



UNIT 22. Airport Operations Management



Colbourne
College

AIM & OBJECTIVES OF LESSONS 10, 11 & 12

LO4 Apply the principles of strategic management for effective airport performance and efficiency

- **P5** Conduct a PEST analysis to produce a risk management audit for a specific airport
- **P6** Discuss the implications of the risks to a specific airport and how strategic airport management can support high performance and efficiency
- **M4** Provide realistic solutions for mitigating risks and meeting key performance indicators
- **D3** Produce a detailed risk assessment that identifies landside and airside risks, risks value and measures, to make valid recommendations and solutions for resolving and managing risk



RISK MANAGEMENT; WHAT IS

RISK MANAGEMENT IS A PROCESS THAT ALLOWS INDIVIDUAL RISK EVENTS AND OVERALL RISK TO BE UNDERSTOOD AND MANAGED PROACTIVELY, OPTIMISING SUCCESS BY MINIMISING THREATS AND MAXIMISING OPPORTUNITIES.

(APM, 2019)



RISK MANAGEMENT; WHAT IS

THE OBJECTIVE OF RISK MANAGEMENT IS TO OBTAIN AN UNDERSTANDING OF HOW TO ACCESS THE VARIOUS LEVELS OF HAZARDS AND TO GAIN AN INSIGHT ON LOGICAL APPROACHES TO DEAL WITH THOSE HAZARDS. IN ORDER TO CONTROL THESE RISKS, RISK MANAGEMENT TECHNIQUES MUST BE ENFORCED.

(DISTEFANO AND LEONARDI, 2014)

RISK MANAGEMENT; WHAT IS

THE FIRST STEP OF MANAGING RISKS IS TO COLLECT DATA. ONCE DATA IS COLLECTED, ACCIDENT PRECURSORS (HAZARDS) ARE IDENTIFIED AND EVALUATED. FINALLY, COUNTERMEASURES ARE DEVELOPED, COMMUNICATED THROUGHOUT THE ORGANIZATION, AND ARE THEN IMPLEMENTED IN THE SYSTEM.

