Why is Risk Management Important?

- Supports objectives by informing decisions
- Become more prepared for existing, new or challenging risks
- Better understand opportunities and threats

Key Messages

- Risk Management is a process
- It works throughout the ENTIRE organization
- It identifies, manages and communicates about risks
- The goal is to ensure the organization meets its objectives
- Risk Management is NOT an add-on. It is the WAY we work.

11 Risk Management Principles

- Creates and protects value
- Facilitates continual improvement of the organization
- Dynamic, iterative and Responsive to change
- Transparent and inclusive
- Takes human and cultural factors into account
- Tailored
- Based on best available information
- Systematic, structured and timely
- Explicitly addresses uncertainty
- Part of decision making
- Integral part of all organization processes

Part of Decision Making

- Helps decision makers make informed choices, prioritize actions and distinguish among alternative courses of action.
- Includes priority setting, allocation of resources. Allows for assessment and analysis of trade-offs.

Explicitly Addresses Uncertainty

- Key questions:
  - What is the uncertainty?
  - What is the nature of the uncertainty?
- Become more resilient and innovative by considering both opportunities and threats.

Takes human and cultural factors into account

- Capabilities, perceptions and intentions of internal and external people
- There may be differences based on regional culture, language, rights
- What are the interests and perceptions of stakeholders?
- What is the culture of the organization?
- What is the operating environment?
- What are the ethics and code of conduct?

Transparent and inclusive

- Involvement of stakeholders and decision makers at all levels of the organization (risk is everyone's responsibility)
- Consider security and confidentiality
- Some details should not be disclosed to stakeholders or to certain levels of staff in the organization
- Need to communicate information about risk, risk management framework and policy, and risk management process
- Need process to receive, document and respond to internal and external risk –related communication
- Need process for timely identification of risks and incidents and escalation or delegation

Organizational Risk Management Outcomes

- **Confident and innovative decision making**
  - Encourage proactive rather than reactive management
  - Be aware of the need to identify and treat risk throughout the organization
  - Improve identification of opportunities and threats
  - Establish a reliable basis for decision making and planning
- **Organizational efficiency and effectiveness**
  - Effectively allocate and use resources for risk treatment
  - Improve operational effectiveness and efficiency
  - Enhance health and safety

