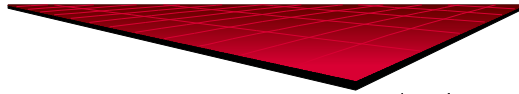


FREEMAN ENTERPRISES



special event logistics

Live Event Risk Analysis and Risk Mitigation During the Time of COVID-19

“Be prepared for any eventuality.”

How to analyze all aspects and elements of your event in order to create a safe experience for your patrons and staff.

Learning Objectives

1. Risk Analysis Overview
2. Conducting a thorough Risk Analysis for every element of your event
3. Creating a Risk Impact/Probability Chart
4. Mitigating risks identified through the previous steps
5. Working with local government officials
6. The “Go – No Go” decision process

Whatever your role, it's likely that you'll need to make a decision that involves an element of risk at some point. Risk is made up of two parts: the probability of something going wrong, and the negative consequences if it does. Risk can be hard to spot, let alone prepare for and manage. The current pandemic makes this task even more challenging and multi-layered. And, if you're hit by a consequence that you hadn't planned for, costs, time, and reputations could be on the line. This makes Risk Analysis and Mitigation an essential tool for event organizers. It can help you identify and understand the risks that you could face. In turn, it will help you manage these risks, minimizing or eliminating their impact on your event.

Section 1: Risk Analysis

What Is Risk Analysis?

Risk Analysis is a process that helps you identify and manage potential problems that could undermine the success of your event.

To carry out a Risk Analysis, you must first identify the possible threats that you face, and then estimate the likelihood that these threats will materialize.

Risk Analysis can be complex, as you'll need to draw on detailed information such as local health department rules and regulations, security protocols, cleaning and sanitizing protocol, etc. However, it's an essential planning tool as you work through planning to re-open your venue or move forward with your event.

When to Use Risk Analysis

Risk analysis is a vital process during this time of COVID-19. But it is also important to consider in relation to your normal operations. Taking the time to analyze your operations throughout each department and area of your event could literally be a life-saving exercise.

How to Conduct a Risk Analysis

To carry out a risk analysis, follow these steps:

1. Identify Threats (Impact Analysis and What If Analysis)

The first step in Risk Analysis is to identify the existing and possible threats that you might face. These can come from many different sources. For the purposes of this exercise, we will focus on threats related to the spread of COVID-19.

2. Estimate Risk (Risk Impact/Probability Chart)

Once you've identified the threats you're facing, you'll need to calculate both the likelihood of these threats being realized, and their possible impact.

One way of doing this is to make your best estimate of the probability of the event occurring, and then to multiply this by the amount it will cost you to set things right if it happens. This gives you a value for the risk:

$$\text{Risk Value} = \text{Probability of Event} \times \text{Cost of Event}$$

As a simple example, imagine that you've identified a risk that your rent may increase substantially.

You think that there's an 80 percent chance of this happening within the next year, because your landlord has recently increased rents for other businesses. If this happens, it will cost your business an extra \$500,000 over the next year.

So, the risk value of the rent increase is:

$$0.80 \text{ (Probability of Event)} \times \$500,000 \text{ (Cost of Event)} = \$400,000 \text{ (Risk Value)}$$

Section 2: Impact Analysis

This technique is a useful brainstorming technique that helps you identify potential risks and think through the full impacts of each risk. As such, it is an essential part of the evaluation process for major decisions. More than this, it gives you the ability to spot problems before they arise, so that you can develop contingency plans to handle issues smoothly. This can make the difference between well-controlled and safe event, and an unorganized event with the high potential of causing virus spread, as well as negatively impacting the possibility of future events.

About the Tool

Impact Analysis is a technique designed to unearth the negative effects of a risk factor. It provides a structured approach for looking at a risk, so that you can identify as many of the negative impacts or consequences of the risk as possible. This helps you prepare for and manage any serious issues that may arise.

The Challenge of Impact Analysis

The challenge in conducting an Impact Analysis is firstly to capture and structure all the likely consequences of a risk; and then, importantly, to ensure that these are managed appropriately.

It is best to conduct the exercises with all of the key players within your organization.

How to Use Impact Analysis

To conduct an effective Impact Analysis, use the following steps:

1. Prepare for Impact Analysis

The first step is to gather a good team, with access to the right information sources. Make sure that the project or solution proposed is clearly defined, and that everyone involved in the assessment is clearly briefed as to what is proposed and the problems that it is intended to address.