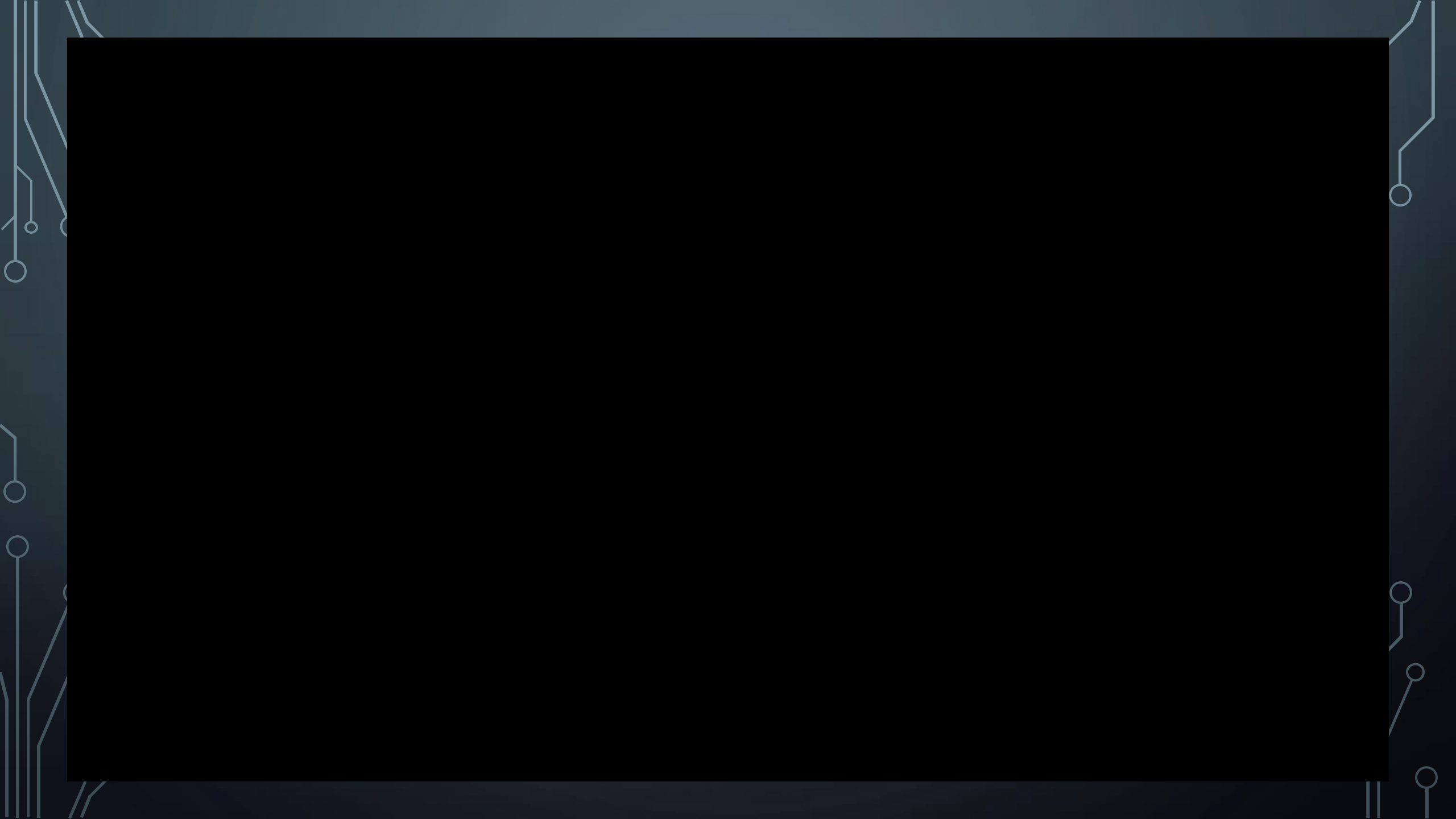
(DISTEFANO AND LEONARDI, 2014)

RISK MANAGEMENT; ELEMENTS

RISK MANAGEMENT CONSISTS OF THREE ESSENTIAL ELEMENTS:

1. HAZARD IDENTIFICATION
2. RISK ASSESSMENT
3. RISK MITIGATION

(DISTEFANO AND LEONARDI, 2014)



BENEFITS

Improved Strategic Management	<ul style="list-style-type: none">• Greater ability to deliver against objectives and targets• A sound system of corporate governance• Confidence in the rigour of the Annual Governance Statement• More likely that new developments can be delivered on time and on budget• Delivery of innovative projects
Improved Operational Management	<ul style="list-style-type: none">• Reduction in interruptions to service delivery• Reduction in managerial time spent dealing with the consequences of a risk event having occurred• Improved health & safety of those employed, and those affected, by the Council's undertaking• Improved prevention of fraud, bribery and corruption• Allows managers to focus on issues that really matter• Delivery of change management and organisational change
Improved Financial Management	<ul style="list-style-type: none">• Better informed financial decision-making• Enhanced financial control• Reduction in financial costs associated with losses due to service interruption, litigation, etc.• Reduction in insurance premiums and claim related costs
Improved Customer Service	<ul style="list-style-type: none">• Minimal service disruption to customers• Protection of reputation and reduced risk of misinterpretation by media

RISK MANAGEMENT; USING PEST

IN ADDITION TO THE TRADITIONAL QUALITY, SAFETY AND ENVIRONMENTAL RISKS WHICH MOST COMPANY'S SEEM TO UNDERSTAND, THE LATEST ITERATION OF THE STANDARDS NOW REQUIRE US TO IDENTIFY OPPORTUNITIES AND THE RISKS AND THESE ARE NOT LIMITED TO THOSE RELATED TO THE DELIVERY OF YOUR PRODUCTS AND SERVICES, BUT EXTEND TO THE BUSINESS AS A WHOLE..

