



Enterprise Risk Management

Who should attend?

- Risk managers
- Managers and Directors responsible for the risk management function or process
- Senior Internal Auditors and audit managers
- Other assurance professionals such as those in Compliance and QA functions who are being asked to review the risk process
- Finance managers and Insurance professionals who need knowledge of the wider approach to risk management

What you will learn

- The concepts and practical application of risk management
- The benefits of an enterprise –wide approach to risk
- How to embed an ERM approach
- The different techniques for identifying risks
- How to implement effective risk mitigation
- How to link risk management into the business planning process
- Techniques for the assessment of people, process and reputation risks
- How to record the risk process effectively

Why you should attend

In the ever-changing business environment, encountering risk is inevitable. The ability to manage these increasingly significant risks now represents the difference between a thriving organisation and one that is struggling to deal with the challenges facing it.

Many businesses in the region have realised that misunderstanding risk can lead to disaster. The organisations that have dealt with the recession most effectively have realised that this requires extensive knowledge of

risk management tools and techniques. This is exactly what you will find in this course.

As the current worldwide situation demonstrates, poorly informed or improperly executed risk management can mean disaster. Conversely, a well organised and focused risk process and strong risk management team will enable your company to maintain and strengthen your edge over your competitors.

Moreover, studies have shown that financial risk is only the 'tip of the iceberg', as nearly 80% of key risks are not insurable. This critical 80% of risks must be 'insured' internally with a capable risk management team.

Risk management has been catapulted from being a useful tool to becoming the very pulse of the organisation and the yardstick by which its management is judged. The key is to recognise that risk is not something that should be avoided – a risk is often an opportunity in disguise.

The course has been specially designed to provide you with all the skills and tools you need to manage risk successfully. It will demonstrate how to identify and evaluate risks, as well as how to deliver an effective process throughout your organisation

Day One: Understanding Enterprise Risk Management (ERM)

What is ERM

- **Explanation of ERM and why it is not fully understood**
- **The current economic crisis and how ERM can provide a lifeline**
- **The role and responsibilities of directors and senior management with respect to ERM**
- **ERM roles**
- **Strategic, financial and operational risk.**
- **The key link between corporate governance and risk**
- **Selling the benefits to top management**
- **How to quantify and measure risk – and why the approach followed by most organisations is incorrect**
- **Establishing a business risk programme - the steps to success**

The ERM approach

- **Why ERM is receiving such publicity**
- **High profile corporate failures and the lessons to learn**

Exercise 1 – The Major Risks in Your Organization

- Explanation of the new ISO 31000 international risk standard
- AUS/NZ 4360 standard
- COSO
- IRM standards
- The regulatory regime and impact on ERM

The link between ERM and strategic objectives

- The need to understand the organisation's strategic objectives
- Developing a programme to reflect these objectives
- Risk appetite – the least understood aspect of risk?
- Categories of risk
- Establishing a risk management framework

Exercise 2 – Analysing a Disaster

Establishing an Embedded Risk Management Process

- Surprises and risk
- Why financial risks are only the tip of the iceberg
- The widening of the risk portfolio
- The challenges- Credit crunch, regulatory compliance etc
- New and emerging risks- reputation, social, environmental
- Getting your chief executives support
- Developing a risk strategy for your organisation
- Establishing the business case
- Selling the benefits to management
- The need for risk champions
- Risk and competitive advantage
- Risk workshops – the do's & don'ts

Exercise 3 – Risk Taking In Action

Risk Identification and Evaluation

- Approaches and techniques
- How to establish a risk workshop process
- The need for effective facilitation and
- Facilitation skills
- Establishing workshops
- The use of diagnostic questions and thought-provokers
- The pros and cons of using data capture technology
- Other methods of risk identification
 - Monte Carlo Simulations
 - Bayesian networks
 - Scenario planning
 - Risk projects
- How to identify, sift and group the risks

- Measuring the consequences and the likelihood of occurrence of each risk
- The use of risk matrices to prioritise the risks.
- Meeting regulatory reporting requirements

Exercise 4 - An Actual Risk Workshop – with your own risks to appreciate all elements covered in a live situation

