

ORM Review Demonstration



Operational Risk Management (ORM): A Review

ORM is a decision making tool- used by personnel at all levels to increase operational effectiveness by anticipating hazards and reducing the potential for loss, thereby increasing the probability of a successful mission.

Purpose & Goal of ORM

Purpose: minimize risks to acceptable levels, proportional to mission accomplishment.

Goal: manage risk so the mission can be accomplished with the minimum amount of loss.

ORM Process

ORM is a closed loop process of identifying and controlling hazards. It follows a 5-step sequence, is applied on one of three levels depending on the situation, and is guided by 4 principles.

Three ORM Levels

- **Time Critical**
- **Deliberate**
- **In-Depth**

Four ORM Principles

1. Accept risks when benefits outweigh costs.
2. Accept no unnecessary risk.
3. Anticipate and manage risk by planning.
4. Make risk decisions at the right level.

ORM Terms

Hazard:

A condition with the potential to cause personal injury or death, property damage, or mission degradation.

Risk:

An expression of possible loss in terms of severity and probability.

ORM Terms

Severity:

The worst credible consequence which can occur as a result of a hazard

Probability:

The likelihood that a hazard will result in a mishap or loss.

ORM Terms

Control:

A method for reducing risk for an identified hazard by lowering the probability of occurrence, decreasing potential severity, or both.

- ❑ Engineering
 - Design/Material Selection
- ❑ Administration
- ❑ Personal Protective Equipment

RAC Codes

Risk Assessment

Code - (RAC)

1 = Critical

2 = Serious

3 = Moderate

4 = Minor

5 = Negligible

CAT I = Death/ Loss of asset.

CAT II = Severe injury / degradation of asset.

CAT III = Minor injury/ degradation of asset.

CAT IV = Minimal injury/ degradation of asset.

		Probability of Occurrence			
		Likely - Immediate	Probably will occur in time	May occur	Unlikely to occur
		A	B	C	D
S E V E R E I N J U R Y	Cat I	1	1	2	3
	Cat II	1	2	3	4
	Cat III	2	3	4	5
	Cat IV	3	4	5	5

Risk Levels
Risk Assessment Code