

Embedding risk management

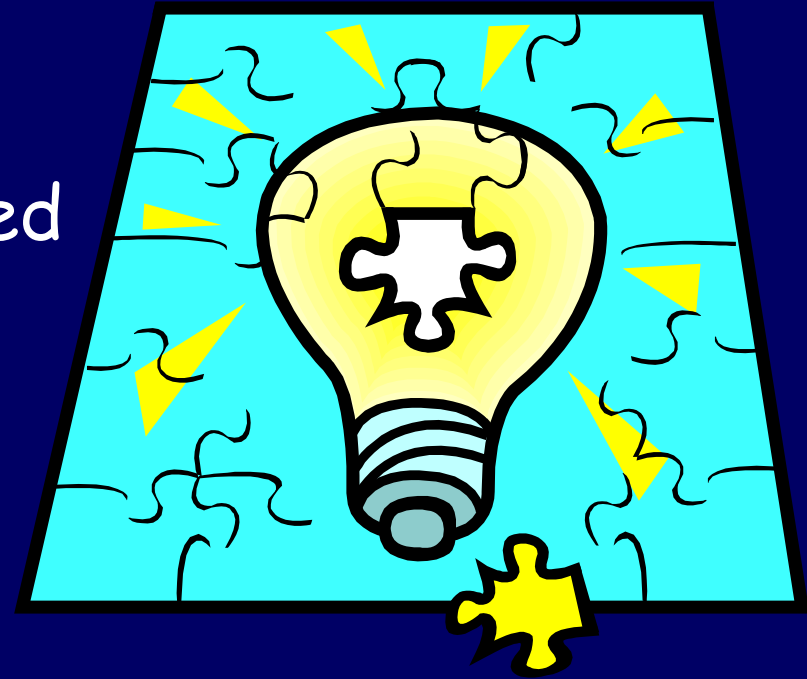
IRM Networking NW: 17th June 2004

Embedding: a definition

Risk management is 'embedded' when risk management thinking and practices are seamlessly integrated into the day-to-day fabric of the organisation at all levels

Is risk management in your organisation:

- Actively led and supported by your top team?
- Something everyone is involved with?
- Just 'part of the way we do things around here'?
- A key input to strategy?

