

**A MANDATORY RISK MANAGEMENT PROGRAM  
APPLYING AND INTEGRATING ITS PRINCIPLES AND PRACTICES THAT ARE NECESSARY IN ALL OF THE  
OPERATIONS OF THE ENTERTAINMENT INDUSTRY AND ITS RELATED ENTITIES, INVOLVING THEIR  
VENUES, EQUIPMENT, AND PERSONNEL**

**WHAT EXACTLY IS RISK MANAGEMENT?**

**Definition:**

**Risk Management is an Analytical Process that is used to identify and assess the hazardous exposures and risks that are in the total working environment and shall be used to develop a realistic Program that can be enforced to control and manage the risks.**

1. The Program shall be realistic and reasonable in its applications to all operations
2. It shall cover every aspect of the working environment and its participants
3. It shall include an in-depth exploration of the Skills required for Entertainment work
4. It shall be doable and workable in every day practice for all personnel involved.
5. It shall encompass all health, safety, environmental, security, cyber, and fire prevention elements.
6. It shall fully integrate all applicable Codes and Standards, Laws, and Regulations.
7. It shall fully address compliance with all Disability Regulations
8. It shall include all contracts with personnel and outside vendors
9. It shall include every aspect of the facility and its equipment
10. It shall include all financial and insurance aspects, particularly Worker Compensation Rates
11. It shall contain exacting and scheduled evaluation processes
12. It shall be developed so as to meet today's and the future's expectations.
13. It shall include all Emergency and Disaster Programs, as well as Drills.
14. It shall include all Training and Educational Programs

**What is a risk?** A risk is both a probable and potential likelihood that some type of hazard or hazardous exposure will cause a specific injury, harm or death to a person or destruction/damage to some object.

**What is a hazard?** Hazards possess the capability and potential, in and of themselves to injure, harm or kill a person.

**What is a hazardous exposure?** An exposure to a hazard or hazardous substance that has the capability and potential of injuring, harming, or killing someone upon contact, use, or upon close proximity to the object.

**What is a risk assessment?** A methodology of meticulously examining in your working environment that which may injure, harm, or kill someone, and allowing you to make a judgment whether or not enough steps, procedures, or precautions have been instituted to reduce, eliminate, or control the risk and/or hazard, or should further attention be given to more controls.

**What is a risk management Matrix?** A finely delineated set and list of risk elements, topics and subjects that are to be used in determining whether all elements of risk have been covered and to what extent they have been applied. It can be used to score the accuracy and efficiency of the Program.

## ENTERTAINMENT AND RELATED INDUSTRY ORGANIZATIONS

*There has never been a time in the long history of the Entertainment Industry and all its various entities and components that the need for a major priority in developing and implementing Risk Management Programs, Principles, and Assessments were so greatly needed, as they are now.*

### AREAS WHERE RISK MANAGEMENT IS REQUIRED AND SHALL BE MANDATORY

- 
- Theatre facilities and productions
  - Dance and ballet facilities and productions
  - Music productions
  - Television productions and studios
  - Motion Picture studios, production shops, and shoots on location
  - Film Laboratories and Developing Sites
  - Radio studios
  - concerts, indoors and outdoors
  - recording
  - opera
  - ballet
  - sound studios
  - show room presentations, Vegas-like productions
  - outdoor drama presentations
  - educational theatre at all levels
  - community and amateur theatre
  - Civic Centers
  - Fine Arts Centers
  - Performing Arts Centers
  - Mall production set ups
  - Conference Centers
  - night club acts
  - Fringe presentations
  - amusement parks
  - Fairs and carnivals
  - Parades
  - Rodeos
  - theme parks and all rides and sites
  - water parks and carnivals
  - Swim shows and productions
  - Repertory theatrical companies
  - symphony orchestra and band events
  - Circuses

- Magic and Puppet Shows
- worship oriented presentations
- Stadium and half-time programs and presentations
- Cruise ship programs
- Public Assembly presentations of all types
- Casinos and outdoor attached productions
- Convention oriented programs and productions
- Armed Services Special Programs
- Street Theater
- Theater in the Round Productions
- and a myriad of other related activities, groups and entities

#### **RISK MANAGEMENT PRINCIPLES: URGENT REQUIREMENT FOR ALL PARTICIPANTS AND COMPANIES**

However, in today's world, in my opinion, there is an even greater necessity, today, for a "professionally integrated and comprehensive Risk Management Program" to be applied to absolutely every aspect of Entertainment related activities and to all groups and entities engaged in Entertainment and its various levels and groups.

