RISK
MANAGEMENT

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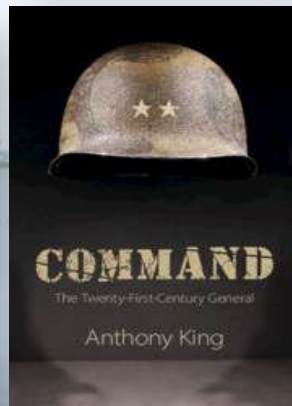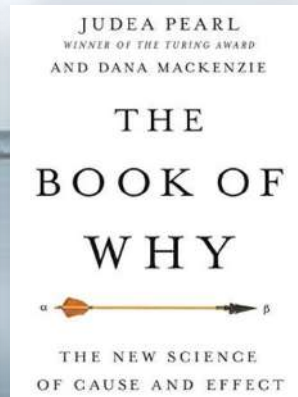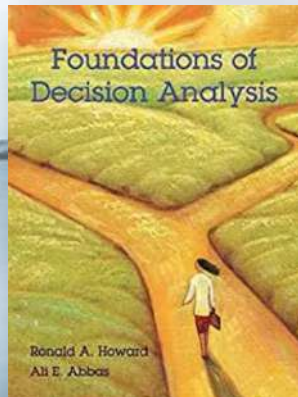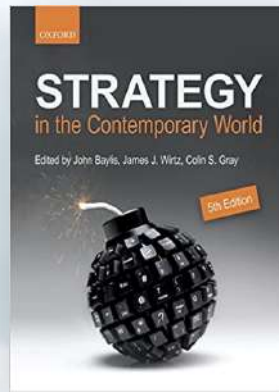
OUTLINE

- References
- Risk x Business
- Risk Management
- Stakeholder Engangement
- GRC
- Conclusion

REFERENCES

HBR'S 10 MUST READS
BONUS ARTICLE "Managing 21st-Century Political Risk" By Condoleezza Rice and Amy Zegart
On Managing Risk
If you read nothing else on managing risk, read these definitive articles from **Harvard Business Review**.

Second Edition
The Failure of Risk Management
Why It's Broken and How to Fix It
Douglas W. Hubbard
WILEY

OXFORD
STRATEGY in the Contemporary World
Edited by John Baylis, James J. Wirtz, Colin S. Gray
5th Edition

Foundations of Decision Analysis
Ronald A. Howard
Ali E. Abbas

JUDEA PEARL
WINNER OF THE TURING AWARD
AND DANA MACKENZIE
THE BOOK OF WHY
THE NEW SCIENCE OF CAUSE AND EFFECT

COMMAND
The Twenty-First-Century General
Anthony King

RISK x BUSINESS

RISK MANAGEMENT

Minimum
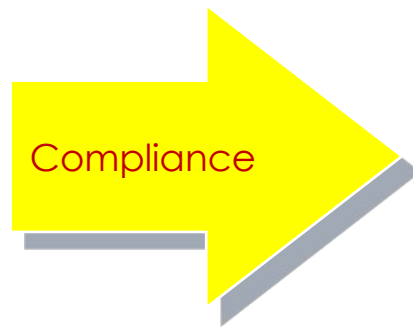
Enhancement

Futher Step

Strategic Objectives

Compliance

- Intensive Coordination
- System Approached
- Comprehensive Targes
- Dialogue and Involvement
- Community Based
- Public Reporting

Integrated
More Wide Roles
Transparency
Holistic

Reality/Fact

Vision

1

Challenge ⟷ Changes / Risk

⬇

Adapt

2

Public Services ⟷ What is Stakeholder Feel ?

⬆

User Experience

Risk Management- Introduction

Types of Risks (1/2)

External Risks	Internal Risks		
	Strategic	Operational	Enablers
Demand	Governance	Access to Services	People
Regulatory	Strategic Planning	Processes	Financial
Economical	Ethics & Values	Business Interruption	Technology
Socio- Political	Stakeholder Relations	Emergency Response	Infrastructure
Environment			

Types Of Risks (2/2)

Strategic
- Demand Shortfall
- Customer retention
- Integration problems
- Pricing pressure
- Regulation
- R & D
- Industry or sector downturn
- JV or partner losses

