

A Strategic Approach to Risk Management

Issue vs Risk

A Risk is something that

- is future focused
- has not occurred yet
- has less than 100% probability of occurring

An Issue is something that

- is already occurring
- is already present
- has a 100% probability of occurring

Where do Risks come from?

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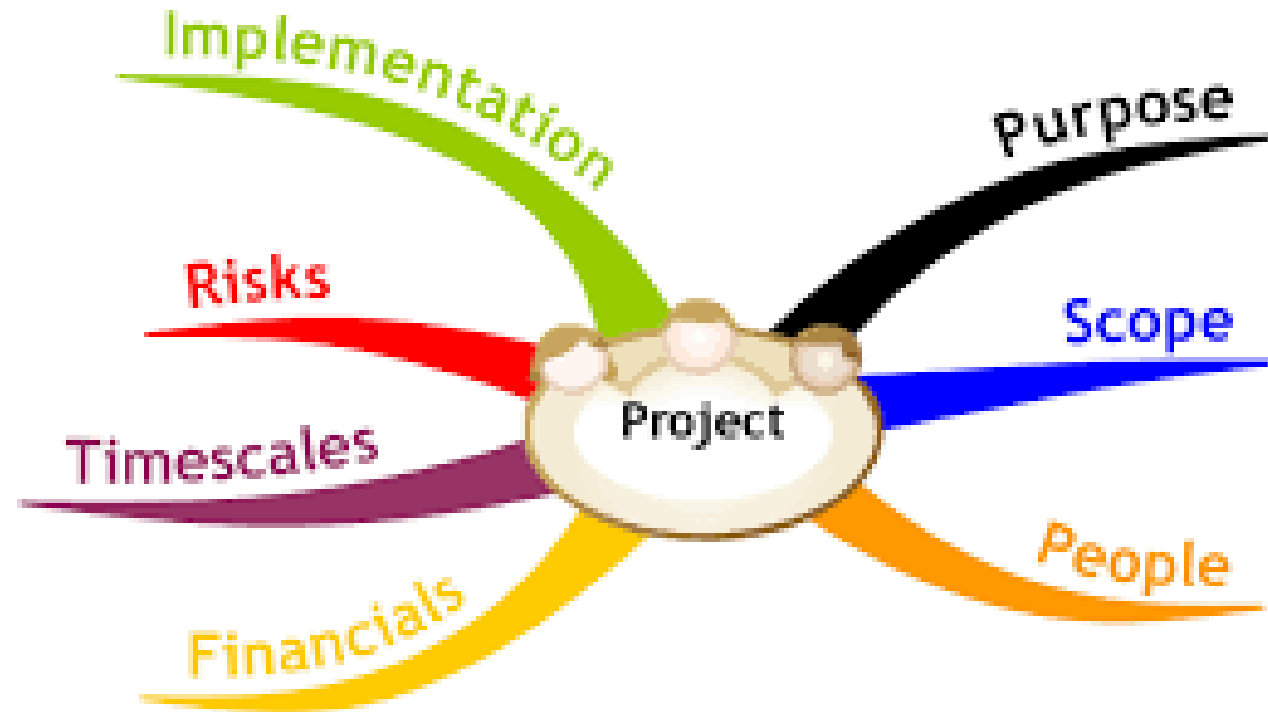
Business Risks



Business Risks

- financial
- health & safety
- brand
- contractual

Project Risks



Project Risks

- scope creep
- blown budgets
- income generation not achieved
- cash flow misaligned
- reason for project has changed

**Sorry! Technical
Difficulties**



What are they

Technical Risks

- equipment failure
- process failure
- facilities inaccessible
- system failures

Renewable and Non-renewable Resources



Resource Risks

- raw materials not available
- skill required not available
- conflicting demands
- working capital insufficient



Environmental Risks

Environmental Risks

- competition
- economy
- resource consents
- world event

Some tools to help us identify
and manage risks

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The People at the Coal Face!



