



Berwicks

Piper Alpha and beyond

Understanding interconnected risks
for business resilience.



Piper Alpha and why understanding risk matters

Our organisation was born out of the 1988 Piper Alpha disaster. I remember it clearly. The images of the burning oil platform were horrific.


The Cullen report that followed the disaster was two volumes and over 400-pages long. It concluded that systemic failings had occurred at an institutional level, with decisions made for commercial gain against a backdrop of minimal regulation. Safety was allowed to be compromised in a desire to extract maximum profit.

There were multiple contributing factors but in the final analysis it all came down to human error and poor communication. An incoming shift manager didn't get a paper report from a departing shift manager about the state of a vital condensate pumping valve, which led to a sequence of events that resulted in 165 lives being lost.

It is still the UK's biggest offshore oil rig disaster and one of the world's largest insured man-made catastrophes.

Our founders saw this tragedy unfold and decided they wanted to prevent similar disasters. They used their experience as ex Royal Marines to form a company to reduce risk in the oil and gas industry – by building emergency and crisis response capabilities and helping people and organisations perform when it matters.

Berwicks has grown since then, in size and scope. Our team is incredibly experienced. We've seen it all, working in disaster relief, the Armed Forces and emergency response across a wide range of sectors.

 The lack of awareness of the removal of the valve resulted from failures in communication of information at shift handover earlier in the evening and failure in the operation of the permit to work system in connection with the work which had entailed its removal."

The Public Inquiry Into The Piper Alpha Disaster, Volume One, P.1





What causes adverse events?

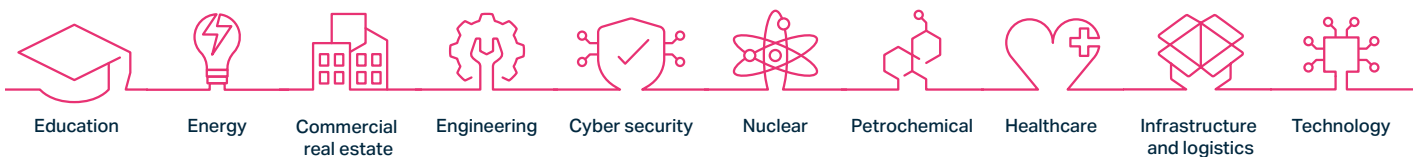
Of course, there's been a lot of progress since Piper Alpha. Industries have become highly regulated, technology has automated processes and helped raise operational awareness. But there remains an illusion of safety. People and the human condition are often still the root cause of failure and adverse events.

We need a more curious, inquisitive attitude towards risk. A 'what if?' approach that looks at human thinking, and the seemingly innocuous behaviours that might lead to disaster. That's what Berwicks do – and it's what gives our clients the edge.

We support organisations to understand risk and make better decisions while uncovering the interconnected, unknown risks that might not be visible. In doing so we help create opportunities for efficiency, competitiveness and growth.



*Richard Youngs,
Managing Director, Berwicks*



The Chinese phrase for "crisis" is a compound of the symbols for "danger" and "opportunity".

危机 = 危 + 机

Crisis

Danger

Opportunity





Progress and illusion – the current state of risk management

While progress has been made in the fields of risk and crisis management since Piper Alpha, we need to be wary of complacency. Modest improvements can create an illusion of safety.

This is easy to see in organisations that spend millions on cyber protection, for example, but still remain exposed to increasingly pervasive attacks with dire consequences.

We must develop and maintain an approach to risk that transcends surface-level precautions. A holistic view of risk and a mindset that goes beyond processes and systems is key to delivering strategic intent and driving success.

Costly mistakes

Looking at individual risks in isolation can lead to a false sense of security. Health and safety posters, or firewalls and anti-virus software, won't protect you fully from slips, trips and falls or a cyber-attack. In most cases, the human element remains the weakest link.