2. Brainstorm Major Areas Affected

Consider and notate all areas that would be considered unsafe or need to be adjusted/modified in order to become safer. At this point, just focus on problem areas, not solutions. Stick to “big picture” areas during this step. Some examples would be:

Front of House

- Ticketing/Box Office
- PPE requirements for patrons
- Ingress
- Social Distancing for seating areas, food and beverage areas, restrooms, sponsor activations, etc.
- Sanitation for restrooms and high touch areas

Back of House

- Food kitchens and prep areas
- Green rooms and dressing rooms
- PPE requirements for staff
- Regulations and requirements for vendors and sub-contractors

Organizational Approach:

In addition to the specific areas outlined above, you should also look at risk from an organizational perspective:

- Impacts on different departments.
- Impacts on different business processes.
- Impacts on different customer groups (GA, VIP, ADA....)
- Impacts on staff, crew, artists, and other BOH personnel.

3. Dig Deeper

For each area identified during step #2, begin to tease out details. At this point, get as granular as necessary in order to create a detailed, deep dive look at all areas of concern.

4. "What If" Analysis

Making Decisions by Exploring Scenarios

In "What If" Analysis you ask a series of "what if" questions to further research potential areas of impact. Take each element of the risk list you created in Steps #2 and #3 and begin to ask, "What If this happens?", "What if that happens?". Make sure to keep a detailed list of each scenario for use during Section 4 of this process.

The "What If" Analysis is also an opportunity to approach the Impact Analysis from a completely different perspective. Step #2 allowed the team to evaluate the event based on departments or areas of operation. The "What If" process could unearth additional risks that may not have been brought to light through the earlier processes.

Section 3: Risk Impact/Probability Charts

Learning to Prioritize Risks

As a responsible event professional, you need to be aware of all of the risks related to your event. Does this mean that you should try to address each and every risk that your event might face? Probably not. Instead, you need to prioritize risks. If you do this effectively, you can focus the majority of your time and effort on the most important risks. The Risk Impact/Probability Chart provides a useful framework that helps you decide which risks need your attention.

Defining Impact and Probability

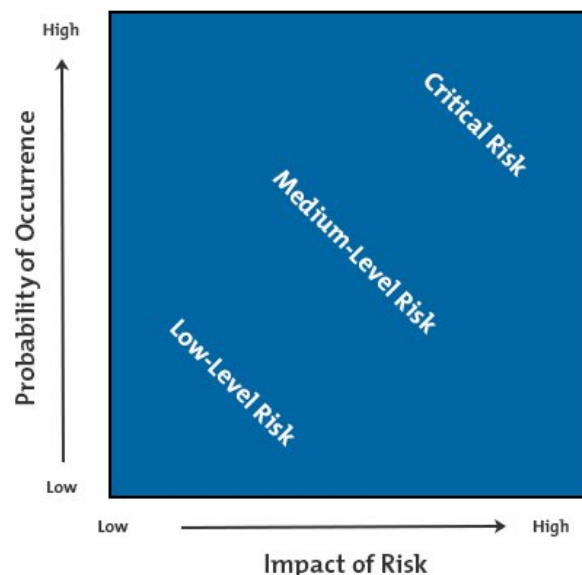
The Risk Impact/Probability Chart is based on the principle that a risk has two primary dimensions:

1. **Impact** – A risk, by its very nature, always has a negative impact. However, the size of the impact varies in terms of cost and impact on health, human life, or some other critical factor.
2. **Probability** – A risk is an event that "may" occur. The probability of it occurring can range anywhere from just above 0 percent to just below 100 percent. (Note: It can't be exactly 100 percent, because then it would be a certainty, not a risk. And it can't be exactly 0 percent, or it wouldn't be a risk.)

The chart allows you to rate potential risks on these two dimensions. The probability that a risk will occur is represented on one axis of the chart – and the impact of the risk, if it occurs, on the other.

You use these two measures to plot each risk on the chart. This gives you a quick, clear view of the priority that you need to give to each. You can then decide what resources you will allocate to managing that particular risk.

Below is a basic form of the Risk Impact/Probability Chart.



The corners of the chart have these characteristics:

- **Low impact/low probability** – Risks in the bottom left corner are low level, and you can often ignore them.
- **Low impact/high probability** – Risks in the top left corner are of moderate importance – if these things happen, you can cope with them and move on. However, you should try to reduce the likelihood that they'll occur.
- **High impact/low probability** – Risks in the bottom right corner are of high importance if they do occur, but they're very unlikely to happen. For these, however, you should do what you can to reduce the impact they'll have if they do occur, and you should have contingency plans in place just in case they do.
- **High impact/high probability** – Risks towards the top right corner are of critical importance. These are your top priorities and are risks that you must pay close attention to.