- Risk Management must become a major priority for every individual, group, association, organization, and company in the Entertainment Industry and its different levels.
- No facet of the groups shall be left out.
- Written programs shall be required and constantly evaluated and directly developed to the highest level of expectancies for this Industry.

#### **REAL HAZARDS AND INCREASED RISKS**

1. The hazards have increased and the risks are mounting year by year.
2. A thorough and meticulous survey of a history of incidents, injuries, deaths and property destruction reveals numbers of incidents that have occurred but are neither universally known nor well-documented.
3. The variety of these occurrences is also an eye opener to most in the industry.
4. Fire incidents, pyro incidents, poisonings, falls, rigging incidents, equipment failures, weather related calamities, cuts, broken bones, weapon incidents, fog related incidents, lift, scaffold and ladder incidents, paint, costume, and carpenter shop and power tool incidents, vehicle incidents, audience incidents, electrical shock incidents, chemical and respiratory incidents, drug incidents, and burn incidents are only a miniscule number of the areas and incidents that regularly occur in the Industry.
5. And always there are deaths.
6. Health exposures that have acute and chronic effects.
7. Financial exposures and collapses, bankruptcies

#### **DATA SOURCES FOR INCIDENTS**

- The list is derived from:
- State and local Fire Marshal offices,
- internet reporting,

- insurance brokers and carriers,
- Departments of Safety and Health in many states,
- foreign news accounts,
- Educational Departments in many states,
- anecdotes from individuals in the many industries,
- law suits,
- Consumer Product Safety Commission,
- National Fire Protection Association,
- EPA,
- Department of Labor Bureau of Statistics
- regional OSHA offices
- Labor and Environmental offices in other countries
- A large number of Performing Arts Associations and Organizations who track incidents in their groups
- A number of organizations that deal with venues and Public Assembly events

#### INSURANCE INDUSTRY DATA MULTIPLIERS: WORLDWIDE

1. Working with Underwriters in the Insurance Industry, brokers and carriers, the rule of thumb that was applied when it came to incidents of any type was to multiply that number by five or six to provide a meaningful number of actual incidents.
2. In dealing with the totality of the Entertainment Industry since 1943 my take on these numbers seems that those reported numbers are low.
3. You have to include the largest segment of the Performing Arts in the world in these numbers, and that is the Junior and Senior High Schools worldwide.
4. The number of incidents that are not reported by schools, in my opinion, far exceeds any amount that most people believe is factual.
5. As a common rule, near misses are not usually reported, and minor incidents are also not reported.

#### REALISTIC CHANGES A MUST FOR NOW AND THE FUTURE

The need for dramatic and real life changes in behavior and attitudes in the Entertainment Industry and its personnel, as well as its approach to productions and activities requires the courage to fully integrate Risk Management Principles into every aspect of their operations and productions.

- Recent incidents, injuries, and deaths that are related to weather
- High numbers of incidents and injuries from falls
- Increasing number of laws suits in Entertainment
- Increased size of equipment in venues for concerts and productions
- Number of incidents from lack of professional Fall Protection Equipment and Training
- Lack of meticulous inspections of equipment and Standards to apply
- Need for stronger Risk Assessments and development of more stringent Standards and Codes
- Need for Industry-wide professional training of all personnel, instructors, and workers

- A need for an industry wide General Standard for inspection of venues and concert productions
- Increase of Regulations and Laws applicable to the Industry.

