

IRM Risk Forum 2007

seeking certainty

HOW TO BE A RISK MANAGER IN 90 MINUTES

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What is Risk Management?

- ❑ ISO/IEC Guide 73 “Co-ordinated activities to direct and control an organisation with regard to risk”
- ❑ “NOTE: generally includes risk assessment, risk treatment, risk acceptance and risk communication”

Too technical and complicated?

- How about:
 - Thinking about what you are going to do before you commit yourself to it

- OR, even simpler:
 - Applied commonsense

Let's take it one step at a time

- ❑ What is the business about?
- ❑ What equals success for you?
- ❑ What can prevent the business being a success? (i.e. what are the risks?)

Methods for identifying, classifying and recording risks

- ❑ Process mapping/flowcharts/HAZOP
- ❑ Brainstorming
- ❑ PESTLE (Political, Economic, Social, Technological, Legislative, Environmental)
- ❑ 3 Ps (People, Property, Profits)
- ❑ Spreadsheet/database
- ❑ Ask an "expert"

Methods for deciding on priorities

- Ranking (try it)
- Risk treatability
- Profiling (work it out)

Repeat this for each risk on the list

- What is already in place to reduce the likelihood of its happening?
- What is already in place to reduce the impact if it does happen?

Carry on

- How serious would it be?
- What scale shall we use?
- How likely is it?
- How much of a priority is it?

How likely is it?

1. Unlikely = Has never occurred; theoretical possibility but very remote; <10% chance
2. Possible = Happens occasionally; less than once a year; 10-50% chance
3. Likely = Regular occurrence; up to once a month; 51-90% chance
4. Almost Certain = Frequent occurrence; more than once a month; >90% chance

How serious would it be?

1. Low = Low level financial loss; isolated complaints; minor service disruption
2. Medium = Financial impact <£Xm; local media attention; service user complaints; service disruption; lost time injuries
3. High = Financial impact <Ym; national media attention; adverse comment by external auditor; significant service disruption; disabling injury
4. Extreme = Financial impact <£Zm; international media attention; Government or stakeholder intervention; service terminated; fatality

How much of a priority is it?

	1 Low	2 Medium	3 High	4 Extreme
1 Unlikely	1	2	3	4
2 Possible	2	4	6	8
3 Likely	3	6	9	12
4 Almost Certain	4	8	12	16

What are you going to do about it?

- Take the risk
- Stop the business
- Insure
- Add some more controls

Acceptable risk

- Balance between:

Loss

Waste

The unexpected

Reward

Innovation

Opportunities

- Everyone and every business has different values and risk appetite

What if it all goes pear-shaped?

- ❑ Business Continuity plan
- ❑ Disaster Recovery plan

What do you need to record?

- What risks have been identified
- How they have been assessed and prioritised
- What you are going to do about them (and when)
- Business Continuity plan
- Disaster Recovery plan

Anything else?

- Keep it all under review
- Run your business with more confidence
- Don't be afraid to ask for help