Tip 1:

It's natural to want to turn this into a two-by-two matrix. The problem here is where the lines dividing the quadrants of the matrix lie. For example – should you ignore a 49 percent probability risk, which will cause a 49 percent of maximum loss? And why, in this example, should you pay maximum attention to a risk that has a 51 percent probability of occurring, with a loss of 51 percent of maximum loss?

Tip 2:

For most live events, you also need to look closely at high impact/low probability risks that could result in injury or loss of human life. There are far too many recent examples of events where low probability risks became high impact realities.

How to use the Risk Impact/Probability Chart

1. Using the list of risks created earlier, assess the probability of each risk occurring, and assign it a rating. For example, you could use a scale of 1 to 10. Assign a score of 1 when a risk is extremely unlikely to occur and use a score of 10 when the risk is extremely likely to occur.
2. Estimate the impact on the event if the risk occurs. Again, do this for each and every risk on your list. Using your 1-10 scale, assign it a 1 for little impact and a 10 for a huge, catastrophic impact.
3. Map out the ratings on the Risk Impact/Probability Chart.
4. Develop a response to each risk, according to its position in the chart. Remember, risks in the bottom left corner can often be ignored, while those in the top right corner need a great deal of time and attention. See section #4 below for more details regarding how to develop a response for each risk.

Section 4: How to Manage Risk (Risk Mitigation)

Once you've identified the value of the risks you face, you can start to look at ways of managing them.

Avoid the Risk

In some cases, you may want to avoid the risk altogether. This could mean postponing or cancelling your event. This is a wise option when taking the risk involves no advantage to your organization, or when the cost of addressing the effects is not worthwhile, the negatives far outweigh the positives.

Share the Risk

While this may be an option for risks unrelated to COVID-19, it will more than likely not be viable under those conditions. An example of when this might make sense would be related to financial risk. Rather than charge a food vendor a flat fee for his booth space, share the risk by offering vendors a percentage deal. In this situation, both you and the vendor share the risk but also share the spoils.

Control the Risk

This is your key area of concern and where you should spend the majority of your time and effort. Work with your team as well as local officials to strategize how to control or at least minimize the impact of each risk that can't be avoided or is too risky to accept. From your Impact/Probability chart, these risks would be those in the high impact/high probability zone. However, especially during these times, it is wise to work through this process for the high impact/low probability risks as well.

Controlling risk during the time of COVID-19 will require diligent research and study in order to understand the probability of each risk, as well as keeping up with the latest scientific guidelines and recommendations for conducting safe mass gatherings.

Accept the Risk

This option is reserved for situations when the potential impact of a risk is less than the cost of insuring against the risk, or when the potential gain is worth accepting the risk. These risks would fall in the Low impact/low probability zone.

Section 5: Working with Local Authorities

Under “normal” circumstances, working with local authorities can be as simple as completing permit applications and fulfilling the usual permit requirements. Now with COVID-19 added to the equation, relationships with local authorities will be vital to the success of your event. Not only will local authorities decide if and when it is safe to hold any sort of mass gathering, they will also expect you to provide a detailed health and safety plan before approving your event. It is more important than ever to maintain open honest communications with all local authorities and to build upon past positive relationships with those authorities.

Sections #2 - #4 should be used to create a detailed health and safety plan to submit to the following entities:

- Special Event Permitting officials
- City or County Health Department
- State Health Department
- Local Law Enforcement

Section 6: The Go-No Go Decision

Now that you have all the data and a plan for risk mitigation, it's decision time. Here are a few items to consider as you work through the decision-making process:

What key concerns were highlighted by your Risk Analysis? Do you have a plan for mitigating those risks?

What are the costs (financial and otherwise) of mitigating those risks?

Are there risks that aren't worth the cost? Deal Breakers? (For example, ___% of new COVID cases due to your event)

If the risks can be mitigated or minimized to the point of having very low impact, are there any other factors that would impact your decision to go – no go? Ethics, morality, local authorities, negative impact on other shareholders (board, funders), etc.?

Conclusion

A decision to move forward with your event should hinge on confidence that the plans and procedures put in place through the risk mitigation process will:

- Maintain the health of staff, vendors, artists
- Maintain the health of patrons
- Not have a negative financial impact on your event (or the future of your event)
- Not negatively impact your relationships with local authorities, sponsors, etc.
- Not negatively impact the reputation of your event

For more information or help with reopening your event, please reach out to Dennis Freeman at dennis@freemanenterprises.com or Erin Regrutto at erin@freemanenterprises.com. We have developed full-scale Risk Mitigation Programs for all different sizes of events. We can help you put together a customized reopening plan for your event and help you work with the right vendors to get your new protocols in place.