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BUSINESS RISK PROGRAMME

Introduction

As the business environment becomes ever more complex and the competitive pressures even greater, it is crucial that we fully understand the threats and opportunities impacting the organisation.

Consequently I have decided to instigate a formal programme to evaluate these risks and opportunities.

The programme will be based around facilitated workshops. The first workshop will be with the Top Management Team on xxxx at which the key risks and opportunities will be identified, and evaluated. Following this, further workshops will be held at Business Unit level.

Phil Griffiths, Managing Director of Business Risk Management Ltd will facilitate the workshops. He will be supported by xxxx Head of Internal Audit

Top Team Workshop Objectives

The “deliverables” from this Workshop will be:

1. Identification and recording of the key risks and opportunities.
2. Evaluation of the risks based on likelihood of occurrence and impact
3. Prioritisation of the risks and opportunities by means of a risk Matrix
4. Recording of mitigation for the most critical risks.
5. Evaluation of the effectiveness of such mitigation procedures and identification of any exposures and opportunities
6. Development of action plans and assigning of responsibilities.

It is anticipated that the programme will also help the organisation:

1. Better achieve its strategic objectives
2. Improve the quality of business decisions
3. Manage its resources more effectively
4. Anticipate and respond to the fast changing business environment in a proactive and systematic way
5. Provide greater protection for its assets
6. Reduce the cost of risk
7. Minimise the number of incidents which require investigation
8. Reduce the number of complaints
9. Minimise the cost of insurance

10. Provide the opportunity to focus the Internal Audit programme specifically on the most significant areas of risk.

Pre-Workshop Preparation

You are requested to read and think through the list of “Diagnostic Questions” attached and relate them to the context of your business or discipline. As a result try to identify the experiences or events within the business that suggest specific areas of risk and vulnerability? What are the new risks and vulnerabilities that could emerge in future? It is suggested you note down risks or threats as they occur to you and bring them with you on the day.

You may also wish to reflect on the following “**food for thought**” questions:

1. What are the major drivers of change (political, economic, social cultural, technological) in our business environment? What are the implications for the business?
2. What are the “unpleasant surprises” if any that you’ve had in this business in the past? How have you recovered from them?
3. Do you recall any major lost opportunities for your business? - How could they have been avoided? What are the factors that could lead to similar opportunities being lost in the future?
4. What are the 2 or 3 most concerning facets of this business?
Imagine that a competitor was endowed with unlimited power to destroy your business. What would be the simplest and quickest way to do so?
5. Have there been any significant failures by competitors? What is your understanding of the factors that brought these about?

DIAGNOSTIC QUESTIONS

- 1. What are the key market needs the business serves? Is demand robust?**
- 2. What are the tangible and intangible resources and assets deployed in the business? Are they secure?**
- 3. What drives costs in the business? Is the cost structure stable relative to competitors?**
- 4. What is the profile of the customer base? Is it stable? Is there an over-dependence on one or a few customers?**
- 5. Is there a fundamental technology that is incorporated in the product or in the process used to make it? What may make it obsolete?**
- 6. Does our business have any “special abilities” i.e. certain things that we do extraordinarily well or far better than your competitors? What underpins these?**
- 7. Are there any strong corporate identity symbols (e.g. brands, corporate name, distinctive packaging etc.) that are important in the business? Would the loss of these be damaging?**
- 8. Is the business dependent on any barriers (tariffs, patents, licensing requirements etc.) that fence competitors out? What would happen if these barriers were removed?**
- 9. Is our market affected positively or negatively by any specific social or cultural values (e.g. ecological concerns, attitudes towards foreign investors etc.)?**
- 10. Are there any Government or other sanctions under which we operate (licences, accreditation)? Are there other supports and incentives (e.g. tax concessions on mortgage interest)? Are there any indirect subsidies on which we are reliant?**
- 11. Under what conditions might we experience a significant loss of customer trust in the integrity of our products and organisation? What liabilities and damages might result?**
- 12. Is the market for our business related to the availability and quality of complementary products or services, which we do not influence? If so which?**
- 13. Are competitors able to steal an advantage over us in securing lucrative business from current and potential customers?**