

Introduction

Welcome to the second of our guides designed specially to help charities make sense of risk management.

If you've read our first guide you may well have 'got started' and are now thinking about how to embed risk management across your charity. But where to start?

This leaflet and the accompanying risk maturity framework are intended to help you identify where you need to focus your efforts and we hope it will help you achieve the level of maturity that's right for your charity.

Definitions

What is risk maturity?

Don't worry it doesn't mean your risks are ripening nicely and are about to break out and cause mayhem.

When we talk about risk maturity we just mean how capable, or good, your charity is at risk management!

And a risk maturity framework?

This describes different levels of capability and is a tool that enables you to consider how you can improve.

Why assess maturity?

Improved risk management leads to greater success

Managing risks effectively helps organisations achieve their objectives more successfully. But fully embedding risk management can take considerable time. A maturity framework helps you identify priority areas for development.

Our maturity framework

A simple assessment of capability

Just as there are lots of risk management standards to choose from, there are also many risk maturity frameworks. But some can be complex and may be more suited to large corporates.

Our framework sets out on one page a description of four levels of maturity: Conscious, Developing, Proficient and Expert.

It enables a simple assessment of your current capability and where you need to progress to.

What it covers

Four levels of capability:

Conscious
Developing
Proficient
Expert

This section shows the impact that improved risk management capability has on the charity's objectives as you develop through four levels.

'Conscious' charities are likely to be missing objectives and targets as people are diverted to deal with unplanned issues.

Conversely 'expert' charities are rarely surprised by unplanned events and nearly always achieve their objectives. When risks do materialise they have contingency plans in place and any surprises are usually of the 'Black Swan' variety!

There are 3 sections

Knowledge and skills

This section deals with:

- People's knowledge
- Their perception of risk management
- The existence of risk policies and procedures
- Training.

Possible behaviours

Although you might have policies in place and have done some communication around risk management, people still need to follow the rules! This section highlights the different behaviours you might see at each level.

At 'conscious', for example, policies and standards might not be used and staff decide for themselves what level of risk taking is acceptable, or constantly escalate decisions they should be taking.

This improves through the levels so by the time you become 'expert' policies and processes are adhered to and used appropriately. Application is widespread at all levels of the charity, with regular updating, active feedback and learning.

Systems, Policies & Processes

How developed your policies and procedures are will also help you determine how risk mature your organization is. Take training – at developing there is none but at expert, not only is there a formal training programme but attendance is actively encouraged.

Using the framework

Get out your highlighter pen!

The framework really is very easy to use. Just read through the descriptions in each of the three sections - knowledge and skills, possible behaviours and systems, policies & processes and highlight the statements that are most representative of your charity.

You can do this at three different levels.

Do it yourself

If you have overall responsibility for risk management at your charity then you'll probably have a good idea of what works and what doesn't as well as the areas you'd like to focus on for improvement.

Assess capability yourself. This should help you decide what approach to take with other parts of the charity. If you regard yourself as 'conscious' you could have some tricky and sensitive issues to deal with!

Do it with your Executive Team

If you really want to improve your charity's risk management you will need senior management buy-in. If they aren't persuaded of the benefits of risk management then it probably won't be a priority for their teams either.

Working through the framework with some, or all, of your Executive Team will help you understand their perspective. You might learn the reasons for some of the issues you may be facing and get some ideas for dealing with them!

Do it with each department

If you find that different departments are doing different things and that some are more risk capable than others, it can be worth doing an assessment with them individually.

This should help you find out why it's working or not working and you might get some ideas for helping the weaker departments improve.

After all this you'll know what you're good at and where there's room for improvement. You'll probably find that even if you are 'conscious' in some areas, you're actually 'developing' or even 'proficient' in others.

Where you need to be

So now you know where you are, but where do you need to be?

It depends! There can be a tendency for everyone to want to be expert at everything but is that really necessary?

Although we've designed this framework with charities in mind, it's based on the widely recognised standards that apply to all industries. If you're running an insurance company or multi-national bank then you probably need to be pretty expert. For most of us though, proficient is probably more than enough.

Where is good enough? And of course you don't need to tick all the boxes on whatever level you decide is right for you.

Take another highlighter and, thinking about the work the charity does, mark the descriptions that best reflect where you'd like to get to.

And if you're happy with where you are then there's no need to change for change's sake.

Making the change

This is where you need to think! You know where you are and where you want to be, but now you need to work out how you're going to get there. Unfortunately there is no one size fits all approach to this and you will need think about the best approach to take with your charity.

Develop a risk improvement plan It's a good idea to work up a simple risk improvement plan. Consider using three columns like this:

Where we are now	What we will do to get to...	...where we want to be
Just list the descriptions from the framework that you want to change	Think about what you- and others in the charity – can do to bring about the improvement	Where will you be when you've done this – again, use the framework description.

Be realistic Moving from conscious to expert - if that's what you decide to aim for – won't happen overnight. Add realistic timescales to your plan to manage everyone's expectations.

Tips for getting it right

Keep it simple If you need to develop a risk policy and guidance, keep it short and use simple language. Avoid the jargon so often associated with risk management.

Use our 'Getting started' leaflet You might need to raise awareness of risk management. Consider issuing our simple guide which sets out the key principles of risk management.

Make it fun Risk management isn't many people's favourite subject! If you're planning training try to make it fun. Maybe pull apart some real life case studies (remember the Heathrow Terminal Five disaster a few years back?)

The Charities SIG is developing an educational board game so look out for that too.

Join with other activities We're all busy people so see if you can combine the changes you're planning with other activities that are going on, e.g. include a session on risk management in your management development programme.

Further information

Want to find out more?

Look at the IRM website IRM has a dedicated webpage for charities, links to our Charities Special Interest Group and a wide range of guidance and advice about risk management. Check out the website at www.theirm.org

Joining IRM as a member gives you access to an even wider range of resources, networks and benefits.

IRM's Charity Special Interest Group Find out more about our Charity SIG and get contact details at: www.theirm.org/events/special-interest-groups/charities/



Risk management for charities

Getting better

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