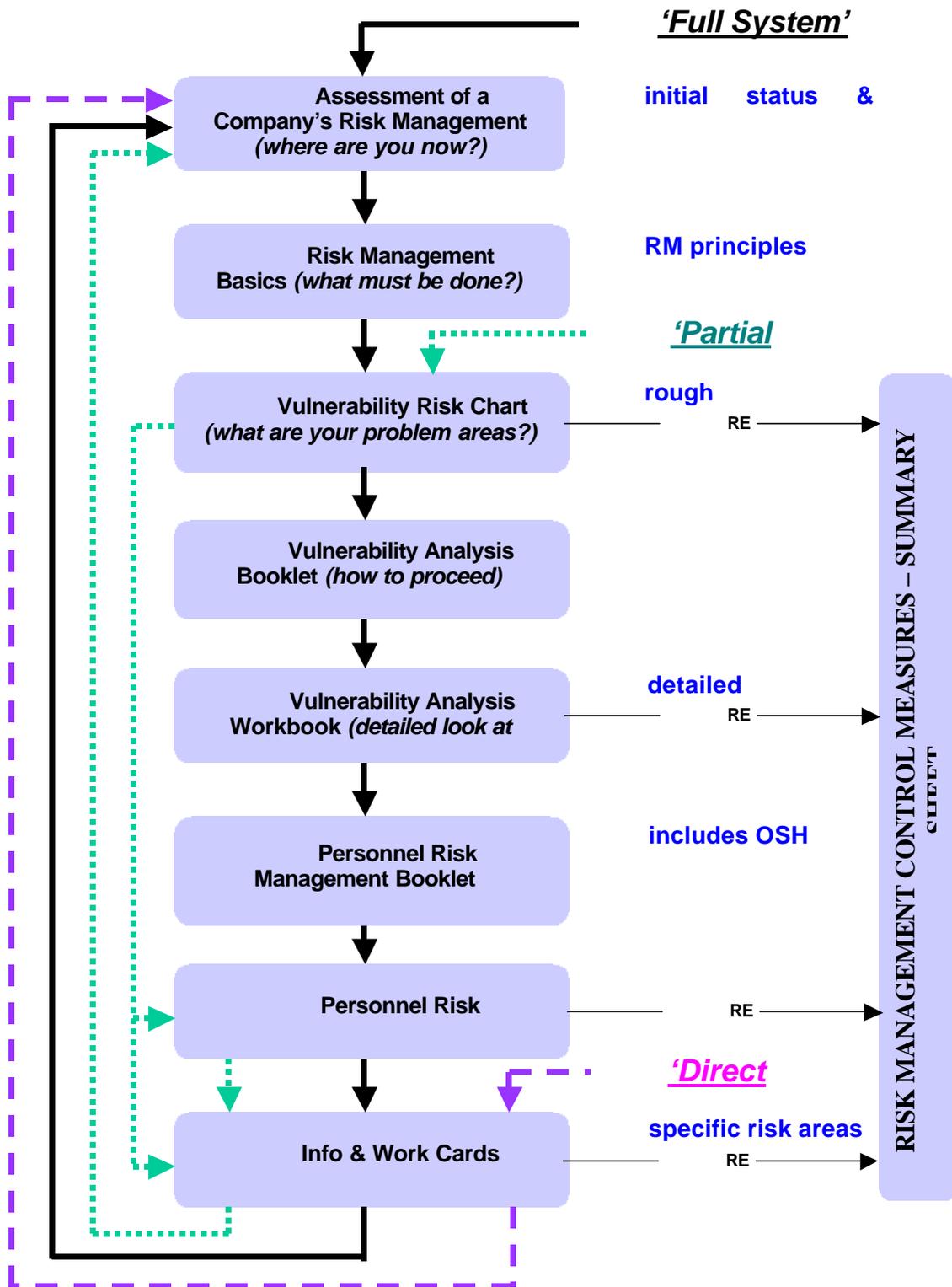


Figure 3. Use of the risk management toolkit

CONCLUSIONS

When developing new risk management tools, it is essential to ensure that the final product will be suitable for actual business environments. During the original project this was ensured by the participation of more than 500 Finnish SMEs and for the European project, the Finnish toolkit was localised by the project partners. They collected feedback from the instructors and the SMEs in order to modify the toolkit to meet national legislation and other local requirements. This was the most important step in the project. Initial results from the training indicate that the localised toolkit is suitable for the SMEs in both countries.

New ways of promoting risk management are still needed in many sectors; both in SMEs and in large companies as well as in the public sector. The 'risk management for SMEs' toolkit has been widely used in Finland with good results (3). With modifications, the toolkit could also be used in other countries. During this project the accident prevention material was translated and modified for English and German needs. However, this was only *one* part of the toolkit and there has also been some interest in using the *whole* toolkit in other countries. To satisfy these needs, VTT is planning several new projects for further development of the risk management website into a multilingual portal that can be used in several countries.

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