

OPINION

We are in a risky business

FARMING is a high risk industry, whether we are talking about profitability, accidents or impact of regulation. It is an industry where high risk is rarely accompanied by high reward: but we can do a lot to reduce the risk.

Being part of a large organisation at the Co-operative, we have a centrally driven risk process. First we identify the risks by category. We start with external risks, where it will be no surprise to you that we have weather, global commodity prices and EU CAP reform.

Our strategic risks are associated with the direction we are taking in our business, including not anticipating an industry change which would make our strategy unprofitable.

Operational risks are the biggest category and include breaching cross-compliance and product liability for the potatoes we pack and supply direct to retailers.

We include information risk such as system failure, financial such as supplier or customer failure and people risk, including health and safety and the ability to recruit the seasonal workforce to harvest the crop.

The final category is reputational risk, although we are only a tiny part of the Co-operative Group, we could do considerable damage to the brand as a whole if we do something wrong and it gets into the public domain.



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Having terrified ourselves with listing everything that can go wrong, we put a probability of it happening and an approximate cost. This prioritises the key areas to address.

Against every risk we then list actions we have already taken to reduce it, which hopefully reduces the severity of the risk, and we list any further actions we could take, and assign an owner and a date.

The helpful part of the process is we have to look at this again every quarter to check we have performed the actions, and add any new risks.

Approaching risk in this way does lead us to change the way we do things. To cite examples, we sell crops forward, we hedge our Single Farm Payment and our fuel.

One of the ways we manage our strategic risk of being up to date is through involvement with industry bodies, such as the levy boards, going to conferences and reading industry publications. As a result of risk analysis, all our harvest casuals and seasonal workers have inductions of up to a week.

In managing an information risk, we have recently networked our payroll system for weekly paid workers, which was a standalone system, so if our Manchester operation is out of action, we can still pay our staff.

The risk process helps define what insurance cover we need, but often the best solution is something we can do ourselves such as treating our seasonal workers so well they come back.

So although it seems another bureaucratic instruction from the centre, I am extremely appreciative of having a process for managing risk.

Most years we find something to add to the list: we certainly didn't have a volcano eruption potentially stopping seasonal workers from getting to the UK, but we do now.

■ *Christine Tacón is general manager of the 24,300-hectare (60,000-acre) Co-operative Farms.*