Ask them:

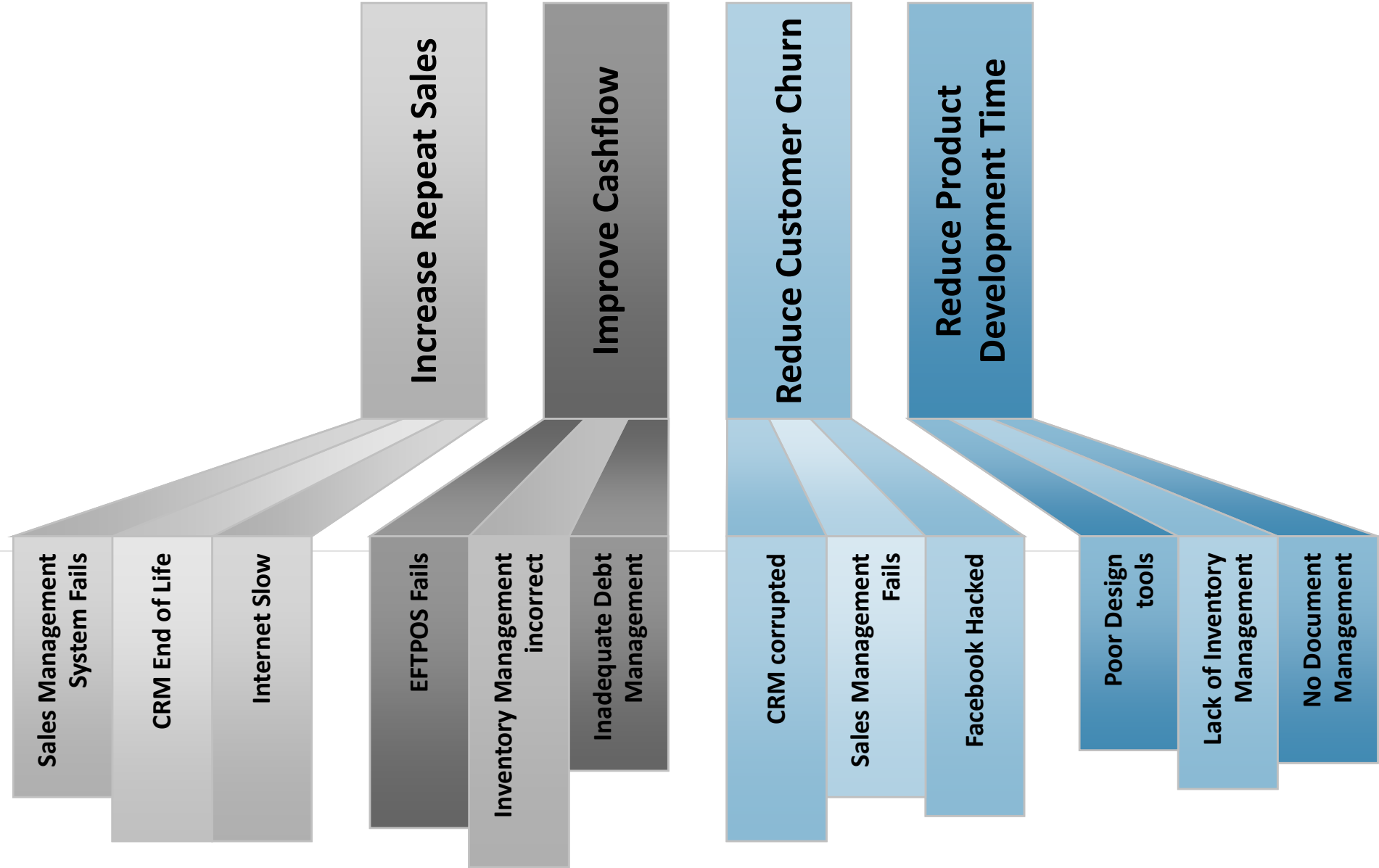
- What systems/equipment they use.
- What is the effect on the business after 1 hour, 1 day, etc.
- What is the level of impact.

Post It Notes



PESTEL	
Political	Economic
What Political factors could affect the business	What Economic Risks are there
Socio-cultural	Technological
Educational trends	Will products be superseded
Social trends	Will production process be superseded
Environmental	Legal
Global warming	Compliance
Natural disaster	e.g. OSH legislation
	AML/CFT legislation

