


RISK MANAGEMENT

PRESENTED BY
RON KEMP




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"... in all my experience, I have never been in an accident of any sort worth speaking about. I have seen but one vessel in distress in all my years at sea... I never saw a wreck and have never been wrecked, nor was I ever in any predicament that threatened to end in disaster of any sort." Captain Edward J Smith 1907

On April 15, 1913 he was one of 1500 people who died on the RMS Titanic




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Why Manage Risk?

- Improve effectiveness and efficiency of performance
- Take action to avoid or reduce potential exposure
- Encourage organisations to manage proactively rather than reactively
- Ensure accountability in decision making




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What is Risk?

- Definition : "Chance of something happening that will have an impact upon objectives"
- Measured in terms of
 - Likelihood
 - Consequence
- Arises out of uncertainty
- Exposes us to possibility of
 - Financial, Physical, Reputation loss OR gain etc




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Benefits of Risk Management?

- More robust decisions
- Assists with business continuity
- Private sector - profits
- Public sector - services
- Reduces unpleasant surprises (injuries, law suits etc)
- Enhances reputation





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Elements of Risk?

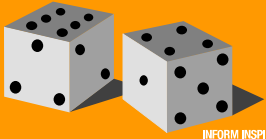
- PERCEPTION that something could happen
- LIKELIHOOD of something happening; and...
- CONSEQUENCE if something does happen



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Levels of Risk

- Combination of...
 - Likelihood of a risk occurring
 - Consequences if it does occur

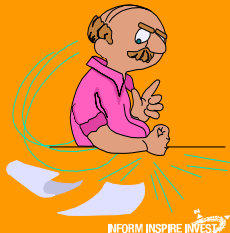


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Examples of Risks

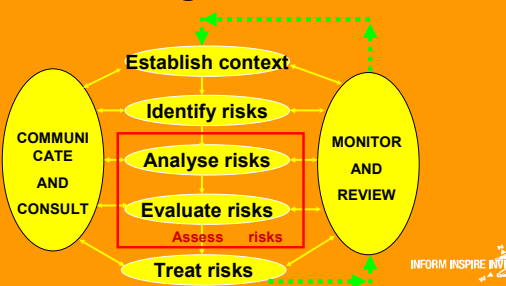
- Breach of legal / fiduciary duties
- Poor management
- Deficient / weak business management systems
- Projects that don't achieve objectives
- Bad publicity etc



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Risk Management Overview



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Measures of Risk - Consequence

- Level 1 – Insignificant
- Level 2 – Minor
- Level 3 – Moderate
- Level 4 – Major
- Level 5 – Catastrophic

Measures need to be tailored to suit needs of individual organisations



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Measures of Risk - Likelihood

- Level A – Almost Certain - expected to occur
- Level B – Likely - probably will occur
- Level C – Possible - might occur
- Level D – Unlikely - could occur
- Level E – Rare – may occur

Measures need to be tailored to suit needs of individual organisations

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Qualitative Risk Analysis Matrix

- Take all factors so far and categorise
- Likelihood
- Consequences
- Risk Levels (Assessed)
- Management Action at each level of risk

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