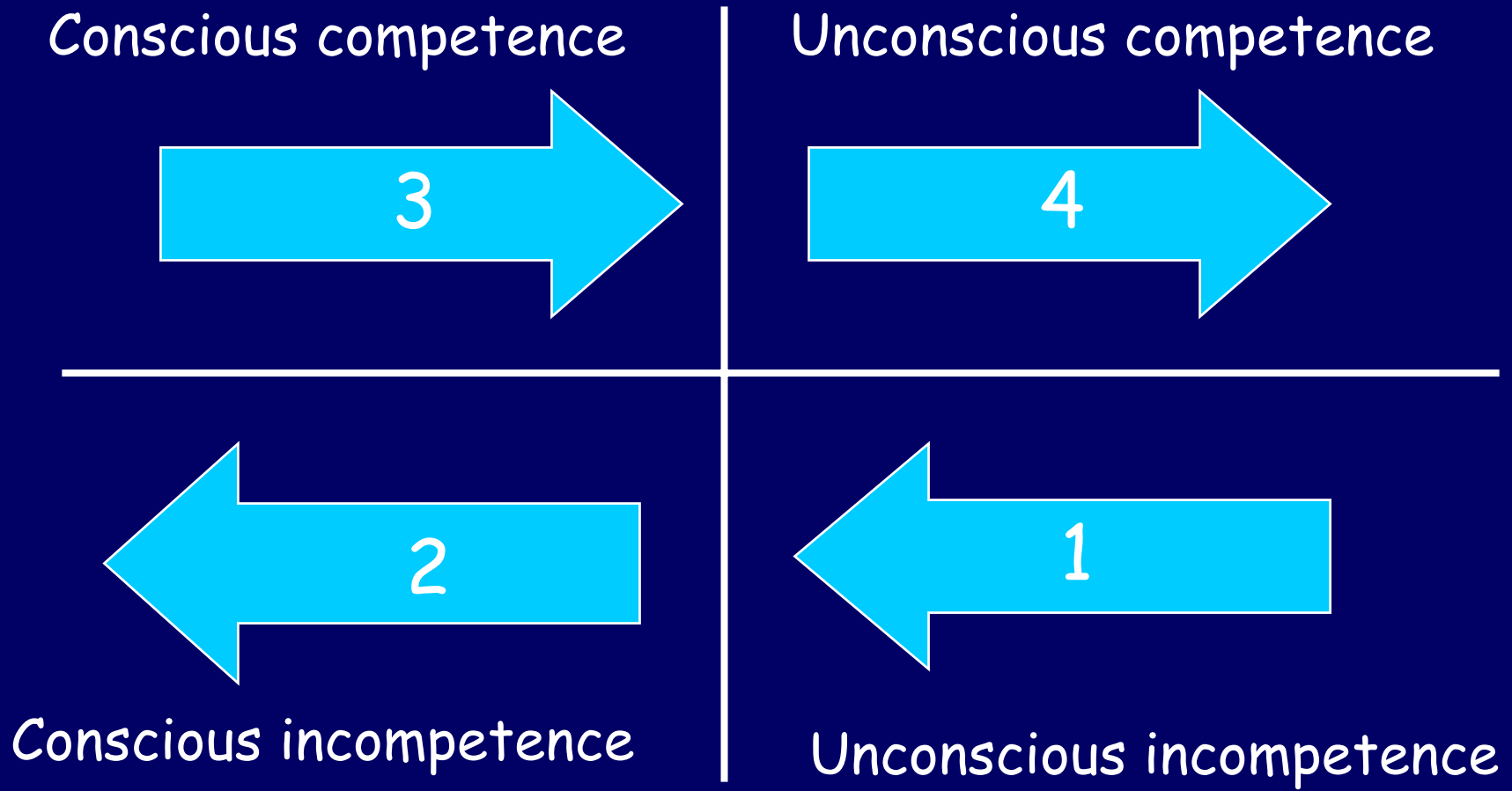


Or is it still an uphill struggle?

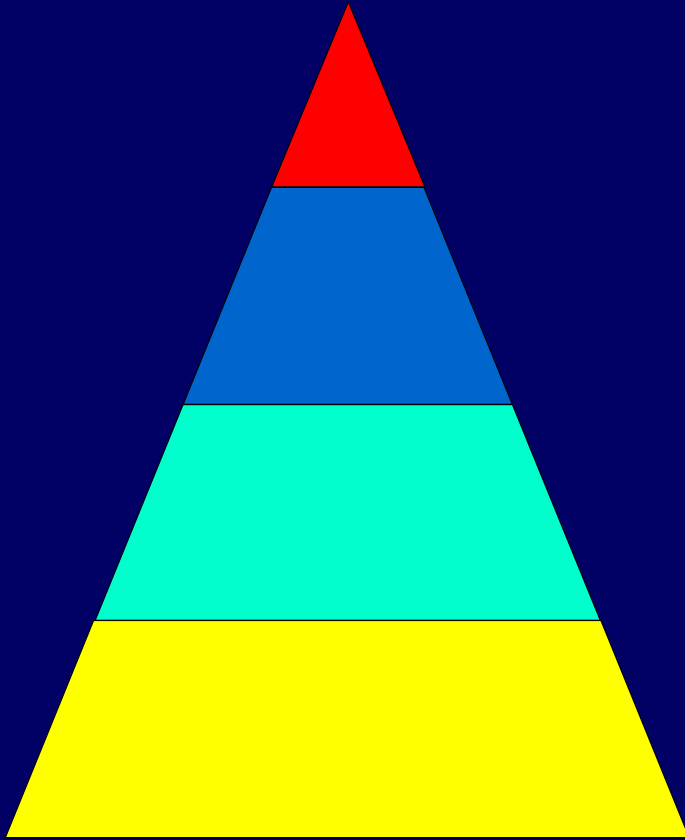


- Top team not committed
- Momentum lost
- Seen as 'owned' by risk management - or audit
- 'Yet another initiative: keep your head down!'
- Risks identified but responses inadequate

Has risk management become the 'unconscious competence'?