Align Risks to Business Objectives



System/Process Name

Risk Matrix

Business Area	Out of Hours	Duration of Outage	Business Impact	Cost Type		
Head Office	Business hours	1 hour	Minor	Additional Work		
	Business hours	4 hours	Significant		Brand/Reputation	Breach of Contract
	Business hours	8 hours				
	Out of hours	1 hour	Inconvenient			
	Out of hours	4 hours	Significant	Breach of Contract	Additional Work	Brand/Reputation
	Out of hours	8 hours	Severe	Client Safety impacted	Breach of Contract	Brand/Reputation
	Both	24 hours				
	Both	48 hours				
	Both	1 week				
	Both	2 weeks				
	Both	1 month				
Branches	Business hours	1 hour	Severe	Client Safety impacted	Brand/Reputation	
	Business hours	4 hours	Significant	Staff Relationships	Additional Work	Brand/Reputation
	Business hours	8 hours				
	Out of hours	1 hour	Extreme	Client Safety impacted	Staff Relationships	Brand/Reputation
	Out of hours	4 hours	Extreme	Client Safety impacted	Brand/Reputation	
	Out of hours	8 hours				
	Both	24 hours	Extreme	Client Safety impacted	Breach of Contract	
	Both	48 hours	Severe	Client Safety impacted	Breach of Contract	
	Both	1 week	Extreme	Breach of Contract	Brand/Reputation	Financial Cost
	Both	2 weeks	Minor	Staff Relationships	Additional Work	
	Both	1 month				