(KELLOCK, 2019)



RISK MANAGEMENT; USING PEST

POLITICAL DOESN'T JUST RELATE TO LOCAL OR FEDERAL GOVERNMENT AND THEIR CHANGES WHICH CAN IMPACT A COMPANY. IT COULD ALSO RELATE TO INTERNAL OR INTERCOMPANY POLITICS. IN SITUATIONS THERE ARE RISKS, OPPORTUNITIES AND NORMALLY BOTH.

(KELLOCK, 2019)

RISK MANAGEMENT; USING PEST

ECONOMIC FACTORS BOTH INSIDE THE COMPANY AND EXTERNAL TO THE COMPANY CAN PRESENT BIG RISKS AND OPPORTUNITIES.

EXTERNAL INFLUENCES COULD BE FOR EXAMPLE, A CHANGE IN INTEREST , INFLATION OR EXCHANGE RATES COULD IMPACT BORROWING AND SPENDING AND ANY FINANCIAL IMPACT IS LIKELY TO BE FELT IN SPENDING AND PRICING WHICH WILL APPLY TO BOTH CUSTOMERS AND SUPPLIERS.

(KELLOCK, 2019)



RISK MANAGEMENT; USING PEST

SOCIAL FACTORS CONSIDER STAKEHOLDER PREFERENCES, COMMUNICATION PREFERENCES, CULTURAL DIFFERENCES, ETHICAL STANDARDS, PERCEPTION OF VALUE AND QUALITY WHERE RISKS AND OPPORTUNITIES CAN BE PRESENTED BY ALL OF THESE..

(KELLOCK, 2019)

RISK MANAGEMENT; USING PEST

TECHNOLOGICAL FACTORS ARE THINGS LIKE PROCESS AUTOMATION, PRODUCT OR SERVICE DEVELOPMENT, SUPPLIER, COMPETITOR AND CUSTOMER TECHNOLOGY, INDUSTRY INNOVATION.

COMPETITOR TECHNOLOGY CAN PRESENT A THREAT, SUPPLIER TECHNOLOGY CAN PRESENT AN OPPORTUNITY AND CUSTOMER TECHNOLOGY CAN PRESENT AN OPPORTUNITY IF YOU ARE ABLE TO ALIGN YOURSELF WITH IT AND A THREAT IF YOU CAN'T.

(KELLOCK, 2019)



AIRPORT RISK MANAGEMENT

AN AIRPORT ALWAYS HAS MULTIPLE HAZARDS TO CONTROL AND THE RISK MANAGEMENT PROCESS INVOLVES ASSESSING AND CLASSIFYING EACH RISK, DEFINING CONTROL MEASURES, AND ALLOCATING THE RESOURCES NEEDED TO IMPLEMENT THE CONTROLS.

(NEUBAUER, FLEET AND AYRES, 2015)



AIRPORT RISK MANAGEMENT

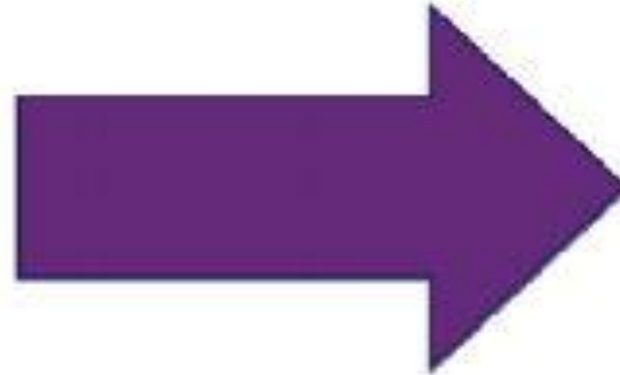
RISK APPETITE IS A METHOD TO HELP GUIDE AN ORGANISATION'S APPROACH TO RISK AND RISK MANAGEMENT. DEFINED WELL, RISK APPETITE TRANSLATES RISK METRICS AND METHODS INTO BUSINESS DECISIONS, IT SETS THE BOUNDARIES WHICH FORM A DYNAMIC LINK BETWEEN STRATEGY, TARGET SETTING AND RISK MANAGEMENT.