The reality is that policies, processes and a Head of Risk – no matter how good they are – won't make you safe. British Airways, Adobe and NATO no doubt believed they had robust cyber defences in place until successful cyber-attacks proved otherwise.

Take the example of a global oil and gas business. A knife placed upside down in a crew room dishwasher started a sequence of events that cost over \$100m. A pilot cut their hand and was unable to fly a helicopter scheduled to deliver an engineer and expensive calibration tool to a gas rig.

Bad weather stopped flights for the following three days and the gas rig, plus three additional rigs linked to it, were unable to pump gas.

In this case, compliance with health and safety legislation wasn't enough to prevent the serious financial consequences of this relatively innocuous event, which whilst serious for an individual, also had a huge financial impact.

Missing connections

As well as relying on systems and procedures, by necessity organisations exist within hierarchies and boundaries: Bronze, Silver and Gold. Strategic, Operational and Tactical. Board level, Management and Delivery. Dispersed geographical regions.

While these structures serve an operational purpose, risk doesn't neatly conform to organisational confines. The danger lies in a failure to connect the interdependent risks that permeate across the entire business landscape.

An Excel spreadsheet with columns that try to define the severity, likelihood and mitigation of each risk in isolation is not enough. Yes, you might be good at processing risk. But you're not protected from risk – or using it to find opportunities for your business.

Nowhere to hide

The soft skills in risk management are becoming increasingly important. How an organisation is led, the culture, effective communication, decision making, leadership mindset – these all come under scrutiny after a crisis.

COVID, Grenfell Tower fire, Manchester Arena bombing – nothing has been off limits in the very public enquiries and media attention that followed these crises. And notably, growing attention has been paid to leadership, accountability and decision making.

A crisis doesn't merely expose the weaknesses in a company's risk management structure. It magnifies the impact of leadership decisions, cultural shortcomings, and communication breakdowns. In a world where crises are inevitable, businesses can no longer afford to hide behind procedural shields. They must strengthen their soft skills to navigate the complexities of risk.

Changing environment

It's also important to remember that laws regularly change in response to the latest events. The Terrorism (Protection of Premises) Bill, known as Martyn's Law, is a new piece of UK legislation that requires publicly accessible locations to take steps to improve security and preparedness for terrorist attacks.

The law is named in tribute to Martyn Hett, who was a victim of the Manchester Arena bombing in 2017. And it represents a significant change for publicly accessible venues and events. A lack of compliance in an increasingly regulatory environment not only risks legal action, but it also presents a risk to reputation and financial impacts – and in many industries, a risk to life.

A different approach to risk and crisis is clearly needed. A more rounded view that changes mindsets, and aligns people, communications and operations across organisations. Giving teams and individuals the capabilities and confidence to meet difficult situations head-on.

A CASE STUDY MANAGED OFFICE SPACE PROVIDER

After a seemingly impossible risk materialised, this rapidly growing business recognised that the foundations underpinning their business needed to be reinforced.

The current approach to risk management had worked to sustain business growth, but the team knew this would be less effective in the future. They contacted Berwicks to uncover unknown risks, help the team develop an action plan, and protect the valuation of the business during a merger.

We responded with a change management project involving the Executive team. We found their approach was largely intuitive, with improvements needed in important areas such as information flow and clarity around where the business was heading. A change was needed – from a siloed, hierarchical approach to risk to a more entrepreneurial, shared risk culture.

We delivered with:

- Interconnected approach to risk **embedded** across the business.
- Leaders **aligned**, with a greater understanding of risks and opportunities.
- Organisational risk capability **enhanced**, and risk processes improved.
- Business valuation **protected** and successful merger completed.
- Enhanced risk management **recognised** during merger negotiations.

More than risk – integrating business objectives

If you want to improve resilience, it's not enough to focus on individual risks, systems or procedures.

A whole mindset change is needed, to a more holistic view of risk across your whole organisation.