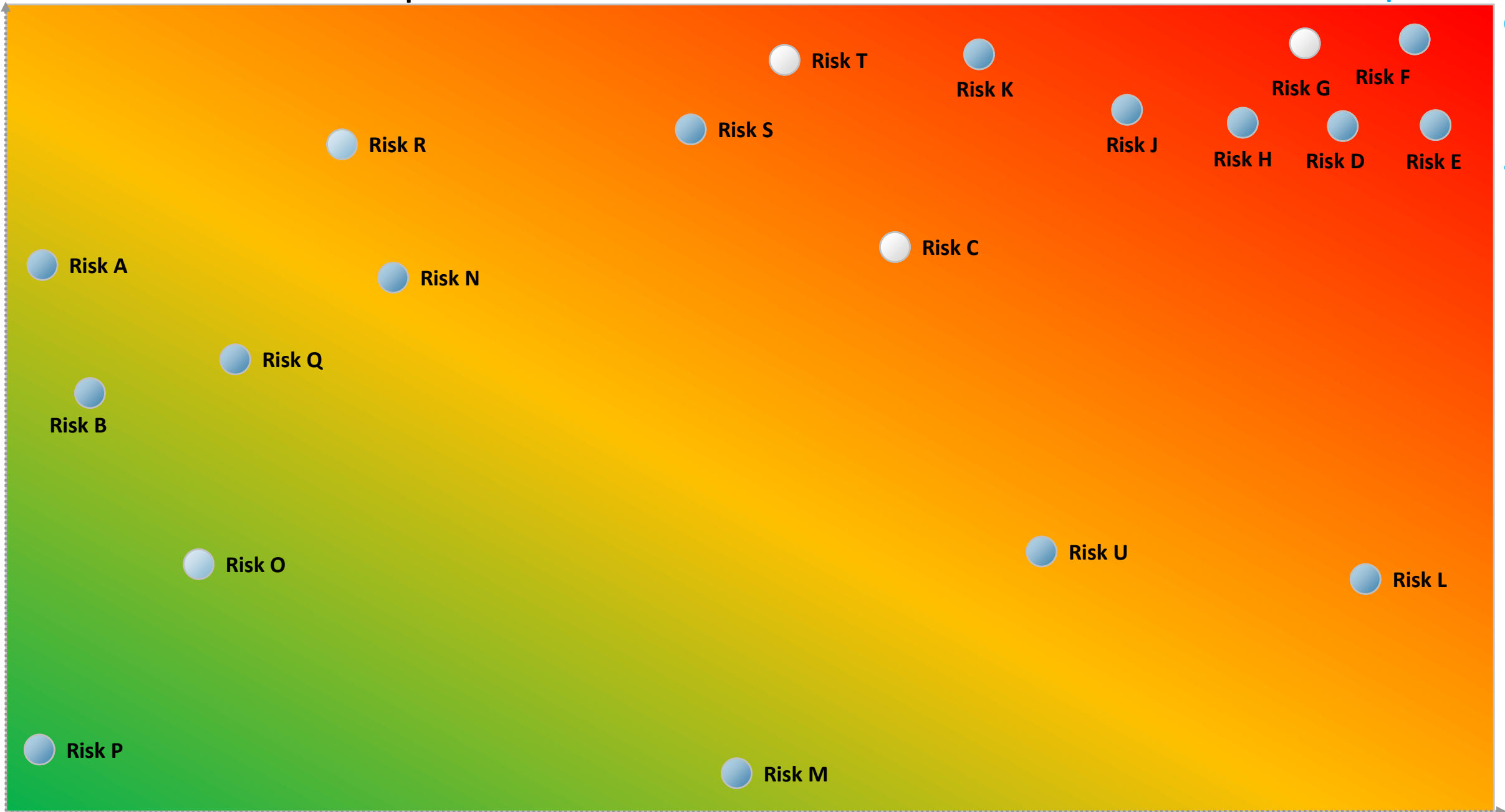
Impact and Breadth of Business Affected

Impact

Wide Expanse

Significant Impact

Expanse

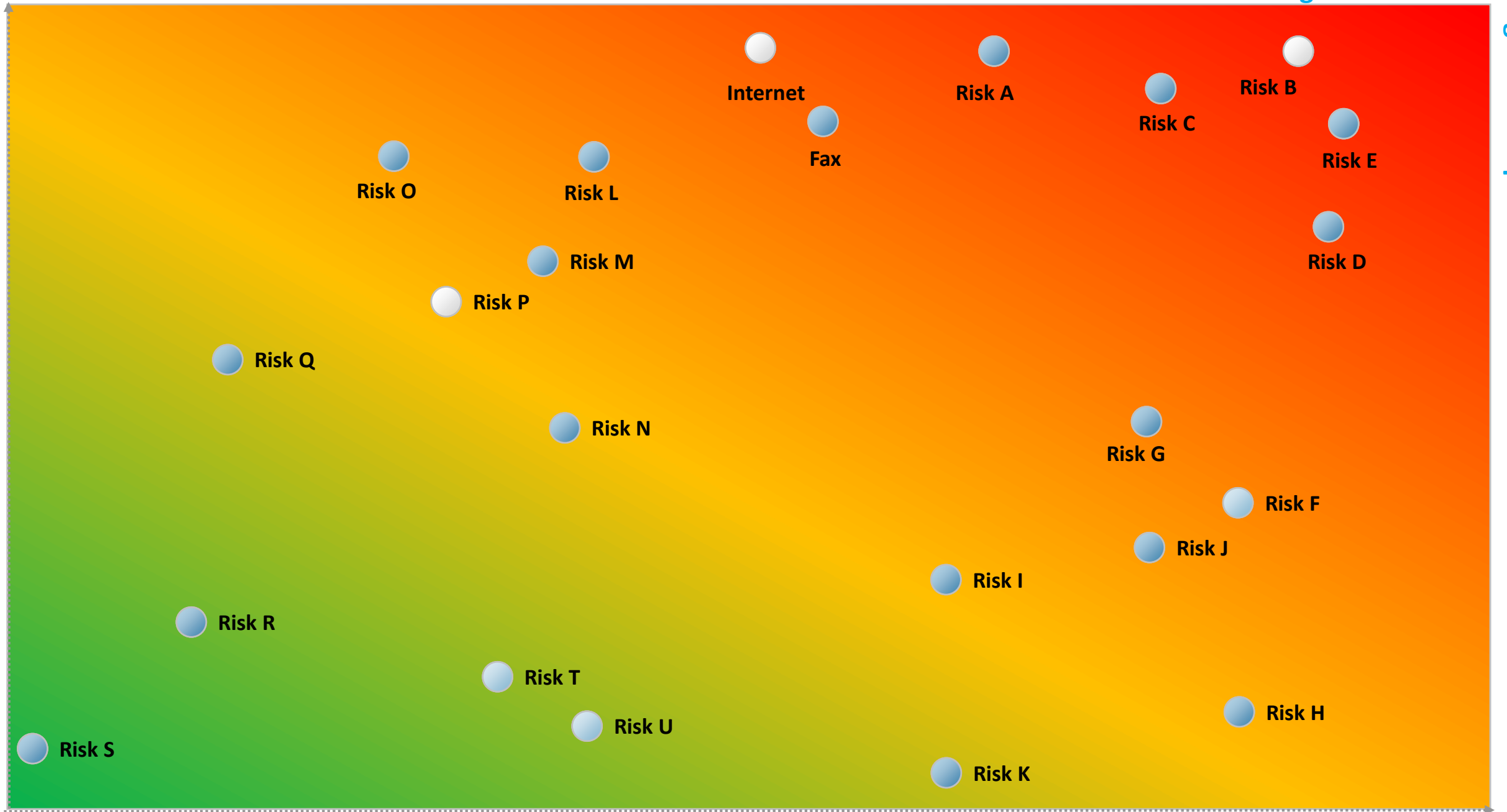


Risk Assessment by System

Severity

High Risk

Significant Impact



Probability