

# Perspectives for better Risk Management



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# Your Perspective

## The Self Fulfilling Prophecy

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- ❑ How you feel about risk influences your behavior
- ❑ Your behavior influences your risk
- ❑ Your risk influences your ability to get or keep insurance and your cost

# the ground rules

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- ❑ Insurers are not required to provide liability insurance.
- ❑ Nearly every insurance company exists to produce a profit (Mutual companies return profit to insureds)
- ❑ Policies are issued if premiums are greater than estimated exposure plus expenses.

# How exposure relates to profit

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- ❑ Exposure is the anticipated value of claims X the probability of claims.
- ❑ Anticipated profit is premium – expenses – exposure
- ❑ Policies are not written if there is no anticipated profit and will be cancelled if there is no profit over a certain time period.

# Meeting Insurers on your terms

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- ❑ Understand the lingo
- ❑ Understand insurance laws of your state
- ❑ Define what insurance means to you

# What does insurance mean to you?

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- For some: A necessary evil
- For others: A gamble
- And for others: Just something that you do
- For others still: A risk management tool

# A Necessary Evil

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- Avoid “too much” attention
- Tense or adversarial relationship with agent(s)
- Reactive (principally: “solve my problem”)
- Drive to get the “most” for your \$ or more likely; to spend the least amount of \$

# The Gamble

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- Will I experience an incident or not?
- If I do, what will it cost me?
- The value to me is experiencing less in expense than the cost to me of the incident



# Something that You Must Do

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- ❑ Laws/regulations require it.
- ❑ My bank requires it
- ❑ My landlord requires it
- ❑ My spouse requires it

# Basics of Risk Management

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- Understand and evaluate your risks
- Decide the level of risk you will take or are required to take
- Find the proper solution at an acceptable cost

# 5 Steps to “Winning”

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- ❑ Hazard analysis & identification
- ❑ Understand regulatory laws and authorities
- ❑ Risk assessment and impact analysis
- ❑ Hazard mitigation
- ❑ Planning and training

# Hazard Analysis

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- The hazard analysis process accomplishes three purposes:
  - ▣ Hazards of significance are identified
  - ▣ Provides a basis for selecting likely hazards
  - ▣ Guides Development of preventive measures for a process or product that ensure or improve safety.

# Hazard Identification

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- ❑ What is the vulnerability of people and property
  
- Types of hazards
  - Natural
    - Geological
    - Meteorological
    - Biological
  - Human caused
    - Accidental
    - Intentional

# What Do You See?



# Laws and Authority

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- Local
  - health departments
  - zoning
  - building
  - fire
  - public safety
  - Licenses
  
- State
  - all of the above?
  - animal welfare
  - customer safety regulations
  - employee safety regulations
  - insurance regulations
  
- Federal
  - USDA
  - Trade
  - OSHA
  - Other

# Assessment and Impact

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- ❑ What is the likelihood X will occur?
- ❑ What is the result?
- ❑ What if anything will it cost?

This is what insurance companies do best.

They hate dealing with the unknown



# Fruits and Vegetables: No Longer Ignored

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- Food hygiene - Are items protected from the elements
- Cross contamination control
  - microbial and chemical
    - reused boxes
    - multiple use trucks
    - combined storage
    - food grade packaging
    - pest control
    - no storage on ground
    - personal

# Fruits and Vegetables: No Longer Ignored

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- Cleaning
  - food grade cleaner; PPM?
  - procedure; high risk to low
  - disposable vs. reusable
  - Are work surfaces smooth, impervious, and cleanable?
  - Is cleaning and moistening water potable?
  - Are containers sanitized?

# What Do You See?



# Risk assessment and impact analysis

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- Facilities/Stall
- Construction
  - Tables, bins, racks, floor, loading/unloading weight capacity, sharp edges, nails, holes, breaks, pinch points
- Stability
  - Canopy secure
  - Signs secure
  - Banners?
  - Other

# What Do You See?





# What Do You See?



What Do You See?



# What Do You See?





# Risk assessment and impact analysis

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- Temperature control
  - controlled transportation and storage
  - records
- Personal hygiene
  - Hand washing
  - Eat, drink, smoke near food?
  - First Aid
  - clean clothing
  - jewelry

# Hazard Mitigation (risk management actions)

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- Inspect
- Repair
- Warn

What Do You See?



# Planning and training

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- Staff training
  - food safety
  - physical safety
  - controls
  - programmatic
  - systemic
  
- Emergency action plans
  - first aid for consumers
  - when/how to call 911?
  - weather/other hazard monitoring
  - who is in charge, who takes over other responsibilities

# Communication

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- ❑ Ask
- ❑ Listen
- ❑ Explain
- ❑ Advocate
- ❑ Assist
- ❑ Appeal to higher authority

# Summary

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- ❑ Eliminate the risks you can (economically)
- ❑ Control the risks you can not eliminate
- ❑ Share (spread the risk with others)
- ❑ Communicate