

The 2004 Risk Forum: Risk and reward

20-21 September Keele University

Workshop A4

Developing roles for risk management

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Benefits or objectives ?

- why identify benefits?
- benefits are not automatic
- identify potential benefits
 → potential objectives

Need to understand mechanisms which link RM to objectives

Four levels of objective

1. Process
2. Application
3. Performance
4. Capability

Level 1 – Process objectives

For example:

- Identify
- Estimate
- Evaluate
- Treat
- Monitor and review

Level 2 -Application related objectives

- strategy conception
- strategy planning
- resource allocation
- strategy implementation
- strategy review
- ongoing operations

Level 3

Performance objectives

Measurable improvements in performance over many applications

- demonstrate governance procedures
- increase profitability
- objectives achieved more often
- fewer surprises and crises
- more effective management of change

Level 4

Strategic capability objectives

Fundamental qualitative improvements

- development of a 'RM culture'
- enhanced competitiveness
- enhanced corporate reputation
via an image of competence

Linkage between different levels of objective

- Levels form a hierarchy
- Higher level objectives build on lower level objectives
- Mechanisms need to be identified and actively managed
- Documentation can contribute to all levels

Recommended reading

Stephen Ward

“Risk Management: organisation and context”

Wetherby and Co Ltd, London,

November 2004