Risk Management Framework
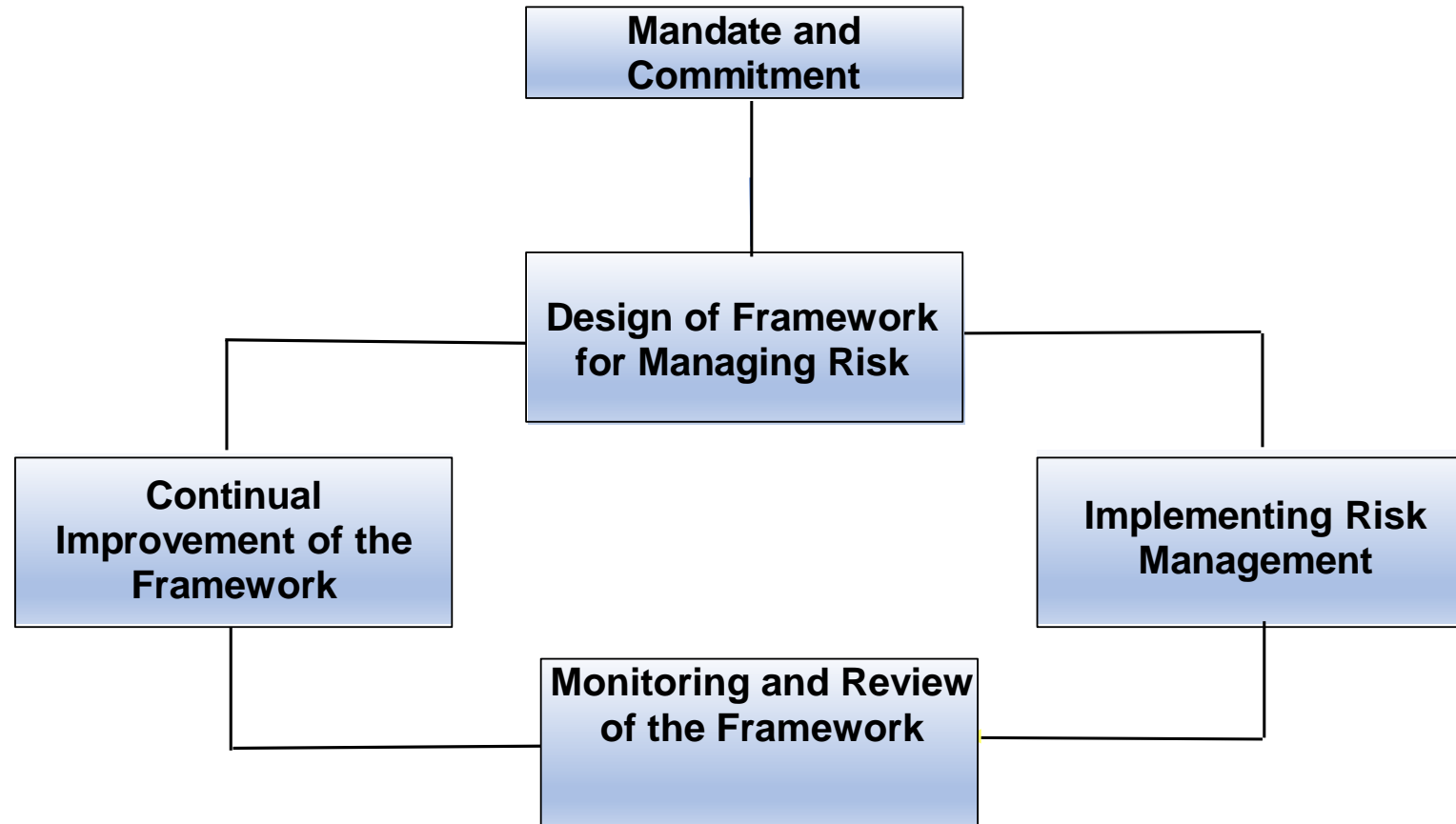
Risk Management Process

- Systematically apply management policies, procedures, and practices to a set of activities:
  - Establishing the context, Risk assessment, Risks identification, Risk analysis, Risk evaluation, Risk treatment, monitoring and review, communication and consultation.

Risk Assessment

- **Risk assessment**
- **Risk identification**
- **Risk analysis**
- **Risk evaluation**

Risk Measurement Matrix

Likelihood [Probability]	Consequence [Impact]				
	1 = Insignificant	2 = Minor	3 = Moderate	4 = Major	5 = Catastrophic
1 = Rare	Low	Low	Low	Low	Moderate
2 = Unlikely	Low	Low	Moderate	Moderate	Moderate
3 = Possible	Low	Moderate	Moderate	High	High
4 = Likely	Low	Moderate	High	High	Extreme
5 = Almost Certain	Low	Moderate	High	Extreme	Extreme

Relationship of Roles

Leaders   ENSURE there is a mandate and commitment for risk management

Managers   ACCOUNTABLE for the effective implementation of the risk process

Staff   RESPONSIBLE for elements within the risk management system

4 Key Conditions to Successful Risk Management

- Senior Management support must be DEMONSTRATED, COMMUNICATED and SUSTAINED
- Staff support must be seen as more than a compliance exercise
- Risk management program must be adapted to fit your organization's needs
- Implementation must be phased into manageable pieces

Identification of Transformation Risks

- Change Governance
- Strategic Discipline for Change
- Misdiagnosing Scope
- Initiative Alignment and Integration
- Capacity
- Culture

Identification of Transformation Risks cont'd

- Leadership Modeling
- Human Dynamics
- Engagement and Communications
- Relevance and Meaning for Stakeholders