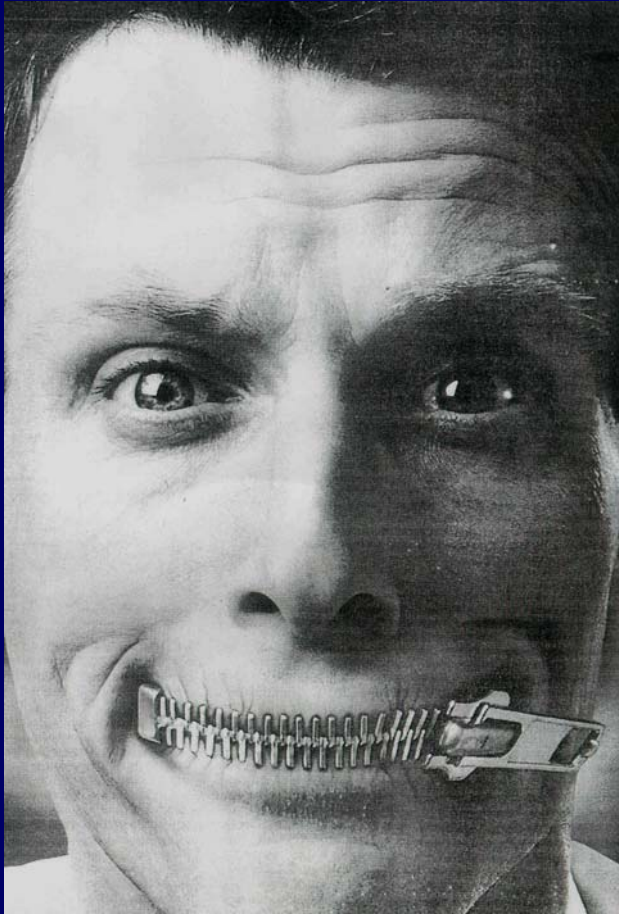


Is there is a clearly defined 'freedom to act' hierarchy?



- Risk appetite defined for different areas
- People at all levels know the level of risk they are empowered to take on behalf of the organisation.
- Clarity on which risks are significant and should be reported upwards

Does your organisational culture support risk management?



Are people prepared to speak up and be counted?

Are they encouraged to contribute to risk identification and management?

Are risk management thinking and practices integrated into:

- Business strategic planning?
- Project management?
- Expenditure proposals?
- Key Performance Indicators (KPIs)?
- Job accountabilities?
- Other management processes and procedures?

Are you able to maintain momentum and commitment?

- Keeping everyone on board?
- Regularly refreshing the risk profile?
- Continuously enhancing the risk management process?

How do you achieve it?

- Stick or carrot?
- Fear or fêted?
- 'Push' or 'pull'?
- By building on quick wins?
- By winning 'hearts and minds'?

Where is your organisation.....

...on the risk management
embedding continuum?



The risk management embedding continuum

Embryonic

- Driven by business strategy
- Management focus
 - limited employee involvement
- Compliance risks dominate
- Stand alone system
- Minimal disclosure
- 'Just another initiative'

Fully Integrated

- Drives business strategy, priorities and resource allocation
- All employees involved: recognised by reward and performance management systems
- Dynamic, comprehensive: conformance *and* performance risks
- Integrated with management processes, procedures and KPIs
- Meaningful disclosure
- Part of the organisation's DNA