Risks rarely exist in isolation. Businesses need to change their view of risk and align their approach across different functions, boundaries and unintended siloes. Importantly, this holistic view should also include the business vision and objectives, leadership approach, accountability, culture, decision making, and communication. Only then will you gain a full understanding of your risk exposure – and strategic alignment of your risk management capabilities – across the organisation.

Risk interconnectivity and interdependency

A traditional approach to risk only provides a snapshot view at a specific time. But the value lies in how different risks interact and overlap – and in the gaps between the risks. This gives us an understanding of the broader context each individual risk sits in, and a clearer overall picture.

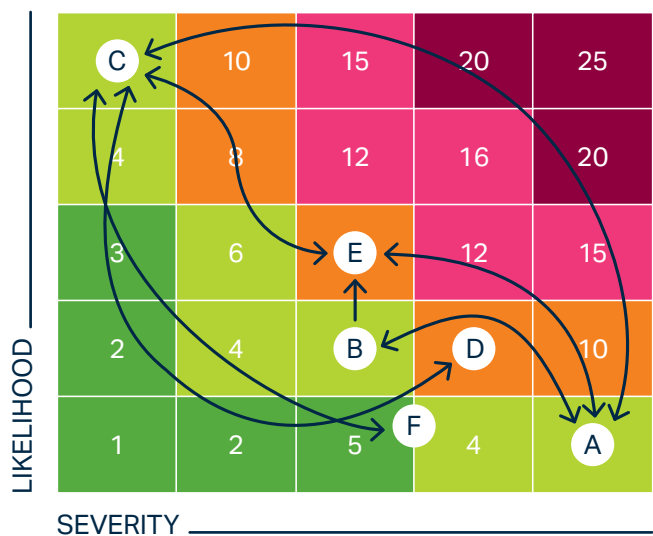
A realistic view of dynamic risk enhances visibility and understanding of risk, and:

- Allows consequences across a whole organisation to be captured.
- Reveals potential escalation paths.
- Strengthens proactive management of risks.
- Supports more regular meaningful conversations about risk.
- Improves risk-based decision making, including budget decisions.

A TRADITIONAL RISK MATRIX



A REALISTIC VIEW OF DYNAMIC RISK



RESILIENCE: A DEFINITION

In business, resilience is an organisation's ability to respond quickly and effectively to a crisis or setback. A resilient business will adapt, learn from mistakes, and come back stronger.

Opportunity in risk

We take risks every day, it's an essential part of life. In reality, there's nowhere to hide. Businesses are no different and without risk there would be no success – it's two sides of the same coin.

A culture where risk is embraced for the opportunities it brings, rather than feared, leads to better decision making. The ability to welcome risk makes a business more competitive, agile and resilient. Leaders and teams cope well when things go wrong, without being thrown off course.

There are two main types of risk. The ones we want to take and the ones we don't want to take. A traditional approach to risk only focuses on the ones we don't want to take, the risks that represent obstacles and dangers to our business. Of course, we need to mitigate those risks. But we are missing an opportunity if we ignore the risks that come with an upside.

Taking a more holistic view ensures upside risks materialise, and businesses are able to take opportunities from them.

The four interconnected elements of risk management

Capability

- What is required to properly understand our risk landscape?
- How do we ensure we're having the right conversations about risks and opportunities?
- How do we enable and empower risk owners?