*Having a Safety Culture, so called, is good, but it is only the beginning of the process of change. It usually does not embrace all of the areas that are absolutely required to address management and control of risks. Safety and Health components are only part of the Safety Culture.*

*Risk Management is the overriding organizational unit that addresses all of the elements of exposures, hazards, and risks.*

1. A profound, accurate and professional study of incidents in the Entertainment Industry and its activities opens areas and data that many do not desire to see or confront, but it is the primary step that must be taken if there is to be any change, either from within or from without.
2. No one denies that organizations and companies have come together to develop and initiate Codes, Standards, and Guidelines, and this is admirable but once again it is only the beginning of the correct efforts to decrease incidents.
3. A number of groups have been doing this for decades, i.e. RI, USITT, NABET, ESTA, UL, ISETSA, ASSE, PLASA, IAAM, ABTT and many country organizations, and slowly IATSE, as well as other associations both within the Entertainment Industry and outside of it.
4. Training on a professional level has only begun even though there are individuals, educational institutions and groups who have begun and conduct training classes.
5. These are not sufficient.
6. Anti-Regulation groups of all types have pressed for lesser Regulations and Codes, and these efforts have diluted the impact that is needed for true enforcement of Standards and Codes.
7. The mandate must be: Professional Training for everyone who has anything at all to do with the Industry and its operations, productions, and presentations, at every level.
8. Voluntary enforcement has not worked even though many believe this is a panacea.
9. What is and must be required is professional training at all levels and Codes and Standards that are enforced, AND PROFESSIONAL RISK MANAGEMENT PROGRAMS initiated at all levels of the Industry, world-wide.

#### PHILOSOPHY AND POLICY

*Some of the reasoning behind having Professional Risk Management Principles fully integrated into every aspect of the Entertainment Industry and its activities is that this type of Program is the actual and realistic framework that is going to be enforced by the Government and by the Insurance Industry.*

#### RISK MANAGEMENT PRINCIPLES

Risk Management Principles cover every single aspect of all Entertainment activities, and when constantly applied, monitored and enforced, protect and save not only lives, property, equipment, and venues, but also the bottom line, i.e. profits.

1. Incidents of any type, small or large, are expensive, and will only be more expensive as the industry grows.

2. Risk Management must be integrated into all facets of operations and in all dealings with employees and volunteers.
3. Every single task, every single operation, every single contract, every single event, every single purchase of equipment and materials, and the hiring and evaluation of every single person who provides any work must come under the umbrella of the Risk Management Department, Committee, and its Program.
4. Each entity, i.e. company, educational institution, organization, association, union, and individuals shall have a Risk Management Program tailored to their specific goals, objectives, productions, venues, staff, volunteers, and scope of work.

#### A SERIES OF INQUIRES WHICH SHALL BE CONDUCTED WHEN DEVELOPING A RISK MANAGEMENT PROGRAM

Every Entertainment Company, Corporation, and entity and their related types of activities and productions shall develop a specific set of deliberate actions, needs, objectives, goals, parameters, and expectations to be considered before setting into concrete the Risk Management Program.

Refining and defining, with great clarity and accuracy what exactly it is that this Risk Management Program is to do and cover is crucial.

This Program and the Matrix which is its framework will be the guiding principle for every aspect of your activity.

#### 1. Refine and meticulously define your Objective, Goals, and Mission

- What are the exact and specific objectives and goals of the Risk Management Program and its committees?
- Have you taken into consideration the number of resources you will need to develop and operate this Program, i.e. authority, finances, personnel, access to those in power and influence?
- Have you outlined the full scope of the Program you wish to initiate?
- Who will be influenced and be the direct recipients of this Program, i.e. all personnel, vendors, other groups and departments, outside groups, Boards of Directors?
- If you determine there is to be a committee or a project team of some type, who will be appointed to this group and what credentials will they have to have?
- Has there been an effort to tie in the goals of the company with the risks that are really present in the work and business of the company?
- Will the Risk Matrix be a tool that is readily useful to gauge the effectiveness and the efficiency of the Risk Management Program?
- You will be conducting Risk Assessments on a regularly scheduled basis and how are you going to determine if those are incisive and directed to your goals?
- With every successful Risk Management Program of any kind there shall be, must be, an evaluative unit, and oversight group, and how have you set this up?
- What kind of accurate reporting mechanism is there?