Operational
- Cost Overrun
- Operational Controls
- Poor Capacity management
- Supply Chain Issues
- Employee Issues incl. fraud
- Bribery and Corruption
- Regulation
- Commodity prices

Hazard
- Macroeconomic
- Political Issues
- Legal Issues
- Terrorism
- Natural disasters

Financial
- Debt and interest rates
- Poor Financial management
- Asset losses
- Goodwill and amortization
- Accounting problems

Risk Assessment Plan

Business Name:

ABN:

Activity Steps	Potential Hazards/ Risks	Risk Rating	Risk Control Measures	Risk Rating	Person Responsible	Time Frame
1	2	3	4	5	6	7
List the steps required to perform the activity in the sequence they are carried out	Against each activity step list the hazards that could cause emission of refrigerant & describe the risk these hazards pose	• Rare • Unlikely • Likely • Almost Certain	Describe the identified Risk control measures	• Rare • Unlikely • Likely • Almost Certain	Document the name of the person responsible for implementing risk controls	Document when step 3 was conducted & when step 6 is planned

Risk Tolerance (1/2)

Ordinal Scale (example)	Very Low	Low	Moderate		Very High
Cardinal Scale (example)	0.7	0.2	0.1	0.9	0.5
Cost	Insignificant increase	<10% cost increase	10-20% cost increase	20-25% cost increase	> 25% cost increase
Schedule	Insignificant fall in schedule	<7% schedule slippage	7-10% schedule slippage	10-15% schedule slippage	15-20% schedule slippage
Scope	Decrease	Minor areas of scope affected	Major areas of scope affected	Reduction Unacceptable	Project end item is Useless
Quality	Barely noticeable Degradation	Only demanding applications are Affected	Reduction requires Approval	Reduction Unacceptable	Project end item is Unusable

Estimate the Risk tolerance level of the stakeholders on the basis of the below mentioned criteria. You can modify these as per your requirements

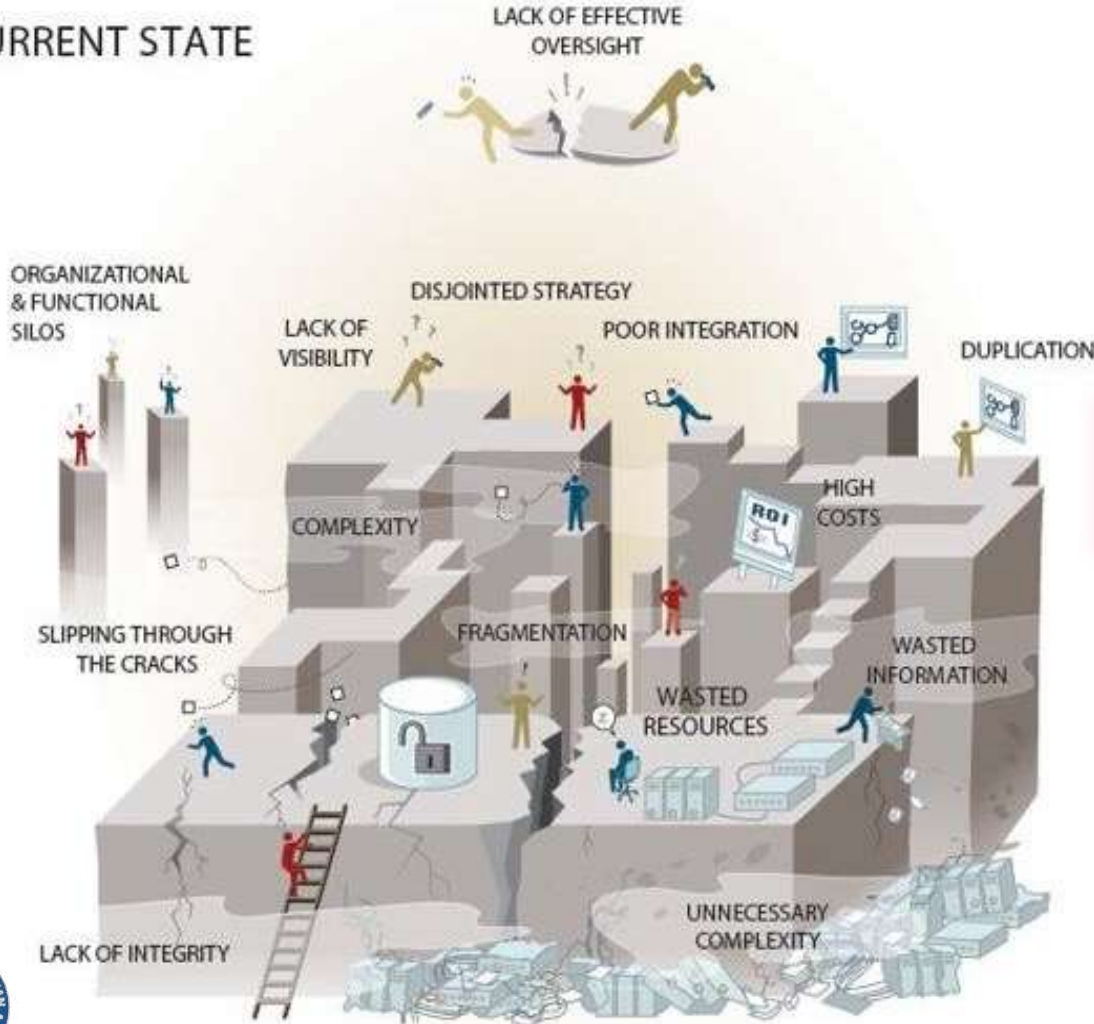# Risk Tolerance (2/2)