Principles

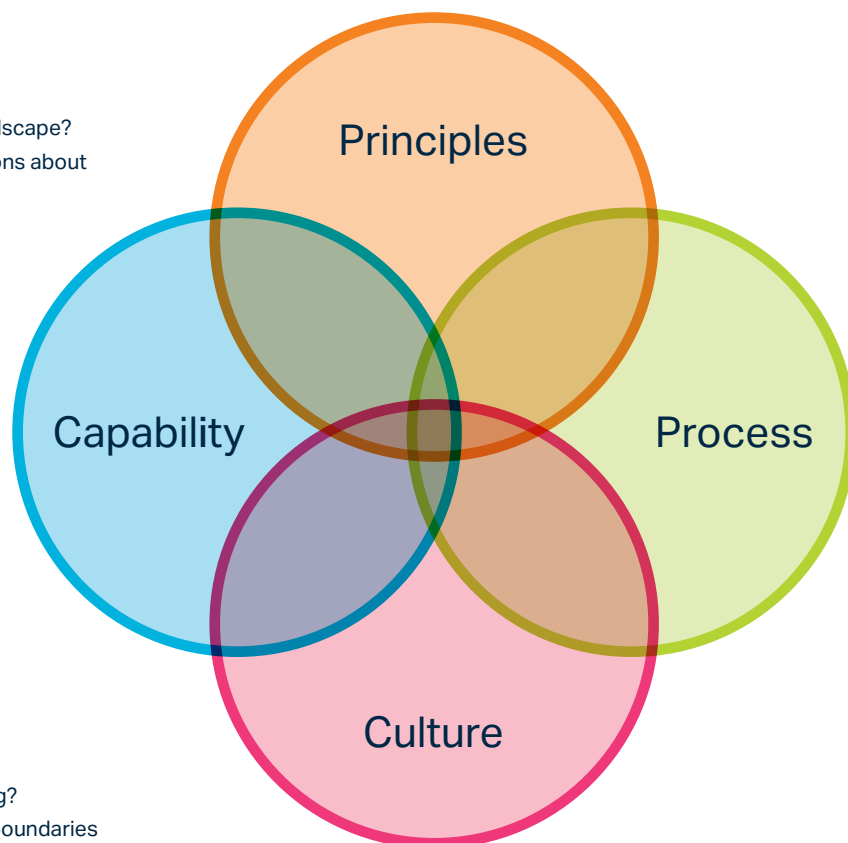
- What is "risk" to our organisation?
- How do we establish the right risk appetite?
- What are the principles against which we operate?
- How do we exploit opportunities?
- How do we deal with failures?

Process

- Who does what in Risk Management?
- How do we report on risks and actions?
- How do we ensure transparency of risk?
- How do we balance benefit and effort?

Culture

- How does risk factor in management decision-making?
- How can a culture of managed risk-taking within the boundaries set by management be fostered and maintained?
- How do leaders explain risks and opportunities to employees?





Build resilience across interconnected areas

A review of the interconnected areas of risk management informs efforts in three key areas. This approach builds capabilities and protects organisations by giving them confidence to thrive in complex and testing environments – both during a crisis and in the every day.

- 1. Strategy development** – involve the CEO and board to develop the vision and culture for their organisation. Build a strategy that captures themes and workstreams to deliver the vision. Reframe risk as a positive to seek out the opportunities.
- 2. Leadership** – Connect leaders within the business. Align the organisation with the vision, the strategy and values. Deliver programmes that super charge the potential of the whole organisation to make the right decisions, at the right time and at the appropriate level. Use coaching and mentoring to enhance leadership and team performances.
- 3. Organisational resilience** – Develop crisis, incident and emergency management. This includes business continuity, safety and security, cyber, and compliance. Where needed, bring in external audit, consultancy, training and exercising support.

A CASE STUDY

MULTI-MILLION-DOLLAR MEGA PROJECT

Berwicks received an invitation to tender from a large company managing a high value megaproject.

This relatively new business was seeking proposals for a series of cyber crisis simulation activities. Competing against significant competition, Berwicks was awarded the contract.

The brief was to run a series of simulations based on realistic scenarios that could challenge the functioning of the company and even pose an existential threat. We devised and ran three simulations, rigorously testing existing cyber response plans and making improvements where necessary. Alerting and information management systems procured specifically for communications in a cyber-attack were tested and improvements identified.

- **Before** the simulations, the company had a broad understanding that cyber-attacks posed a significant enterprise-wide risk.
- **After** the simulations, they were delighted that relevant cyber risks had been spotlighted so effectively.

