

# Chapter 10

## Project Management and Continuous Improvement

We are what we repeatedly do.  
Excellence then, is not an act, but a habit  
Aristotle 384 - 322 BC

He that will not apply new remedies must  
expect new evils, for time is the greatest innovator  
Francis Bacon 1561-1626

## **10.1 Introduction**

Once the healthcare administrator has devised a uniform process, it is necessary that the business risk management function assists in the roll-out of the methodology and in ensuring that current practices are continually improved.

The project management process requires a combination of techniques whereas the continuous improvement phase requires the revisiting of the following enablers:

- Suitable information systems;
- consolidated reporting techniques;
- communication and training;
- benchmarking and lessons learnt; and
- objective assessment.

It is necessary that the trustees in consultation with the healthcare administrator focus on continuously streamlining existing processes to ensure appropriateness and that best practice is achieved.

## **10.2 Aim**

The reader will be provided with guidance on how the corporate risk management initiative may be successfully rolled-out to the organisation. In addition to this, recommendations on how the overall corporate risk management initiative can be continuously improved will also be provided.

## **10.3 Project management**

As discussed, corporate risk management is focused on providing a company-wide picture of the aggregated risks faced by the administrator and how these exposures may be effectively managed. This is a formidable task that requires

careful project management. The following considerations should be kept in mind when project managing the implementation of such an initiative:

### 9.3.1 *Business roles*

In addition to the roles defined in section 7.5.2 of chapter 7, it is necessary that a dedicated team be appointed to effectively manage the roll-out of the corporate risk management initiative. The most common types of roles that will be encountered during such an initiative include (Chong, 2000: 114):

- *Project sponsor*: This will usually be the chief risk officer or a representative from senior management who has been tasked with the implementation of the corporate risk management initiative. The project sponsor should receive regular feedback from the project management team on how the project is progressing and what successes or shortfalls could hinder the implementation of the methodology.
- *Project manager*: The project manager ensures the optimal utilisation of project resources and skills thereby making certain that the project objectives, as approved by the project sponsor, are effectively achieved within acceptable time frames. The project manager should keep control over any project infighting since a good team culture is crucial.
- *Risk experts and consultants*: It is recommended that a risk expert be requested to provide ad hoc input during the project process. Positive criticisms will ensure that the corporate risk management methodology complies with best practice and that suggested enhancements by the organisation do not contravene corporate governance standards.
- *Team participants*: The remaining participants should consist of a combination of personnel who can add value to the project. Usually this involves a combination of personnel from the key operational processes, internal audit, the external auditors and any other assurance services within the organisation.

### 9.3.2 *Project Piloting*

In its simplest form, project piloting enables management and the trustees to get an early glimpse of how the final corporate risk management process will operate (Chong, 2000: 22). Operationally, piloting will involve the isolation of one business unit over which the entire corporate risk management methodology is rolled-out. This provides for a number of benefits (ibid.):

- Acts as a model to the trustees and senior management on what may be expected once corporate risk management is rolled-out to all the administration functions;
- provides an opportunity for mistakes to be made without significant cost to the organisation;
- allows for the risk management methodology to be tweaked, meeting the unique needs of the organisation; and
- may act as a means of convincing the trustees and management that corporate risk management can reduce the extent of unforeseen exposures.

### 9.3.3 *Resourcing*

Vital to the success of the project is the need for specifically allocated resources. These resources usually include:

- Dedicated human resources such as that of a project management team;
- monetary support;
- information systems and technical support; and
- significant time from all business units and in the case of a pilot, the attention of all personnel within the associated functions in which the pilot is being run.

### 9.3.4 *Post implementation reviewing*

As with all strategic initiatives, it is necessary that a review be conducted after the implementation of the corporate risk management

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programme to ensure that the expected benefits of such a programme are realised. This involves some form of post implementation review. The standard post implementation process should consider the following (Marcella *et al.*, 2001: 297-299):

- The review should take place three to six months after the implementation of the corporate risk management programme;
- persons integrally involved in the project should not be allowed to conduct the post implementation review; and
- a final report should be presented to the project sponsor and senior executive on whether the expected benefits were realised.

The benefits that should be realised should include those identified in section 4.4 of chapter 4.

**10.4 Continuous improvement**

It is necessary that as the administration organisation achieves its corporate risk management goals, senior management, in conjunction with the trustees, look at ways of continuously streamlining the process. Below are some considerations that may assist in achieving this:

**10.4.1 Suitable information systems**

In chapter 7 section 7.4.4 it was indicated that one of the key elements of a risk management programme was the need for up to date systems and data. To ensure continuous improvement within this process, the following are necessary:

- As business processes change over time within the administration function, senior management should check that existing systems are utilising the correct data when providing management with key information. This will ensure that information relied upon is accurate and reliable.
- Risk reports are revised on an ongoing basis to ensure that they provide accurate information on the level of exposure versus limits

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and trends in tolerance violations. It is imperative that personnel with risk management responsibilities use reports to monitor achievement of objectives, execution of risk management strategies and compliance with the corporate risk management policy on an ongoing basis.

