

## Enhancing business performance with a simple “line of sight”

Interviewer: [Gareth Byatt](#) – Principal Consultant, [Risk Insight Consulting](#)

Interviewee: [Kurt Meyer](#) – Chief Risk Officer, [Swissgrid](#)

**23<sup>rd</sup> November 2018**

Kurt,

Thank you for making the time to talk with me today about the successful adoption of the [RiskTalk](#) approach and technology at Swissgrid.

**Gareth:** I wondered if we could start by outlining the activities of Swissgrid and your role in this business.

***Kurt:** For sure. Swissgrid operates the national transmission system of Switzerland, that is to say, the “arteries” (backbone) of the electrical power supply in the country. We operate critical infrastructure for the country. To give you an example of its importance, the cost of a blackout to the country has been calculated by the Swiss government is CHF 7 to 8BN (about USD 7 to 8BN).*

*We are proud that Swissgrid is one of the most stable power grids in the world. We operate 141 substations across the country, over 6,700 km of power lines and some 12,000 pylons. A significant part of the grid in Switzerland is located in high Alpine zones (we are a mountainous country). We face challenging environments for construction and maintenance. In wintertime, weather can cause us problems and challenges to maintaining continuity of operation of our critical infrastructure.*

*We also have 41 interconnections to neighbouring countries. As such, we are a central part to Europe’s electricity network. In Europe, all power grids are interconnected. Due to Switzerland’s geographically central location and the high capacity of Swissgrid’s power grid, we play a vital role in the transmission of power north/south, east/west across Europe.*

*In Europe, predictability of power production and to a lesser extent consumption fluctuates. On a strategic basis, we face increasing volatility (for example, shut down of nuclear power plants, a significant increase of renewable energy such as wind and solar. In addition to political and regulatory challenges this adds up to major challenges to operating a stable power grid.*

*Swissgrid is a young organisation that operates old assets. Two thirds of Swissgrid’s 6,700-kilometre transmission grid dates from the 1960s. We were founded in 2006 and it was only in 2013 that we took over the transmission infrastructure in Switzerland from previously vertically integrated distribution system operators.*

*At this time the Board of Directors decided to “professionalise” Swissgrid’s use of risk management.*

*I joined the organisation in 2014 and set a goal to establish a risk management function which was able to detect risks as early as possible. One of our goals has been, and continues to be, to deal with risks and uncertainties before they happen. If things go wrong in our operations, the consequences can be extremely severe.*

**Gareth:** We had the opportunity to talk in London recently about how you have implemented the principles and technology of [RiskTalk](#), and how it quickly started adding value to Swissgrid since its introduction in early 2017. I wondered if you could outline why you started using RiskTalk – what was the compelling reason to try it.

**Kurt:** *When I joined Swissgrid, it quickly became clear to me that the criticality of the infrastructure is key, and that risk management can play an important part in safely operating the grid and maintaining the infrastructure in good order.*

*We agreed a clear goal to ensure that the new risk management function which we established in 2014 would be able to detect risks early – and to address negative risks before they can cause any major damage. This is a simple goal, but it can be difficult to achieve.*

*At that time I met [Anette Mikes](#), a Professor at the University of Lausanne, and we discussed the importance of risk culture and values (which is a central tenet to Anette’s work and research). We saw some great interconnections to what Anette and her team was doing and what we wanted to achieve for risk management at Swissgrid, which led us to some brainstorming sessions on how we could work together to achieve our goal.*

*To detect risk early, we agreed that we need “eyes and ears” across the company, and also outside the company, to give us full transparency on what is happening and ability to respond to risks in the fastest and most efficient manner possible.*

*Our management team believed that they had a good view about what was happening on the ground, and we found that we had an opportunity to extend this. Working with Anette, we carried out an online survey across the organisation, which we extended to key partners that we work with outside of Swissgrid – such as in the maintenance area. The views of our key partners are highly important as they operate an important part of our value chain – they are out in the field delivering important services.*

*As a result of this survey we discovered that some pieces of information were not reaching the Swissgrid management, for one reason or another. Whilst we felt that we were in a good place, we saw an opportunity to improve.*

*The survey we conducted reinforced the importance of having a good culture to ensuring good risk management is in place (which I am pleased to say was and still is the case at Swissgrid). I presented the results of the survey to the executive board, and we decided that we wanted to start a journey with [RiskTalk](#).*

*We looked at a number of IT systems prior to this decision and we also talked with other infrastructure providers in Switzerland and elsewhere, and with regulators as well, to find out what in their experience works and what doesn't work.*

*We quickly prepared some mock-ups on how it could work – which focused on keeping it simple and easy to use. Looking back, I think our focus on simplicity was very important.*

**Gareth:** Is it fair to say that, from the start, you focused on ensuring the technology reflects your cultural values and the desire to be open about reporting.