- Have you examined closely your operation and considered the type of reporting that shall take place and by whom?
- How often do these reports need to be conducted, and should they be at meetings of the committee, or more frequently by use of written memos, reports, emails, etc.?
- If hazards and risks increase how are these to be managed and by whom and on what type of time schedule?
- Important and vital: how does the committee receive assurance that risks are being effectively managed, and with accurate and timely information, dependable?
- Is there an overall Audit Process that is workable to the real business of the company?
- How are Risk Management requests monitored and addressed?

## 2. Evaluating the Risk Management Program and its Processes as it presently exists.

Those who have been selected to work on the Risk Management Program or be on the Committee shall be required to determine if there are other individuals in the company who have been involved in some type of role in identifying risk and responding to them.

If there is an existing process for doing this there may be data that can be used as a base for the new Program.

- Who are the individuals involved in the Risk Management Process at this time?
- Is there some individual in charge of the existing group or program?
- What exactly is it that they are doing with the existing program?
- Do they have a system or a process to monitor risks and compliance?
- Do they have some specific format for communication with those in charge of the company?
- Who understands and monitors the Regulations, Codes, and Standards?
- Are there specific social trends and/or external events that are being regularly monitored?
- Is there specific data and information that has been garnered and generated?
- How and where is this information being stored and maintained?
- Is this information communicated to the company, the proper personnel, and the individuals who require it to function in their positions?
- What are the exact risks that have been identified? Are they significant? How?
- Who do they affect and what exactly are they doing to control and manage them?
- If there is an internal Audit Group, what have they identified?
- Are there individuals within the company who have the credentials to professionally identify whether or not specific Regulations, Codes, Standards, Laws, have been complied with?
- If an outside professional or governmental group was to Audit or Assess the company and its risks how would this be handled?
- What governmental or insurance groups have audited the company and its risks?
- Are there guidelines within the company that address and assist the needs of the Risk committee in its work of compliance?
- Is there a corporate philosophy and policy that succinctly states the role of Risk Management within the company?

- Are there automation and computer assisted means to aid in the quantification, assessment, and storage of risk management identified sources?
- Is there software, email, internet, survey software, testing tools, electronic communication, and other devices or pieces of equipment that aid in the facilitating of risk information and findings to the company and its personnel?
- Do these function well and are they monitored regularly for effectiveness?
- Are these tools used to assist in periodic reporting to the risk management committee and the company senior staff?
- Does upper management monitor the risk management reporting and findings?
- Is the risk management function integrated into the overall management and its practices?
- What can be done to improve upon the risk management process and the utilization of the Committee in its goals and objectives?
- Are the risk management findings able to be fully integrated into the work practices in the field?
- What evaluations are conducted on a regular basis that improves the function of the Program?

### **3. Determining and discovering your Risk Management Strategy and just how you are going to go about developing the Risk Program and initiating it.**

- Hopefully you and your Risk Management Committee or group has gathered some excellent information and data, concerning what you have in your present processes.
- You still need to have affirmation that all the risks have been identified and accurate.
- At this point in the process you must have some definitive strategy to make sure you are completely capturing existing risks and those that may be emerging. You also need a strategy to support your findings.

#### **Further Considerations:**

- Perhaps it is a wise decision to institute Risk Management workshops to discuss the means that are going to be used to identify and gather data.
- Keep in mind that the information that you gather from these workshops will depend upon the people who are involved.
- You are looking for consistency in all of your work and in risk identification and it must be geared to the whole company and its operations.
- Should all of the processes take place from within the company or should outside experts be involved?
- Individual experts may not know the company but they may be very knowledgeable about the risk in this industry, globally.
- It may be a wise move to utilize a risk library, data base, and risk directory or a risk company that has experience in this specific area or industry.
- Is there a specific framework that you have in mind in using outside help?

- Will a specific framework assist in creating a climate of creative suggestions and helps for risks that perhaps have not been considered?
- What specific means are available, i.e. libraries, directories, etc.?
- Is there in your planning a strategy for constructing and maintaining a risk library?
- Because there will always be changing and emerging risks how do we go about including them in our Risk Management Program?
- Are there risks that have not surfaced yet and those that we should be concerned about?