(GRC) Governance, Risk and Compliance

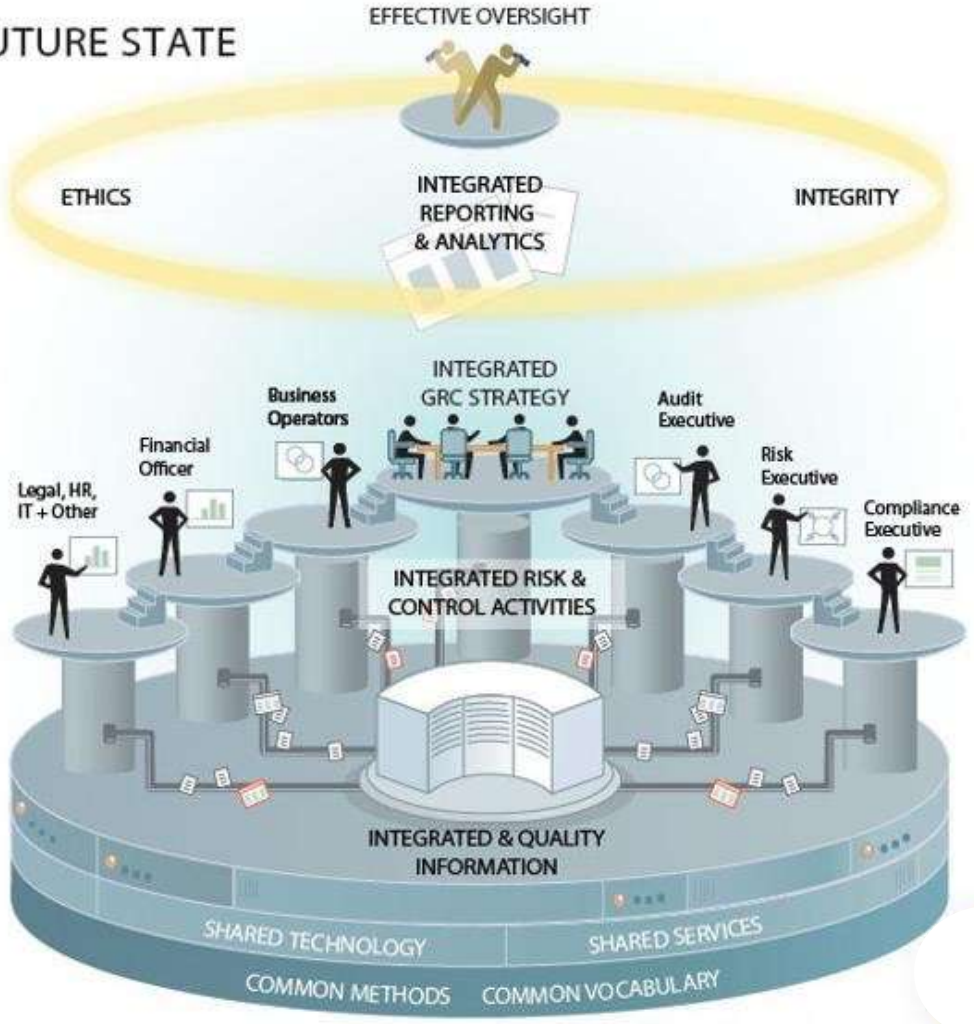*GRC is the* <u>*integrated*</u> *collection of capabilities that enable an organization to* <u>*reliably*</u> <u>*achieve