**Kurt:** *Absolutely. We really focused on creating a good reputation for the tool from Day 1. This meant trusting ourselves to keep it simple and focused on what really matters.*

*On the input side, we felt that if you overload people with too much detail a reporting task on top of their busy day jobs, they will not report, or the data quality will not be good (everyone's perception of risk is different – what one person thinks is urgent and critical, someone else does not).*

*On the outputs side, we wanted to ensure we avoided the risk of creating a “black hole” of reporting. We felt from the start that our solution must be very easy for the people who operate it to generate useful reports and to provide prompt feedback and updates to the people who have contributed their suggestions and feedback.*

**Gareth:** What have you found to be the biggest benefits to Swissgrid as a result of adopting RiskTalk?

**Kurt:** *I think our ability to achieve quick wins for the business, and to build upon these quick wins, has been very pleasing to see. There have been some great “wow” effects.*

*We have seen that people have quickly become motivated to add their suggestions and comments, as they see that things quickly get done. The speed of the updates that people are receiving to the insights they provide has played a major part in helping to maintain a good reputation for the system which I referred to just now. Our prompt resolution to their risks and issues has been key.*

*I often have people coming to me, asking how they can use the RiskTalk tool that they've heard about from a colleague; word of mouth has worked very well.*

**Gareth:** I get the sense that it has quickly been stitched into the fabric of Swissgrid.

**Kurt:** *Yes, I think that is true. People feel good when they can contribute to helping the organisation achieve its objectives.*

*We started RiskTalk in a small manner and then expanded it. An agile approach to start small and adjust along the way has worked well for us.*

*For sure, the technology is important – it has to fit the purpose it has been designed for. But it's also important to ensure that the way it works embodies the cultural and emotional elements of our organisation.*

*We don't see RiskTalk purely as a piece of software. It is accompanied by the cultural piece, to enable the processes and mindset to drive agile and proactive risk management.*

**Gareth:** RiskTalk strikes me as an agile approach to identifying risks and addressing them quickly. Now that you have been using it in Swissgrid for 18 months, what would you say are the top points to what makes it succeed, and are these points applicable to any organisation, regardless of size?

**Kurt:** *In addition to our focus on keeping the RiskTalk process and the system simple for everyone to use, a key factor in its success is the triage team that we have in place to monitor the data added by people and to ensure we respond to their concerns quickly. This is a vital part of the feedback loop, and the closure of items that add value to our organisation.*

*Our triage team is composed of nine people who work on it part-time – it is a blend of senior people from key areas of the business. There were no “new hires” to create this team. Everyone on it has a very good understanding of the business and they have the respect of people across the organisation.*

*We made sure that we train everyone to approach things in a common way. Part of this is to only close an incident once the action has been performed AND has had an effect.*

*RiskTalk includes a “cockpit” of information added which is visible to management and the triage team.*

*For example, we analyse closely what kind of “risk incubators” (root causes for risks occurring) we see through the data that people provide. An example of a “risk incubator” is the potential for coordination failure and human lack of competence.*

*We have a list of key incubators, and we assign these incubators to the reported risks and concerns. It is not just an academic exercise, it can have big effects. It gives us a great insight into what is going on. We monitor it closely. We can drill down into the risks people are reporting, and find out if some departments and geographical regions have more than others. This is just as important for our work with the important external partners who operate key parts of our value chain. It shows us how we can improve.*

*We also monitor how quickly matters that people raise are resolved – what you might call the time to resolution. Of course, different issues take different amounts of time to resolve, and we track our responsiveness and how clear our communications*

channels are. Sometimes, we have a complex problem that requires different teams to be involved, so multiple stakeholders are informed.

*In our learning from other industries, we appreciated that some people prefer to report anonymously. At the start of using RiskTalk we saw that about 25% of the reports were anonymous. Now this number is down to about 10-15%, which shows me that people have trust in raising risks and concerns in their name without fear of any negative consequences. Key to this has been clear communication by management that they welcome all reporting no matter what it is.*

**Gareth:** I can see that RiskTalk is based on keeping things simple for people to add their observations. Do you and your Risk team use the information you receive to produce more advanced Risk reviews and reporting for management?

***Kurt:** We have linked RiskTalk to the Risk Mgmt System. Items raised in RiskTalk are linked to our risks which enables us to have a near real-time view of what is happening against our main organisational risks. Our bottom-up information feed from RiskTalk informs us real-time on how strategic risks evolve and change. For example, if I see a strategic risk that gets a lot of “hits” against it in RiskTalk, we can analyse whether it is growing bigger as a concern.*

**Gareth:** So does it help to validate your strategic risks?

***Kurt:** Yes it does. We can also detect new strategic risks, when we see a sustained trend arising through RiskTalk. Plus, the organisation can learn quickly to share knowledge from one part to another.*

*This is one of the reasons that I think Harvard Business School finds our approach interesting. We are delighted that they have made a Case Study out of what we have done (with Anette Mike’s involvement and assistance).*

**Gareth:** This has been a very interesting discussion, Kurt. I’d like to finish by asking what advice would you give to businesses that are looking to connect their operational risks to senior management risks?

***Kurt:** I would highlight the following points:*

- 1. It is very helpful (or necessary) to have technology helping you to run your process smoothly. Relying on phone calls and emails doesn’t work. People need a simple and intuitive channel to use.*
- 2. It needs to be a structured approach, with leadership fully behind it. The Risk function in our case has been the best place to drive it. For other organisations it could be led by another team / function.*
- 3. It must be supported by management. You can start small to find out how it works, but you must have senior management buy-in to grow it and make it sustainable. The tone at the top of fear-free reporting is key.*

**Gareth:** Thank you very much for your time, Kurt.