The interconnectivity of risk

We live in an interconnected and increasingly interdependent world.

- Geopolitical risks and tensions, from the **Red Sea and Middle East to the United States**, continue to affect businesses everywhere.
- The conflict in **Ukraine** caused grain shortages and price increases that impacted businesses in other parts of the world.
- Energy prices increased across the globe when a tanker got stuck in the **Panama Canal**.

The risks we face are economic, environmental, geopolitical, societal and technological. None of these risks exist in isolation and no one is immune, but we can be better prepared. To survive and thrive in a complex and rapidly changing future, every type and size of business should work towards understanding their interdependent and interconnected risks.



Find your blind spots

Yes, the team at Berwicks helps clients with crisis management, cyber risk, processes and planning – but perhaps not in the way you think.

Very often organisations look at defending and mitigating against specific threats and risks. This is understandable but can lead to a binary response. Risk is increasingly nuanced and the second and third order consequence of an event might mean the risk horizon is much wider.

Berwicks support businesses to develop a more holistic view of risk. One that helps identify blind spots and where the connections lie. Our approach leads to the creation of opportunity efficiencies, competitiveness and agility, which all come from a mindset of risk-based decision making.

We bring a fresh approach to risk management, striving to improve your business in ways you might not have considered before. Interested to find out how? Get in touch...

A CASE STUDY

GLOBAL PETROCHEMICAL BUSINESS

Our goal was to review potential risks at a site in the Caribbean – to improve risk management by aligning disparate elements and improve emergency response capability.

After the initial assessment, we submitted a list of risks that needed to be addressed. Multiple improvements were made, and changes were supported by Berwicks emergency response training at a localised, operational level. Plant Managers and Shift Managers participated in the training to ensure a consistent approach across the team.

Our team continued to work on site, reviewing individual areas such as security and logistics, all through the lens of risk and emergency preparedness.

A visit from the auditor...

At this stage of the project, an insurance auditor conducted a planned site review. A Berwicks team member was able to offer a tour that covered more than the usual tick box exercise. A deeper discussion was had – about what the auditor was there to insure and the overall physical risk at the site.

From CCTV improvements to staff training to process clarification, the tour helped the auditor understand the changes made at every level. This demonstrated how resilient the facility now is and how the Proman site team can effectively respond to incidents, while preventing situations from escalating.

\$4 million insurance saving

Around three months later, the annual insurance invoice for the Trinidad plant arrived in the Switzerland office. It was \$4 million less than the previous year.

Not a mistake, as originally thought, but more a recognition of how we had:

- **Knitted** together the interconnected risks.
- **Galvanised** the people, systems and organisation to demonstrate a more resilient and confident emergency capability.
- **Reduced** their risk profile without changing what they do in a complex, high hazard industry.
- **Delivered** positive bottom-line impact through significant savings in their insurance premium.



About Berwicks

Berwicks shapes mindsets through action.

We're real-life practitioners with experience in high-risk situations. By examining your organisation through your risk and crisis responses, we understand how your people, values and operations are aligned.

We take a holistic view of risk. We recognise that all elements are interdependent and interconnected – and so are our attitudes, services and people.

We work with you to enhance:

- Risk and crisis management capability.
- Leadership and resilience.
- Business optimisation.
- Emergency management planning.
- Safety and security planning.
- Command leadership.

Our people embed themselves in your business and get to know your organisation – inside and out. We build bridges and forge connections with your values at the core.



INTERDEPENDENT

There is a mutual dependency running throughout all aspects of your organisation. Events and decisions in one area influence others, even if they do not appear to be linked at first glance. Our view of interdependency allows us to understand your organisation as a whole, unifying mindsets and attitudes to risk and crisis.

INTERCONNECTED

We enhance agility by strengthening the connections between people, operations, systems and processes.

We help to align all aspects of your organisation to ensure capability and confidence wherever they are needed.



Berwicks

Is it time to change your risk mindset?

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