



# Risk Assessment & Management for Incentive Events

***Despite a positive outlook for the incentive travel market, among respondents to the 2015 SITE Index there is a fairly strong perception that domestic and world events have the potential to negatively impact the incentive travel industry.***

With recent acts of terrorism and the Zika Virus making headlines, risk management is high on the corporate agenda. When incentive events have the potential to be impacted by acts of violence, weather or natural disasters, government or labor unrest, transportation disruptions, or medical emergencies, mitigating risk is a vital concern that should be addressed at the onset. Evaluating risk and planning how to manage it plays a major role in whether a program is acceptable to a client's risk management department.

Virtually everyone in the incentive travel supply chain bears a degree of responsibility — both ethical and legal — to provide care for the participants in a program. Everyone playing a role in the design and delivery of a program might be legally liable should an unforeseen event occur. With this in mind, it is clear that hoteliers must understand the potential problems that can occur during an incentive program. DMCs must vet every one of their suppliers in the same manner, as must everyone involved in the delivery of the event. Finally, it is incumbent on planners to insure that proper risk assessment has been performed at every level, followed by appropriate risk management.

It is critical that both users and providers of incentive travel identify and evaluate the possibility of risk. Then, they must follow that by developing a Risk Management plan for managing or mitigating the impact. There is no single management technique for every identifiable risk, but there are some recurring solutions that might apply. Asking the right questions during the planning stage can avoid, or at least mitigate, the effects of these risks should they occur.

## **Developing Risk Assessment/ Management Plans**

Creating a backup plan is virtually an automatic task for anyone who has planned an outdoor event. However, risk assessment means that every part of an incentive travel program needs to be addressed. While there are many potential risks that can affect an event, the process can be broken into five basic steps:

1. Identify the risks
2. Assess the impact on key assets or events
3. Determine the potential consequences of specific risks
4. Determine ways to reduce risk
5. Create and prioritize risk management procedures

**Here are some simple do's and don'ts that can help you avoid risk**

**Do:**

- ✓ Check and re-check everything
- ✓ Get everything in writing
- ✓ Preview the events as much as possible yourself
- ✓ Prepare to accept a degree of risk, but prepare as best possible
- ✓ Have a crisis response plan
- ✓ Train your staff how to respond to unforeseen events
- ✓ Rehearse handling of potential risks
- ✓ Make contingency plans

**Don't:**

- ✗ Use unknown suppliers
- ✗ Go to high-risk places
- ✗ Include extreme sports
- ✗ Operate on the assumption that risk will not occur

**Considerations for Risk Management**

Risk management is an especially important consideration for destination- centered suppliers, particularly for such eventualities as natural or man-made disasters. Suppliers who address this challenge have an advantage in their service offering. Planners also must assess the risks involved in the activities that are included in a program. It is important to know and qualify your supplier partners at every level. Once that is done and a program has been delivered successfully, it is wise to

consider using the same suppliers again in the future.

Paying attention to potential risk allows you to prepare for and avoid the possibly devastating results of unforeseen happenings. It pays to prepare for all eventualities. While every incentive program is designed to be an unforgettable experience, no planner wants it remembered as a disaster.

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Source: *SITE Foundation White Paper, Incentives Move Business - Part 3: Risk Assessment/Management for Incentive Events*, [www.siteglobal.com/page/white-papers](http://www.siteglobal.com/page/white-papers)