#### 4. The Actual Development of a Risk Management Program, and a Risk Assessment Strategy.

The Risk Management group or committee has, at this point, collected and gathered a considerable amount of data and information about risks, both specifically and in general and these need to be considered. These risks are a basis of identifying existing risks and emerging risks. It is crucial that a Plan be meticulously developed to efficiently measure risks and risks trends. This Plan will enable you to identify the most significant risks and assess all costs and expenditures that are associated with these risks. The Plan also allows you to assign the resources necessary to address these risks and all other critical issues that may accompany them.

- How, exactly, are we to measure the level of each risk?
- What individual is going to measure those levels of risk and what training does that person require in order to competently fulfill that function?
- When a risk is actually quantified as a risk, are there any type of tools that can be used to analyze the risks and easily clarify what are the key risks and their status?
- Is there a real need to develop a special and specifically tailored risk assessment and measurement device or approach (methodology) to cover all the risks we have identified and believe are emerging?
- Mathematical formulas can be used to determine many risks and these should be used.
- How do we measure and assess other risks?
- Can we measure some of the risks applying “an estimated loss of life, property, equipment, time, materials, and income?”
- In the equipment and manufacture area, how do we determine a cost of development, especially if we have to redesign or rework specific items, and they relate to the Quality Control System in place?
- Perhaps there has been loss due to lack of Quality Control, failures we did not expect.
- Do we have risks that are cumulative in effect and greatly impact the total operation of the company and its work?

- Looking at “true risk” we determine that there are many interrelated risks, and how do we address them?
- We see in the auto industry the impact of the Japanese earthquake and tsunami, and how it interrupted the supply chain of parts and components, world-wide.
- Is that a problem in Entertainment companies?
- Are many elements and components involved in the risks we counter in our everyday work environment and products?
- How does your company compile, identify, and actually score risks?
- Do you have a measurement approach to scoring risks, i.e. high, low, medium, increased frequency or impact?
- How do you approach risks which you have scored, and how do you confront and address them in ranking them as significant or exceedingly dangerous?
- What program do you use in capturing levels of risks and presenting them to those in charge, i.e. Boards, officers, Risk Managers, etc.?

## **5. Actual Risk Management Initiation and Risk Mitigation Processes, i.e. Identification, Assessed, and Measured: an On-going Management Program and Process**

**Risk Management Programs contain strong Risk Mitigation Programs and Processes. Every Aspect of the Program must be integrated and constantly evaluated and updated. Strategies, Measurements, and Controls shall updated to address new risks. These shall be applied to the whole company, its personnel, and its products.**

- A Risk Mitigation Strategy and Program shall be developed and initiated.
- All components of the Risk Mitigation Program and Strategy shall be included and shall be consistently applied to all risks.
- Eliminating risks and/or avoiding risks in one vital component.
- Mitigating risks or reducing the number of risks shall be a component.
- Examine carefully if it is possible to “outsource or transfer the risks.”
- Transferring the risks to insurance entities is an excellent method but you must assure yourself that the company is correctly analyzing your risks.
- You may desire to retain certain risks as necessary to the process of operating the company or turning out a product because it has a significant place in the operation and budget.
- Do you have a formal process to approve how risks are handled?
- What process do you use or have put in place to confirm that the Mitigating Control and the Risk Management Process is actually working and is effective: testing, internal audits, Quality Control applications, automatic data retrieval, self

assessments, meetings of regularly scheduled personnel who are on the Risk Management Committee, etc.

- How do you assess failures?
- How are they identified and who identifies them?
- What actually occurs when a failure in the risk process occurs?
- Are individuals trained to perform these types of duties?
- What is the time line for reporting and for acting upon the failures?
- Is there a definitive reporting matrix?
- Is this reporting document reviewed for accuracy?
- Is there some type of automatic notification of failure and to whom does this report go?
- When a failure occurs how is the information dealing with it updated as to the risk and the process in control for compliance?
- If the risk violates a Regulation how is the notification recorded and to whom?
- What steps are taken to make sure that once a failure has occurred those who are involved in compliance are notified so that the status of the risk can be updated?
- In terms of the whole company and its operational processes, to what extent is the Risk Management Program and its Processes automated?
- Is there a plan to affirm that the Risk Management Program is on course at all times?

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