objectives*</u>*,* <u>*address uncertainty*</u> *and* <u>*act with integrity*</u> *(OCEG)*
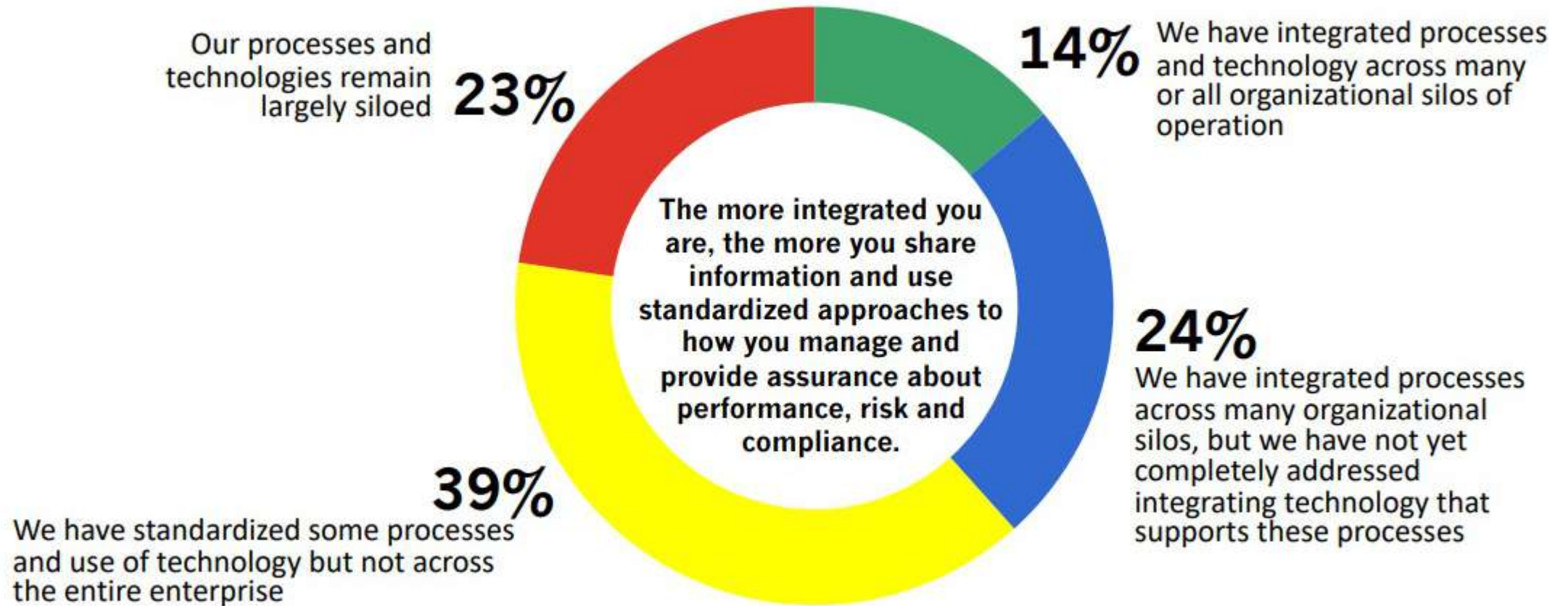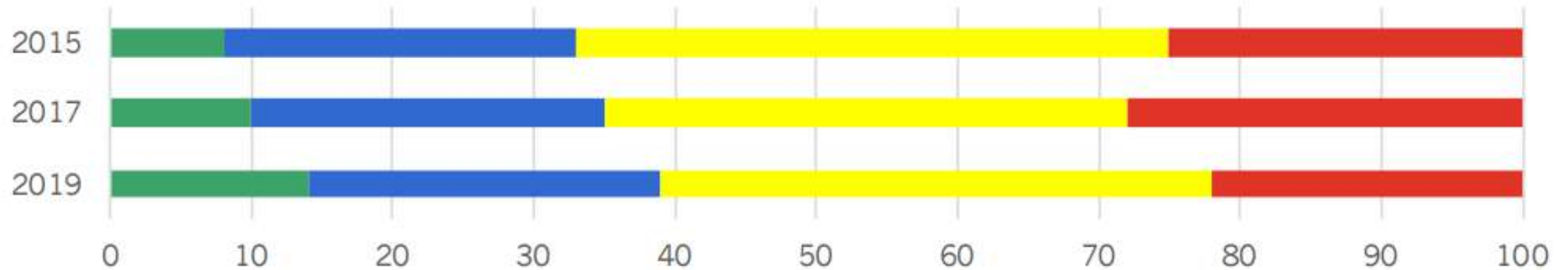
GRC Maturity Condition

