



Risk Management
Icebergs In The Desert
The World's Best Kept Secret?
A strategic master class for business leaders led by world-renowned risk management guru: Phil Griffiths

15 December 2011
Kempinski Hotel, Mall Of The Emirates, Dubai, UAE

For the crew and passengers of the Titanic, an iceberg was a disaster.

To others icebergs are a natural wonder to behold!

But imagine if you could transport icebergs into the desert – you would have a source for the most precious resource in the world: Water!

Whilst we cannot (yet) drop icebergs in the desert, forward thinking business leaders have been solving similarly complex problems for decades or even centuries.

In this time of global uncertainty how is it possible to create business advantage?

During this 1-day masterclass, Phil will demonstrate 60 proven ways to enhance business performance by exploiting risk and managing uncertainty.

Do not miss this business changing experience. If you only attend one event this winter make this the one

Who Should Attend

- CEO's.
- Directors and VP's
- Chief Risk Officers
- Audit Committee members responsible for risk management
- Regulators

Master Class Outline

Session 1 Strategic risks

Risk Attitude

Why you should : -

- Define risk as the need to get things right – not what can go wrong
- 'Ring fence' risk exposure - never allow one part of the business to impact the whole organisation
- Define your corporate risk appetite carefully
- Determine and communicate your attitude to risk and your required risk culture to managers and stakeholders
- Recognise that reputation is both your biggest asset and the biggest risk you face – and one you cannot insure
- Not wait until you are required to provide evidence of effective risk management by regulators or legislation – this will usually be too late

Decision making

Why you should : -

- Never make crucial decisions on a corridor or golf course
- For every key proposal passed to the Board or senior management for decision, insist that a full risk analysis is submitted
- Match key risks to corporate objectives each year.
- Ensure the key objectives are measurable and deliverable

- **Ensure that you under promise and over perform – not the other way round**

Looking forward

- **Identify as many risks on the horizon as you can before they can impact you**
- **Invite all your key stakeholders to a risk workshop**
- **Twice a year ask all executives to identify 3 opportunities and set up a high level workshop to discuss and prioritise them**
- **Develop a corporate opportunity register**
- **Analyse the major surprises and near misses that you have had in the last 12 months**
- **Recognise that ‘if it seems too good to be true’ it probably is**
- **Prepare media statements in advance to cover all possible crises**
- **Offer special incentives for the best ideas to reduce risk or exploit opportunities**
- **Record all strategic risks – especially the very sensitive ones – risks that are not recorded are invariably poorly managed**

Session 2 The need for a dynamic risk process

Risk Measurement

Why you should : -

- **Identify at least 6 different criteria for measuring impact**
- **Evaluate each risk as**
 - **An inherent risk (the pure risk – how bad could it get**
 - **The residual risk (the risk remaining today after taking into account mitigating actions)**
 - **The retained risk (the level you are willing to accept – your goal)**
- **Give every risk a monetary value –and recognize that this may be a range of possible monetary impacts**
- **Recognise that most risk exposures can be cost effectively treated (but that some cannot be)**
- **Not commit time and money in risk mitigation unless a monetary or other significant benefit can be demonstrated**

- Calculate the value of income required to cover each dollar/dirham/riyal wasted due to poor risk management – use this multiplier as a business driver.
- Recognise that multiplying impact and likelihood together to reach an overall score for the risk will invariably give you a false result

Energising your staff to manage risk

Why you should : -

- Ensure that your staff know that risk management is not a fad or the latest initiative – it is a business process
- Get risk management as an agenda item in staff meetings
- Recognise that your employees will only be interested in managing risks if there is a benefit for them in doing so
- Not give too many risks to the same manager
- Complete as much of the risk programme with your own managers – do not over rely on consultants – you have to own the process
- Realise that if managers want to get a proposal through, they will tend to understate the risk (if you let them)
- Recognise that risk is the pulse of the organization and make sure that you have personnel to regularly take this pulse

The risk process

Why you should : -

- Use a risk assessment framework to assess your risk maturity and prepare a plan to enhance this maturity (if required)
- Adopt ISO31000 (the International risk standard) and apply the principles across the business
- Only use **one** risk matrix for the Business – every function should not develop their own
- Ensure that you have common risk terminology and communicate it widely
- Think of risk as driving a car
 - We should not speed but we do
 - We should always wear seatbelts in the back – but do we?
 - When did you last get the tyre pressures checked?

- If we do not take the risks seriously in our everyday lives, how confident are you that the same does not happen in your business
- Recognise risks may have multiple scenarios e.g loss of key personnel (how many, in which area etc)
- Set meaningful Key risk indicators (KRI's) to warn you before risks materialize
- Prepare a graphical or tabular record of key risk for the Board
- Recognize that understanding risk is the key to successful corporate governance
- Arrange a reputation risk workshop for senior management
- Be very careful about your mobile phone conversations whilst travelling
- Get the whole risk process benchmarked

Get your Assurance teams involved

Why you should : -

- Ensure your assurance providers roles e.g. Internal Audit, Compliance, Risk Management, Insurance, Security etc are co-ordinated to avoid duplication of effort
- Incorporate internal audit agreed actions in your risk register
- Ensure environmental risk is taken seriously (even if you are in a sector such as Financial Services)
- Ensure that your Business Continuity plan covers all eventualities and ensure it is fully tested
- Identify 3 new ways to benefit the least able section of the wider community you serve

Session 3 Partnerships and contracts

The need to recognise the different risk profiles in partnerships and contracts

Why you should : -

- **Determine the associated risks at the very earliest stage of a project**
- **Recognise that it is most unlikely that the project can be delivered to time, to budget and meet all the objectives outlined**
- **Decide up front which of the 3 elements, time, financial budget or functionality you are willing to compromise first.**
- **Hold risk workshops with the shortlisted suppliers or contractors before awarding a contract**
- **Give executives a clear brief regarding the decisions that may or not be made by them before they attend each meeting with partners**
- **Require your executives to provide written feedback from all such meetings**
- **Prepare a schedule of all partnerships and contracts with a clear practical protocol for their continuous evaluation**
- **Not assume that because a partnership is effective in year one it will necessarily be the same in year 2 and beyond**
- **Ask your internal audit function to be involved in all key systems and projects at key stages during the development phase**
- **Ensure you have a right to audit clause for all outsourced operations and exercise that right**

©Business Risk Management Ltd 2011



Laoen