

## ACTIVE RISK MANAGER

# Leighton Contractors – Making a Difference with ARM

Leighton Contractors is one of Australia's leading construction, mining, infrastructure, industrial engineering, facilities management, services and telecommunications groups.

This case study focuses on how and why Leighton Contractors initially selected Active Risk Manager as their Enterprise Risk Management system. Since this case study was originally prepared, Leighton has continued with its successful implementation and rollout. Leighton has been recognised as a leader in risk management, winning three out of five Australian Risk Sentinel awards in late 2010.

Leighton was assured by Active Risk's extensive client list of large global companies and experience in providing a consultancy-led approach to an ERM roll out. This experience and the quality of the software has facilitated a transition from using informal risk management tools to a standardised, consistent and effective solution that will operate across the business.

### OVERVIEW OF LEIGHTON CONTRACTORS

For over 55 years Leighton Contractors has provided services to governments, major corporations and other clients across Australia, delivering projects that create lasting value for future generations.

With capabilities spanning resources, construction, telecommunications, industrial engineering, energy, infrastructure and facility management, Leighton Contractors' projects have included the construction of the \$2 billion North-South Bypass Tunnel and the \$1.4 billion Gateway Project in Brisbane. They also provide a range of mining services to BHP Billiton and Rio Tinto throughout Australia.

Effectively managing risk is a critical element of the overall business strategy for Leighton Contractors and this has been a key contributor to their ongoing success. The

company has recently implemented risk management software, Active Risk Manager (ARM) at the core of its risk management processes which has facilitated standardisation and consistency across the organisation.

### WHY LEIGHTON CONTRACTORS SELECTED ARM

Karl Davey, Manager, Risk Management, Group Operational Services at Leighton Contractors said, "There were a number of key reasons for selecting Active Risk Manager to support our Enterprise Risk Management (ERM) process. We required a visible and effective risk management system – often a key requirement of potential clients, as well as a standard method of reporting key strategic and project risks within our business and to our parent company.

“We also recognised that effective risk management improved overall business performance, helping to deliver projects on time and within budget. We knew that strong risk management would provide many benefits to our business and therefore it was essential for us to further invest our resources in this area.

“Finally we wanted to harness the knowledge held within the business to increase the understanding and sharing of operational best practice.”

### **RISK MANAGEMENT AT LEIGHTON CONTRACTORS BEFORE ACTIVE RISK MANAGER**

Prior to using Active Risk Manager, Leighton Contractors used a complex system to manage risk. According to Karl Davey, “The old system utilised a series of spreadsheets that had the potential to lead to varying risk management processes being adopted within the Company. This system was not delivering the outcomes we needed, nor did it provide real-time visibility of the risks faced by the business. Because of the differences in the process, it was difficult to get high-level consolidated data from the system.

“Active Risk Manager has provided improved data integrity and traceability, which has led to auditable reasons for risk changes. The software has facilitated a transition from using informal risk management tools to a standardised consistent and effective solution. The value ARM has added to our risk management processes is exceptional.”

### **THE RISK MANAGEMENT EVALUATION PROCESS**

A number of different risk management solutions were considered over a period of several months, varying from standalone risk management tools to alternative enterprise risk management packages. The selection process involved representatives from all levels of Leighton Contractors, including board members and potential end users. Active Risk Manager was chosen because of its complete ERM capabilities, easy to use graphical interface and analysis capabilities. Two further factors were the reliability of the product and the experience and skills of provider, Active Risk.

“Active Risk Manager was the only ERM solution we looked at which also had integrated analysis capability and enabled usage across all levels of the business,” Karl Davey explained. “We were reassured by Active Risk’s extensive client list of large global companies.

Their experience in providing a consultancy-led approach to an ERM roll out was also very important and this has proved invaluable.

“Being based in Australia, Leighton Contractors also needed to know the product was stable and reliable. While support is readily available from both the UK and US, we could not afford any periods of outage.”

### **IMPORTANCE OF IMPLEMENTATION**

Active Risk Manager is now used extensively in different operational areas across Leighton Contractors, including projects and operations within Construction Resources, Industrial and Services Divisions, as well as corporate areas such as Finance, Business Planning and Group IT.

“We feel it is important for new ARM users to work with Active Risk to harness the knowledge of its consultants,” said Mr Davey. “They have a great wealth of experience gained from working with different customers. The consultants ‘know-how’ from previous implementations and involvement with multiple other processes is invaluable. Leighton Contractors took advantage of onsite training and train-the-trainer courses and quickly found the more help and experience available, the better.”

### **ARM AT THE HEART OF ENTERPRISE RISK MANAGEMENT**

Active Risk Manager is now at the heart of Leighton Contractors’ Enterprise Risk Management processes.

“There are very few parts of the business that ARM does not touch,” Mr Davey said. “Eighteen months after initial implementation, there were between 200 and 250 people using the system and all job roles and areas of the business are involved with the risk process. Having made the decision to implement a system we looked to the fundamentals of ERM such as the process, people and product. As such we have implemented a common organisational wide ERM process and education programme to enable us to get the best from risk and opportunity management.”

ARM is currently used in many areas of Leighton Contractors, including:

- Auditing and external reporting
- Crisis and reputation management
- Emergency planning

- Environment, Health and Safety
- Financial analysis
- Insurance and premium reduction
- IT risk and compliance
- Opportunities and bid management
- Project, program and portfolio management
- Risk assessment and recording
- Risk-adjusted business planning
- Supply chain risk management

Plans are also in place to use ARM for Governance and Compliance. It is also integrated with another system in terms of incident reporting, losses and hazard management.

“Active Risk Manager is the engine to drive our standardised risk management process and it has enabled us to increase consistency across the business. We expect to see a further uptake and growth across our business,” Mr Davey said. “We now have the visibility we need to understand the risks we are facing so we can become focused on the prevention of issues and ensure we realise our opportunities. By improving our risk management processes we are better positioned to achieve long term sustainable business practices and success for all our stakeholders.”

#### ABOUT LEIGHTON CONTRACTORS

Leighton Contractors is one of Australia’s leading construction, mining, infrastructure, industrial engineering, facilities management, services and telecommunications groups with over \$9 billion work in hand, employing more than 9,500 people across Australia and New Zealand.

For more information please visit [www.leightoncontractors.com.au](http://www.leightoncontractors.com.au)

#### ABOUT ACTIVE RISK & ACTIVE RISK MANAGER

Active Risk addresses enterprise-wide risk management (ERM) requirements with advanced software and services that can be implemented across organizations in all industry sectors.

Active Risk Manager (ARM), is recognized as having the most extensive range of ERM capabilities available today. ARM enables the identification, communication, analysis and mitigation of risks and opportunities available in both quantitative and qualitative formats. It covers project and portfolio risk, supply chain risk management, business continuity, controls management, reputational risk, health and safety, incident management, governance, compliance risks and more.

Active Risk, formerly Strategic Thought Group, was founded in 1987 and is headquartered in the UK with its US operation, Active Risk Inc, based outside Washington DC. Active Risk PTY Ltd has plans to open an office in Australia in early 2012.



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