



# Risk Management for Resiliency on the Mexican Border: Multi-Stakeholder Cooperation

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# Overview

- This presentation provides a Risk Management Framework that is relevant and useful for border security multiple stakeholders, both governments and private industry.
- Specific and recent examples from the El Paso, Texas - Juárez, Mexico region are provided.

# Definition of Loss

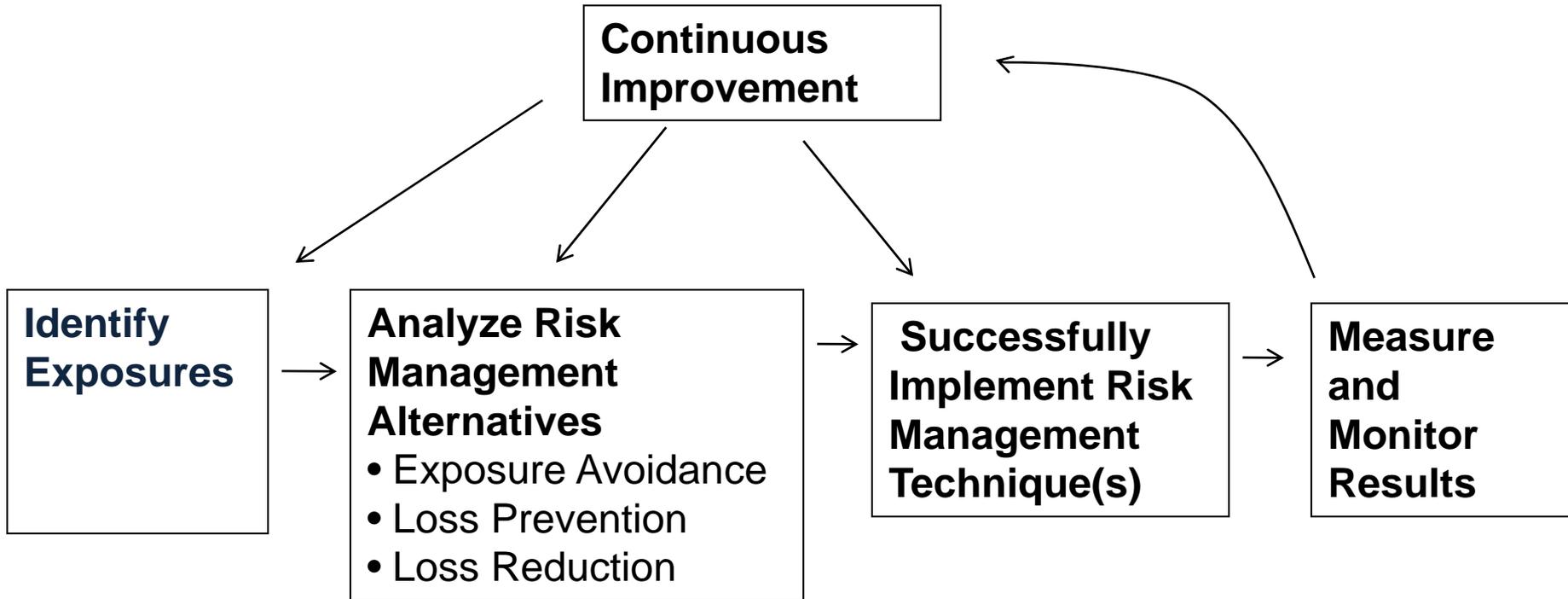
- **Loss**

- **A relatively unpredictable event, outside the normal business, that causes an organization spend non-productive resources.**
- **Loss Exposures: Recent Examples from the El Paso – Juárez border:**
  - **Kidnapping and Ransom of Employees**
    - **Express Kidnappings**
    - **Fake Kidnappings**
    - **January to November, 2009: 146 *reported* kidnappings for ransom**
  - **Extortion and Protection Schemes**
    - **Auto Value auto parts stores extorted for \$80 US per week protection money, refusal to pay - three stores burned, two killed.**
  - **Infiltration of Legitimate Business Operations by Drug Smugglers**
    - **Delphi**
  - **Carjacking, Theft, Fraud, etc.**

# The Risk Management Process

- Identify Exposures to Loss
- Examining the Feasibility of Alternative Risk Management Techniques (**Avoidance, Prevention, Reduction**)
- Successfully Implement the Chosen Technique
- Monitoring and Measuring the Results
  - Examples: Recent C-TPAT Data on Security Failures in the Supply Chain:
    - Conveyance Security – Tracking & Monitoring 51%
    - Container Security – Sealing/Container Inspections 49%
    - Business Partners – Screening & Subcontracting 46%
    - Personnel Security – Background Checks 31%
- Continuous Improvement
  - Use measures to improve loss identification, choice of techniques, and implementation

# Risk Management Model with a Continuous Improvement Feedback Loop



# Risk Management Techniques

## Tools

- **Exposure Avoidance**
  - Avoiding activities that could result in losses
- **Loss Prevention**
  - Reducing the likelihood of losses
  - Spillover Violence, into the U.S.
- **Loss Reduction**
  - Reducing the frequency and severity of losses

## Recent Examples from Juárez

- **Exposure Avoidance**
  - Cease operations in Juárez
- **Loss Prevention**
  - Training, Inspections, etc.
  - Provide employees crossing the border from the U.S. armored car caravans
- **Loss Reduction**
  - Successfully negotiate the release of kidnapped employees

# Stakeholders on the Border

## U.S. and Mexican Governments

- Local
- State
- Federal

## Industry

- Employers
  - Large and Small
- Associations
  - Border Trade Alliance
  - AMAC

## • NonProfits

- Education
- Social Service

## **Stakeholder Risk Management Planning**

### **Stakeholders Need to Meet**

### **Advantages of Stakeholder Cooperation**

- **Leverage Strengths of Stakeholders**
- **Provide Multiple, Redundant Barriers to Prevent Losses**
- **Planning**
- **Identify Risks**
- **Evaluate the Alternative Risk Management Techniques**
  - **Jointly Create a Prevention and Response Plan**
- **Implement them Successfully**
- **Monitor Results and Adapt the Plan Based on Successes and Failures**