


## FIRST PRINCIPLES IN STRATEGIC RISK MANAGEMENT

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## Session Overview

- Risk and Governance
- Concepts of Risk
- Four Competing Perceptions
- First Principles
- Management Framework

## Why Does Risk Matter?

- **Because things go wrong!**
- Structural failures and fires
- Crowd-related disasters
- Administration and insolvency
- Service delivery failures
- **GOVERNANCE**

### WHERE MANCHESTER UNITED MADE THEIR MONEY

Half-time earnings: £91.6m in the six months to Jan 31, 2005

MEDIA RIGHTS	
Total	£24.8m
Sold rights	£15.3m
UK TV	£10.4m
UK radio	£2.6m
Overseas TV	£2.6m
Domestic sponsors	£10.6m
Commercial sponsor	£6.6m
Matchday receipts	£6.2m
MATCHDAY RECEIPTS	
Total	£14.3m
Sold seats	£10.4m
Concessions	£1.9m
Season ticket sales	£1.9m
Leasing matches	£0.2m
Merchandise	£0.2m
European games	£0.7m
Domestic cup games	£1.3m
Matchday catering	£0.3m
Matchday transport	£0.2m
Other (including hotels)	£0.3m
COMMERCIAL SPONSORS	
Total	£23.2m
Sold seats	£10.4m
Matchday	£4.5m
Vodafone	£2.7m
Other sponsors, known as Matchday sponsors	£2.7m
MIF Finance	£1.2m
Prudential League sponsors	£1.2m
Non-matchday sponsors	£1.6m
Other income	£1.9m



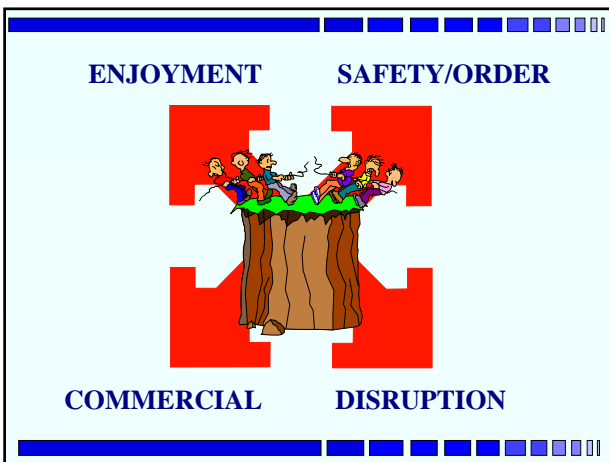
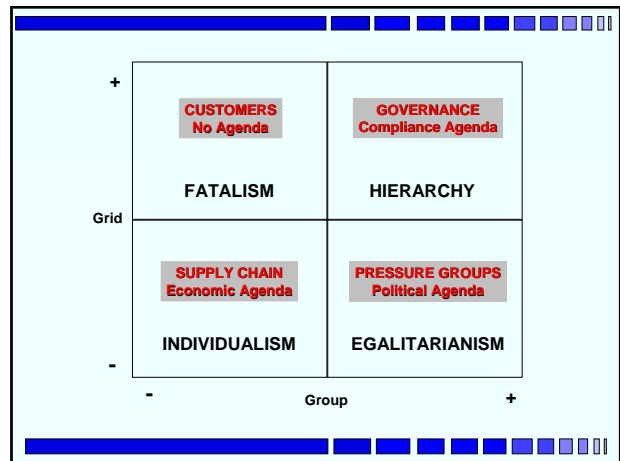
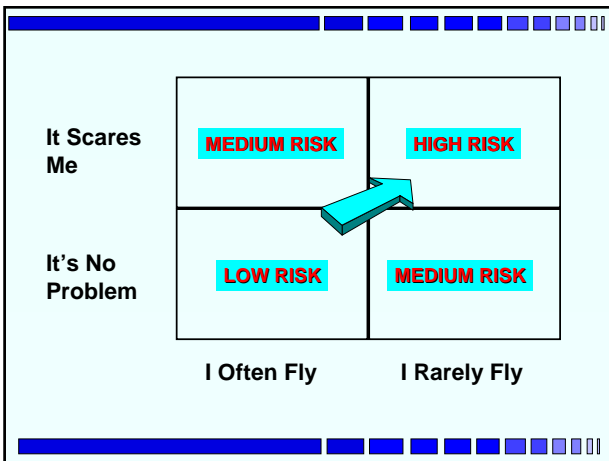
## Governance

- High Profile Failures and Frauds
- Private Sector Drivers
  - 1992 Cadbury Committee Report
  - 1998 'The Combined Code'
  - 1998 Turnbull Report
- Public Sector Drivers
  - 1996 Nolan Report
  - 2001 HM Treasury 'Orange Book'
- **Strategic Risk Management**

## The Concept of Risk

- Chance in Gambling
- Gains versus Losses
- Danger from Technology
- Dangerousness from People
- Accountability and Blame
- A Question of Perception





- ### Safety and Security
- Violence, vandalism and disorder
  - Crowd crushing and stampedes
  - Structural collapses
  - Fire
  - Entry without tickets
  - Pitch incursion
  - Missile throwing

- ### Commercial
- Design and fitting out
  - Advertising hoardings
  - Revenue generation
    - food and beverage
    - ticket sales
  - Merchandising
  - Ambush marketing

- ### Enjoyment
- Ticket purchase
  - Viewing quality
  - Event credibility
  - Amenities and facilities
  - Being allowed to have fun
  - Arrival and departure

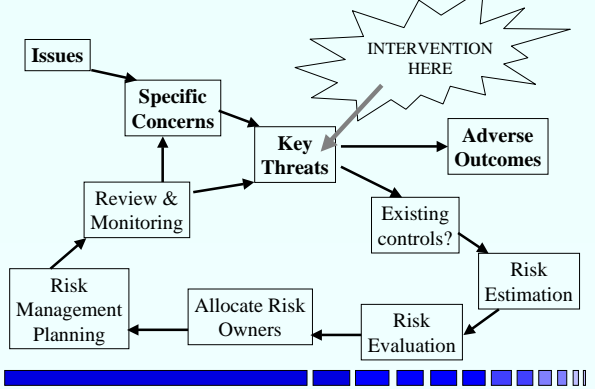
## Disruption

- Noise pollution
- Stadium structure
- Light pollution
- Traffic
- Crowds
- Rubbish
- Projectiles

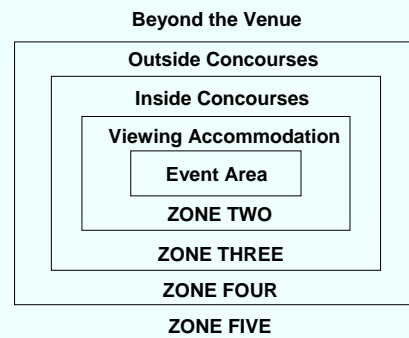
## First Principles on 'Risk'

- 'Risk' means all things to all people, but is all about things going wrong
- Risk assessment is a consultative process, not an individual activity
- Risk assessment and management needs to capture diverse perspectives
- There are four groups of stakeholders in the stadium management business
- Managers have to strike an equitable balance between their competing perspectives
- Managers need to apply a management framework

## Strategic Risk Model



## Four Categories - Five Zones



## 'Health-Check'

- Roles and Policy
- Training and Awareness
- Business Processes
- Embeddedness

## Summary

- Risk and Governance
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- Four Competing Perceptions
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- Any Questions?