Assessment of Risk Mitigation

- Controls or mitigation
- Ensuring risks are managed effectively
- How to assess risk mitigation
- The need for diligence and challenge
- Identification of risk exposures
- Dealing with the exposures (the 4 Ts - terminate, tolerate, treat or transfer)
- Recording the risks – risk registers or risk maps
- Risk registers – do's and don'ts
- The need to keep the process as simple as possible
- Establishment of action plans
- Allocation of risk owners

Exercise 5 - Risk Mitigation and Dealing with the Exposures in Practice

Linking the output from Risk Workshops into the Business Planning Process

- Linking corporate risks with the strategic planning process
- Linking operational risks into service planning
- Risk owners – how to determine such personnel and enforce ownership
- Annual statements by risk owners
- Developing risk tracking
- Using the risk register as a decision skeleton
- Quarterly board reporting to review progress in addressing the exposures
- Risk management committee reporting
- Half yearly evaluation of key risks to ensure new risks identified and included

Exercise 6 – Team Exercise to Enable You to Appreciate The Emerging Risks

Day 2 ERM in Practice

People and Process Risks

- **Key risk themes and how to deal with them**
 - **Failure to manage projects effectively**
 - **Loss of IT systems**
 - **Failure of partners or inability to establish effective partnering**
 - **Loss of key personnel**
 - **Hacking/breach of system security**
 - **Failure to innovate**
 - **Poor prioritisation of systems development**
 - **Loss of morale / stress**
 - **Too much data – insufficient information**
 - **E-Commerce – the key risks and steps to take to mitigate them**
 - **IT security – how to evaluate effectiveness and influence change**

Exercise 7 – People and System risks

Reputation risk

- **Definitions**
- **The rise of reputation as a key risk**
- **The increasing importance of a positive image – the need to be admired**
- **Reputation – the value measure of the 21st century**
- **Creating value from intangible assets**
- **Where does reputation come from?**
- **How do you measure it?**
- **The magnifying effect on reputation of business failures**
- **The explosion of regulation and external assurance**

Exercise 8 - How to Judge Reputation

- **The relationship between vision, values, behaviour and reputation**
- **The link between organisational personality, identity and image**
- **Moving reputation out of the PR arena and into the boardroom**
- **Damage by association – partnering and alliances**
- **Identifying reputational risks**
- **A checklist for reviewing reputational risk will be provided to all delegates.**

Corporate Governance

- **The increasing importance of Corporate Governance**
- **Research results**
- **Record of accountability**
- **Protecting the financial position**

- Alliances, partnerships and contracts
- Fulfillment of promises
- Media management
- Business continuity
- Crisis management strategy
- Environmentally responsible sources / treatments
- Customer service
- Management of complaints
- Communication – internally and externally
- Carrying out a vulnerability audit

Exercise 9 Risk and Corporate Governance

Recording the Risk Environment

- The need to coordinate and link the output
- Flagging interdependencies – if one risk treatment is changed the other party or parties impacted need to be notified
- Risk treatment analysis – how to determine the cost/benefits of dealing with exposures / exploiting opportunities
- Risk management as a route to reducing bureaucracy
- How to use the risk process to break down the cultural barriers
- Reports for senior management

Exercise 10 –Risk management reports

- Making risk management second nature
- Keeping up the momentum
- Risk financing and how to introduce the disciplines
- Integrating incident management
- Business continuity planning
- Integrating health and safety, insurance and claims etc
- Measuring the benefits

Exercise 11 -Measuring the Benefits

Cascading the Process

- Stakeholders interest in risk
- Workshops for other management levels
- How to measure the benefits
- Risk awareness for staff

Exercise 12 – Establishing a Risk Awareness Training Programme

- Sharing output with partners

- **Evaluating risks within these relationships**
- **Risk indicators (KRI's)**
- **Auditing the risk management programme**
- **The Internal Audit role in the risk management process – guidance and advice**
- **How to identify and reduce excessive controls**
- **Feeding key risks up the organisation**
- **Coordinating the whole process**
- **Useful web sites and reference books**
- **Managing stakeholder expectations**
- **How to use the programme to change the culture in a positive way**

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