*10.4.2 Consolidated reporting*

A number of local and international software companies have developed corporate risk management software to meet the needs of organisations which have embarked on the risk management journey. Corporate risk management software is effective in situations where risk management initiatives have been operating effectively for a period of time and where key internal customers are satisfied with the existing manual or semi-manual process.

Existing software packages provide the user with the following key functionality:

- Permits the user to define the organisational structure thereby allowing risk management results to be presented at various levels within the business;
- ability to redefine the uniform process as the needs of the organisation is updated;
- allows for the development of a risk repository that includes all known risks faced by the organisation over time. This is a powerful tool that can assist in scenarios planning;
- allows for web-enabled completion of risk assessments by operational personnel; and
- provides extensive graphing and reporting functionality that can summarise and depict key risk exposures for senior executives and the trustees of the medical scheme.

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Although the population and configuration of such software is time consuming, such software may provide untold value to the trustees and senior management of the administration function.

#### 10.4.3 *Communication and training*

The buy-in of all personnel during the roll-out and continuous operation of the corporate risk management initiative is key. In chapter 7 reference was made to the establishment of a communication strategy that would clarify basic risk management terminology, roles and responsibilities, awareness regarding the risk management policy and associated procedures.

To ensure that buy-in is maintained at a consistent level, it is necessary that this communication strategy be revisited on an ongoing basis and that the skills of all affected personnel are developed over time. As personnel take on new risk management responsibilities, their roles, accountability and relationships with other risk owners should also be updated to address the ongoing developments within the corporate risk management programme.

Also, a risk does exist that the roles and responsibilities of risk taking versus risk monitoring may become blurred over time. It is imperative that communication and training initiatives highlight the difference in these roles and that strategies are implemented to avoid confusion (De Loach, 2001: 151).

#### 10.4.4 *Benchmarking and lessons learnt*

Continuous improvement and lessons learnt involves the process of benchmarking current risk management practices. Benchmarking is defined as the comparison between internal processes and those of competitors or best class organisations (De Loach, 2000: 182). In instances where current risk management practices vary from such benchmarks, the trustees, in conjunction with the administrator, should consider the feasibility in improving such current practices.

Currently in South Africa the larger auditing and accounting firms conduct most forms of benchmarking initiatives relating to risk management and corporate governance. However, in assessing most of these sources available at the time of conducting this study, limited focus was given to the healthcare administration environment<sup>1</sup>.

In instances where the healthcare administrator is sufficiently large to include a number of administration specific processes that are duplicated across a number of geographical locations, internal benchmarking may also be effective.

In an international study conducted regarding trends and emerging practices within the field of corporate risk management across various industries, the following success factors were cited (Tillinghast-Towers Perrin, 2001: xix):

- Strong and visible support from senior management is indispensable;
- employing the services of external consultants to ensure best practice is achieved;
- proceeding incrementally and leverage against early wins;
- introducing corporate risk management as an enhancement to already entrenched and well placed processes within the organisation as opposed to a new and stand alone process; and
- having a dedicated group of cross-functional staff within the corporate risk management team to ensure the distinct needs of each operational function are considered.

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<sup>1</sup> Assumption based on the author's personal evaluation of South African literature relating to risk management:

- KPMG, 1999
- KPMG, 2001



## 10.4.5 Objective assessment

The reader is referred to section 3.5 of chapter 3 for more information regarding the internal auditor's role in the corporate risk management initiative.