(LAMBETH, 2019)

Monitor and Review



Mitigation &
Action Planning



Your
Objectives



Identify the
Risk(s)



Prioritise the
Risk(s)

AIRPORT RISK MANAGEMENT; STEPS

1. CLARIFY OBJECTIVES

- IT IS DIFFICULT TO THINK ABOUT RISKS IN ISOLATION, THERE IS USUALLY A BALANCING OF RISKS TO BE DONE IN EVERYTHING WE DO, SO THE FIRST STEP IS TO BE CLEAR ABOUT THE OBJECTIVES AND KEY DELIVERABLES OF THE PROJECT OR SERVICE IN MIND BEFORE ATTEMPTING TO IDENTIFY THE RISKS.

(LAMBETH, 2019)

AIRPORT RISK MANAGEMENT; STEPS

2. IDENTIFY AND ANALYZE RISKS

- THE AIM OF THIS STEP IS TO IDENTIFY THE RISKS TO THE (PLANNED) ACTIVITY THAT MAY AFFECT THE ACHIEVEMENT OF THE OBJECTIVE(S), WHICH CAN EITHER BE POSITIVE OR NEGATIVE.

(LAMBETH, 2019)

AIRPORT RISK MANAGEMENT; STEPS

3. ASSESS AND PRIORITISE THE RISKS

- THE AIM OF THIS STEP IS TO IDENTIFY THE RISKS TO THE (PLANNED) ACTIVITY THAT MAY AFFECT THE ACHIEVEMENT OF THE OBJECTIVE(S), WHICH CAN EITHER BE POSITIVE OR NEGATIVE.

(LAMBETH, 2019)

AIRPORT RISK MANAGEMENT; STEPS

4. MITIGATION AND PLANNING RESPONSES

- THE AIM OF THIS STEP IS TO IDENTIFY THE RISKS TO THE (PLANNED) ACTIVITY THAT MAY AFFECT THE ACHIEVEMENT OF THE OBJECTIVE(S), WHICH CAN EITHER BE POSITIVE OR NEGATIVE.

(LAMBETH, 2019)



AUCKLAND INTERNATIONAL AIRPORT LTD. RISK ASSESSMENT

[HTTPS://WWW.PMI.ORG/LEARNING/LIBRARY/AUCKLAND-INTERNATIONAL-AIRPORT-RISK-MANAGEMENT-PROCESS-7082](https://www.pmi.org/learning/library/auckland-international-airport-risk-management-process-7082)

RESOURCE LIST

- APM.ORG.UK. (2019). WHAT IS RISK MANAGEMENT? | APM. [ONLINE] AVAILABLE AT: [HTTPS://WWW.APM.ORG.UK/BODY-OF-KNOWLEDGE/DELIVERY/RISK-MANAGEMENT/](https://www.apm.org.uk/body-of-knowledge/delivery/risk-management/) [ACCESSED 13 NOV. 2019].
- DISTEFANO, N. AND LEONARDI, S. (2014). RISK ASSESSMENT PROCEDURE FOR CIVIL AIRPORT. INTERNATIONAL JOURNAL FOR TRAFFIC AND TRANSPORT ENGINEERING, [ONLINE] 4(1), PP.62-75. AVAILABLE AT: [HTTP://DX.DOI.ORG/10.7708/IJTTE.2014.4\(1\).05](http://dx.doi.org/10.7708/IJTTE.2014.4(1).05) [ACCESSED 21 NOV. 2019].
- KELLOCK, R. (2019). USING THE PESTLE ANALYSIS METHOD TO HELP IDENTIFY RISKS AND OPPORTUNITIES – ROB KELLOCK BUSINESS CONSULTING. [ONLINE] AVAILABLE AT: [HTTPS://WWW.KBIS.COM.AU/USING-THE-PESTLE-ANALYSIS-METHOD-TO-HELP-IDENTIFY-RISKS-AND-OPPORTUNITIES/](https://www.kbis.com.au/using-the-pestle-analysis-method-to-help-identify-risks-and-opportunities/) [ACCESSED 21 NOV. 2019].

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