



Strategic Risk Management

Course Outline

Day 1 - Understanding Major Business Risks

Breaking down the Barriers

- Why senior management often lack a full understanding of the risks in their business.
- The role and responsibilities of Directors and line the Board with respect to risk management
- Definition of business risk and its nuances
- Designing strategies and systems to suit the organization.
- The key link between Corporate Governance and risk
- Selling the benefits to Top Management
- Defining significance in relation to risk (in monetary and other terms)
- Establishing a strategic business risk programme - the steps to success.

Background

- Why business risk management is receiving such publicity
- High profile corporate failures and public embarrassments
- **Exercise 1 – the major risks in your organization**
- The Corporate Governance debate
- Explanation of the AS/NZS 4360 standard – the internationally recognised risk management standard + COSO + IRM standards
- Other potential legislation and regulation
- The issues involved.

The Wider Business Agenda

- The need to understand the organisation's strategic objectives
- Developing a programme to reflect these objectives
- Understanding the organisation's risk appetite
- Categories of Risk
- The Risk management framework
- **Exercise 2 – analysing a disaster**
- Risk management systems

Establishing An Embedded Risk Management Process

- Why is risk such a hot topic?
- Surprises and risk
- Why financial risks are only the tip of the iceberg
- The widening of the risk portfolio
- The challenges- Basel, Governance, Non-Exec's liabilities etc
- The need to link risk management with strategic planning
- New and emerging Risks- Reputation, Social, Environmental
- Getting your Chief Executives support
- Developing a risk strategy for your organisation
- Establishing the business case
- Selling the benefits to management
- Risk and competitive advantage
- Risk workshops – the do's & don'ts
- ***Exercise 3 – An exercise to allow you to appreciate risk taking in action***

Day 2 – Practical Identification and Evaluation

Risk Identification and Evaluation

- Approaches and techniques
- How to establish a risk workshop process
- The benefits of facilitation and the characteristics required
- The use of diagnostic questions and thought-provokers
- The pros and cons of using data capture technology
- How to identify, sift and group the risks
- Measuring the consequences and the likelihood of occurrence of each risk
- The use of risk matrices to prioritise the risks.
- Corporate Governance reporting requirements

Interactive Risk Workshop

- ***Exercise 4 - An actual risk workshop – with your own risks***
- Enabling you to appreciate all elements covered in a live situation

Assessment of Risk Mitigation

- Managing risk – the options
- Management evaluation of mitigation controls
- How to assess risk mitigation
- Identification of risk exposures
- Critical evaluation of exposures
- Dealing with the exposures (the 4 Ts - terminate, tolerate, treat or transfer)
- Establishment of action plans.

Interactive workshop – part 2

- **Exercise 5 - Risk mitigation and dealing with the exposures in practice**

Day 3 – Integrating the Risk Management process

Integrating The Output From Risk Workshops Into The Business Planning Process

- Linking corporate risks into the Strategic planning process
- Linking operational risks into service planning
- Risk owners – how to determine such personnel and enforce ownership
- Annual statements by risk owners
- Developing risk tracking
- Using the risk register as a decision skeleton
- Quarterly Board reporting to review progress in addressing the exposures
- Risk Management Committee reporting
- Half yearly evaluation of key risks to ensure new risks identified and included
- Reports for Senior Management - power point example will be shared
- **Exercise 6 – Team exercise to enable you to appreciate the emerging risks**

The Converging Roles of the Assurance Providers under the Risk Umbrella

- The increasing emphasis on governance, assurance and control
- How should the various assurance providers rise to the risk challenge?
- The need to coordinate quality assurance, security, insurance and the health and safety functions in relation to risk management
- The need to avoid duplication of effort
- How to spot the gaps
- Linking external auditors into the process
- The need to coordinate risk reporting
- **Exercise 7 – How to coordinate assurance across your organisation**

People and Process Risks

- Key risk themes and how to deal with them
 - Failure to manage projects effectively
 - Loss of IT systems
 - Failure of partners or inability to establish effective partnering
 - Loss of key personnel
 - Hacking/breach of system security.
 - Failure to innovate
 - Poor prioritisation of systems development
 - Loss of morale / stress
 - Too much data – insufficient information
 - E-Commerce – the key risks and steps to take to mitigate them
 - IT security – how to evaluate effectiveness and influence change

Day 4 – Reputation Risk

What Is Reputation?

- Definitions
- The rise of reputation as a key risk
- The increasing importance of a positive image – the need to be admired
- Reputation – the value measure of the 21st century
- Creating value from intangible assets
- Where does reputation come from?
- How do you measure it?
- The magnifying effect on reputation of business failures
- The explosion of regulation and external assurance
- **Exercise 8 - how to judge reputation**
- The Court of public opinion
- The relationship between vision, values, behaviour and reputation
- The link between organisational personality, identity and image
- Moving reputation out of the PR arena and into the boardroom
- Damage by association – partnering and alliances
- Identifying Reputational Risks
- **Exercise 9 Reputation Workshop Part 1**
- Discussion of Delegates experiences

Ethics, Social Responsibility And Reputation

- Corporate Social responsibility
- Codes of conduct
- Business ethics training
- Inclusion of ethics criteria in review of performance
- The dangers of abusing leadership
- Social responsibility as an agent for positive change and better performance – the halo effect

Reputation Risk Mitigation

- Protecting the financial position from reputational damage
- Standards of corporate governance
- Record of accountability
- Avoidance of loss
- Alliances, partnerships and contracts
- Fulfilment of promises
- External evaluation
- Top down management of reputation
- Media management
- Business Continuity
- Crisis management strategy
- Sharing of values
- Treatment of staff
- Attitudes of staff
- Community and other stakeholder requirements

- Environmentally responsible sources / treatments
- Customer service
- Management of complaints
- Communication – internally and externally
- Carrying out a vulnerability audit
- **Exercise 10 Workshop Part 2**
- Mitigating the risks identified earlier and discussing possible areas of exposure
- A checklist for reviewing reputational risk will be provided to all delegates
- The checklist incorporates sections on: -
 - Financial performance
 - The Senior management role
 - Quality of Service provision
 - Treatment of staff
 - Social Responsibility
 - Customer Service
 - Information and Communication

Day 5 – Reporting and Cascading

Recording The Risk Environment

- Risk registers – the need to coordinate and link the output
- Flagging interdependencies – if one risk treatment is changed the other party or parties impacted need to be notified.
- Risk treatment analysis – how to determine the cost/ benefits of dealing with exposures / exploiting opportunities
- Risk management as a route to reducing bureaucracy
- How to use the risk process to break down the cultural barriers
- Making risk management second nature
- Keeping up the momentum
- Risk financing and how to introduce the disciplines
- Integrating incident management
- Business Continuity planning
- Integrating Health and Safety, Insurance and claims etc
- Measuring the benefits
- **Exercise 11 -Measuring the benefits**

Cascading the process

- Stakeholders interest in risk
- Workshops for other management levels
- How to measure the benefits
- Risk awareness for staff
- ***Exercise 12 – Establishing a risk awareness training programme***
- Sharing output with partners
- Evaluating risks within these relationships
- Risk indicators (KPI's)
- Auditing the Risk Management programme
- How to Identify and reduce excessive controls
- Feeding key risks up the organisation
- Coordinating the whole process
- Useful web sites and reference books
- Managing stakeholder expectations
- How to use the programme to change the culture in a positive way
- ***Exercise 13 – The Puzzle -a final exercise to put all the issues covered in context***