Level of GRC Integration Within Organization

Our processes and technologies remain largely siloed **23%**

14% We have integrated processes and technology across many or all organizational silos of operation

The more integrated you are, the more you share information and use standardized approaches to how you manage and provide assurance about performance, risk and compliance.

24% We have integrated processes across many organizational silos, but we have not yet completely addressed integrating technology that supports these processes

39% We have standardized some processes and use of technology but not across the entire enterprise

GRC Integration Over the Years

LEADERSHIP IN DISRUPTION ERA : AGILITY IS THE KEY

	Trademark		Organizational-agility practices[1]	
Strategy	North Star embodied across the organization		• Shared purpose and vision • Sensing and seizing opportunities • Flexible resource allocation • Actionable strategic guidance	**From:** *"In an environment of scarcity, we succeed by capturing value from competitors, customers, and suppliers for our shareholders."* **To:** *"Recognizing the abundance of opportunities and resources available to us, we succeed by co-creating value with and for all of our stakeholders."*
Structure	Network of empowered teams		• Clear, flat structure • Clear accountable roles • Hands-on governance • Robust communities of practice • Active partnerships and ecosystem • Open physical and virtual environment • Fit-for-purpose accountable cells	**From:** *"People need to be directed and managed, otherwise they won't know what to do—and they'll just look out for themselves. There will be chaos."* **To:** *"When given clear responsibility and authority, people will be highly engaged, will take care of each other, will figure out ingenious solutions, and will deliver exceptional results."*
Process	Rapid decision and learning cycles		• Rapid iteration and experimentation • Standardized ways of working • Performance orientation • Information transparency • Continuous learning • Action-oriented decision making	**From:** *"To deliver the right outcome, the most senior and experienced individuals must define where we're going, the detailed plans needed to get there, and how to minimize risk along the way."* **To:** *"We live in a constantly evolving environment and cannot know exactly what the future holds. The best way to minimize risk and succeed is to embrace uncertainty and be the quickest and most productive in trying new things."*
People	Dynamic people model that ignites passion		• Cohesive community • Shared and servant leadership • Entrepreneurial drive • Role mobility	**From:** *"To achieve desired outcomes, leaders need to control and direct work by constantly specifying tasks and steering the work of employees."* **To:** *"Effective leaders empower employees to take full ownership, confident they will drive the organization toward fulfilling its purpose and vision."*
Technology	Next-generation enabling technology		• Evolving technology architecture, systems, and tools • Next-generation technology development and delivery practices	**From:** *"Technology is a supporting capability that delivers specific services, platforms, or tools to the rest of the organization as defined by priorities, resourcing, and budget."* **To:** *"Technology is seamlessly integrated and core to every aspect of the organization as a means to unlock value and enable quick reactions to business and stakeholder needs."*

[1]The 5 trademarks include 23 practices for organizational agility; 18 are based on survey research. Five additional practices are included that have emerged from recent experiences with large global companies transforming into agile organizations.

- **Risk management is an important process that managers should maintain in an organization.** It is inevitable to have risks and managers should have better strategies to deal with risks. The long-term survival of an organization depends on the ability to manage risks

- Calculated Risk calculated risk is usually generated through analysis on an event that already has a pattern and becomes a reference or standard

- In the era of disruption, risk has a tendency to change in line with the change itself. Leadership factor to deal with the change is become an important factor for organization to be survived

THANK YOU