## 10.5 Corporate risk management in South Africa

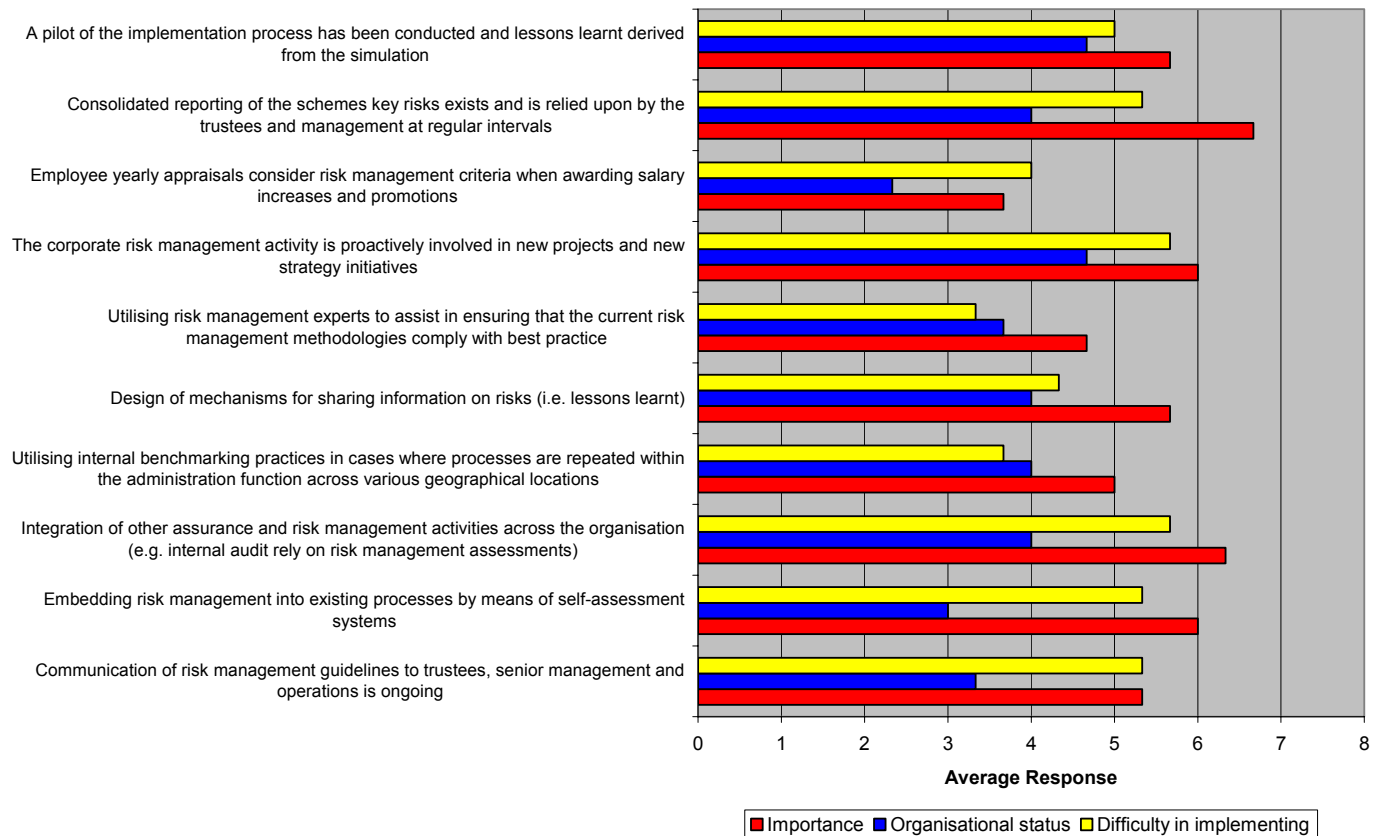
Results of the local survey are featured below. These results relate specifically to the elements of project management and continuous improvement within the corporate risk management programme.

Scales applied in the empirical study were as follows:

<i>Importance</i>	>8 = Crucial.....7.....6 = important.....5.....4.....3 = cognisant.....2..... 1 = unnecessary.....0 = N/A
<i>Organisational Status</i>	>8 = Managed/optimised.....7.....6 = defined.....5.....4..... 3 = repeatable.....2.....1 = initial/rudimentary
<i>Difficulty in Implementing</i>	>8 = Major restructuring required.....7.....6 = six to twelve months management attention needed.....5.....4..... 3 = 1 to 3 months management attention.....2..... 1 = no problems encountered

**Figure 10.1: Empirical study results: project management and continuous improvement phase**

*Criteria below detail the action steps followed within the project management and continuous improvement phase of a corporate risk management programme*



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Based on the abovementioned responses, the most noteworthy issues raised include:

- The criteria of consolidated reporting and integration of assurance service functions was of greatest importance. The integration of such assurance service functions was considered to be one of the most difficult elements in implementing.
- Ensuring that the corporate risk management initiative was actively involved in strategic initiatives was the other most difficult element in implementing. However, with regard to implementation within their organisations, respondents indicated that this continuous improvement element was the most advanced.
- The utilisation of external risk management experts was the least important of the continuous improvement elements. It appears that healthcare organisations preferred to improve the corporate risk management processes based on own experience and internal demands from senior management and the medical scheme's trustees.
- The use of pilot projects as a means of obtaining an early glimpse of how the final corporate risk management process would operate was important and could be implemented within a period of three to six months.

### **10.6 Summary**

The phases of project management and continuous improvement, which reflect the last two stages of the corporate risk management methodology, are discussed in this chapter.

Project management includes the following distinct criteria, which are discussed:

- Definition of business roles;
- utilisation of project piloting;
- sufficient resourcing practices; and
- post implementation reviewing.

Continuous improvement is discussed in terms of:

- Suitable information systems;
- consolidated reporting;
- communication and training;
- benchmarking and lessons learnt; and
- objective assessment.

The following significant issues are identified from the empirical study conducted:

- The criteria of consolidated reporting and integration of assurance service functions was of greatest importance in terms of continuous improvement.
- The use of pilot projects as a means of obtaining an early glimpse of how the final corporate risk management process would operate was important and could be implemented within a period of three to six months.

### **10.7 Conclusion**

Due to the vast number of organisational structures and cultural environments, no two healthcare administration organisations will take the same route in implementing corporate risk management.

Various players of the corporate risk management game are at differing levels within the corporate risk management programme. Some will focus on pilot project initiatives while others will look at conducting company-wide risk assessments. It is, however, imperative that since this is a relatively new field of study, members of the healthcare administration organisation focus on early wins that will build momentum and promote further development towards a fully integrated approach.