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MoR® Practitioner WorkBook

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M_o_R® Foundation and Practitioner Scenario Exercise:

Tiger Cave Day Nursery

This document has been created to provide you with practical knowledge and experience of applying the M_o_R® framework to a case study. You will be supplied with information throughout the different stages of the project, and given the opportunity to complete a variety of tasks. Some example answers will be provided as guidance.



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Instructions to Follow

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- 1.** Open workbook in Adobe Reader or any other pdf reader
- 2.** Write your answer and Save the pdf by pressing Ctrl+S
- 3.** Upload this workbook at the time you request for the exam

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Overview of the 'Tiger Cave Private Day Nursery'

The Tiger Cave is a jungle-themed nursery and day-care centre that is undergoing a new business planning cycle. The proprietor, Rhiannon McKinnon, is a former Harley Street nutritionist and mother-of-four, and one of the Unique Selling Points (USPs) of the Tiger Cave is their healthy and bespoke homemade meals.

As a former nutritionist who was dissatisfied with the standard of meals being served at her children's nursery, she decided to take matters into her own hands and founded the Tiger Cave in 2003. By offering varied and nutritious meals to children, the centre's popularity grew exponentially and became so popular that a year-long waiting list was put in place. In addition to this, the managers are experienced nursery teachers and school teachers, so the quality of teaching is all first-rate and has been consistently ranked as 'Outstanding' by Ofsted for the last 6 years – this has been achieved with a dedicated staff of 20 employees including McKinnon herself.

The Tiger Cave has remained largely unchallenged until approximately 9 months ago. A rival nursery named, The Imaginarium has opened a facility across the street and offer cheaper childcare packages; this is because the Imaginarium relies on technology-based learning as opposed to conventional methods. In addition to this, The Imaginarium can are able to cut down on costs by hiring less experienced staff, as the majority of the curriculum is taught via their educational software 'Excelcium'.

Although the Tiger Cave has a stellar reputation in the local community and has relied on 'word-of-mouth' to build its customer base. It has not remained immune to the general economic slump that the town has been experiencing. As a result, some parents have defected to The Imaginarium in order to cut-down costs. To add to their streak of bad luck, the Tiger Cave facility suffered severe fire damage last week because of faulty, out-of-date equipment in their kitchen. As a result, the Tiger Cave has had no choice but to temporarily close-down and renovate its entire kitchen and repair the rest of the significant damage caused by the fire. The temporary closure has forced the remainder of the parents to relocate to The Imaginarium. As unfortunate as the arrival of The Imaginarium and fire damage was to the Tiger Cave's prospects, these events have coincided with the centre's upcoming business planning. In other words, the Tiger Cave has a chance to turn its current crisis into an opportunity by revamping the centre and its image.

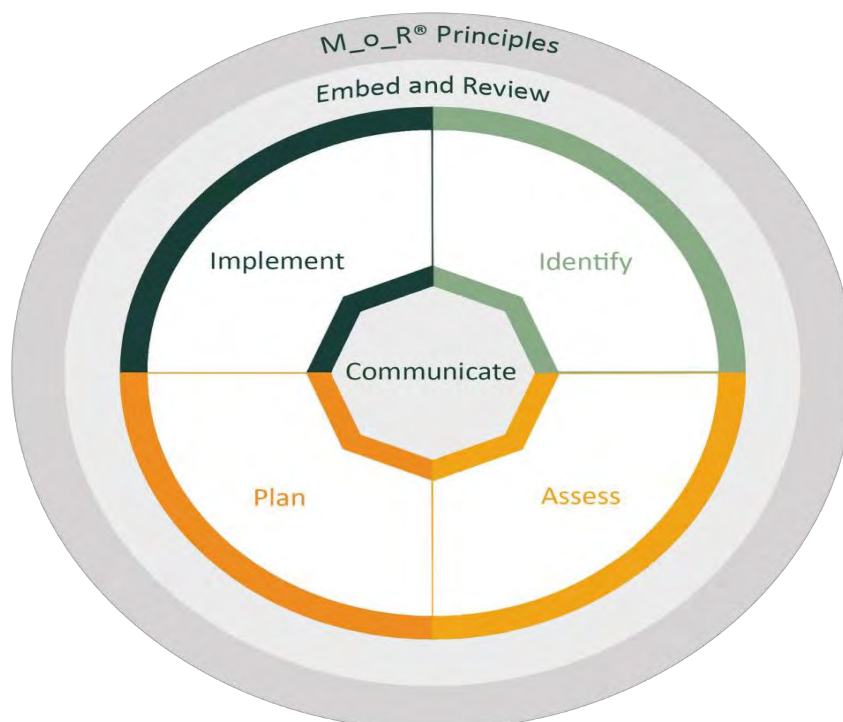
Module 1: Management of Risk Principles

Introduction

M_o_R® is a highly flexible framework that can be adapted to any organisation, regardless of its size, complexity, location, and sector in which it operates (e.g. petrochemical, education). However, the following 8 principles must always be obeyed if risk management is to operate successfully.

These principles are listed below:

- 1) Aligns with objectives
- 2) Fits the context
- 3) Engages stakeholders
- 4) Provides clear guidance
- 5) Informs decision making
- 6) Facilitates continual improvement
- 7) Creates a supportive culture
- 8) Achieves measurable value



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Exercises

Threat: an uncertain event that, if it occurred, would have a negative impact on objectives

Opportunity: an uncertain event that, if occurred, would have a positive impact on objectives

Issue: a relevant event that has occurred, but was not planned and requires action from management

Typhoon Mangkhut, traveling at over 125mph, may cause significant structural damage to small towns and villages in the Philippines

This could result in increased turnover and profits, if executed correctly

The house is now on fire

A small business has been suffering losses, but there is a chance for them to shake-up their business with a reinvigorated marketing campaign

The typhoon caused significant structural damage to small towns and villages in the Philippines

If a lighter and flammable substance (e.g petrol) are left unattended near a child, there is a risk of a fire occurring

Threat

Opportunity

Issue

Categorise the items of the left, as a threat, opportunity, or issue.

Using information from the Tiger Cave scenario – and with respect to the 8 principles of effective risk management – detail a threat, opportunity, and issue.

Threat

Opportunity

Issue

Refresher Quiz

Complete the following quiz to test your knowledge of the M_o_R® principles, as well as threats, opportunities, and issues.

1. Which of the following items is not a threat?

- a. Your car's fuel gauge has been indicating that you are low on fuel for nearly an hour
- b. Senior manager has announced their retirement, so there is a new position open within your department
- c. Due to a power outage, your stove is not working and you have guests coming over for a dinner party this evening
- d. There has been little rainfall this summer, and the forest fire index has been set to 'High' for over two weeks

2. Which of the following is a principle of effective risk management? Select more than one correct answer.

- a. Fits the context
- b. Clear documentation
- c. Engages stakeholders
- d. Risks are ALARP ('As Low As Reasonably Practicable')

3. Why is it important to always engage stakeholders? Select more than more correct answer.

- a. To make all stakeholders feel included in any decision making concerned with riskbmanagement
- b. Fosters a supportive culture within an organisation
- c. To ensure thorough risk identification, and therefore avoid wasting money and timebon rectifying misunderstandings
- d. Balance differing perceptions of risk and reduce subjectivity

4. Which of the following items characterise principles?

- a. Universal and therefore applicable to any kind of organisation
- b. Easy to understand and explain to others
- c. Self-validating (i.e. 'tried and tested')
- d. Empowers risk practitioners with the confidence to implement risk management

5. Select the best definition of 'risk appetite'.

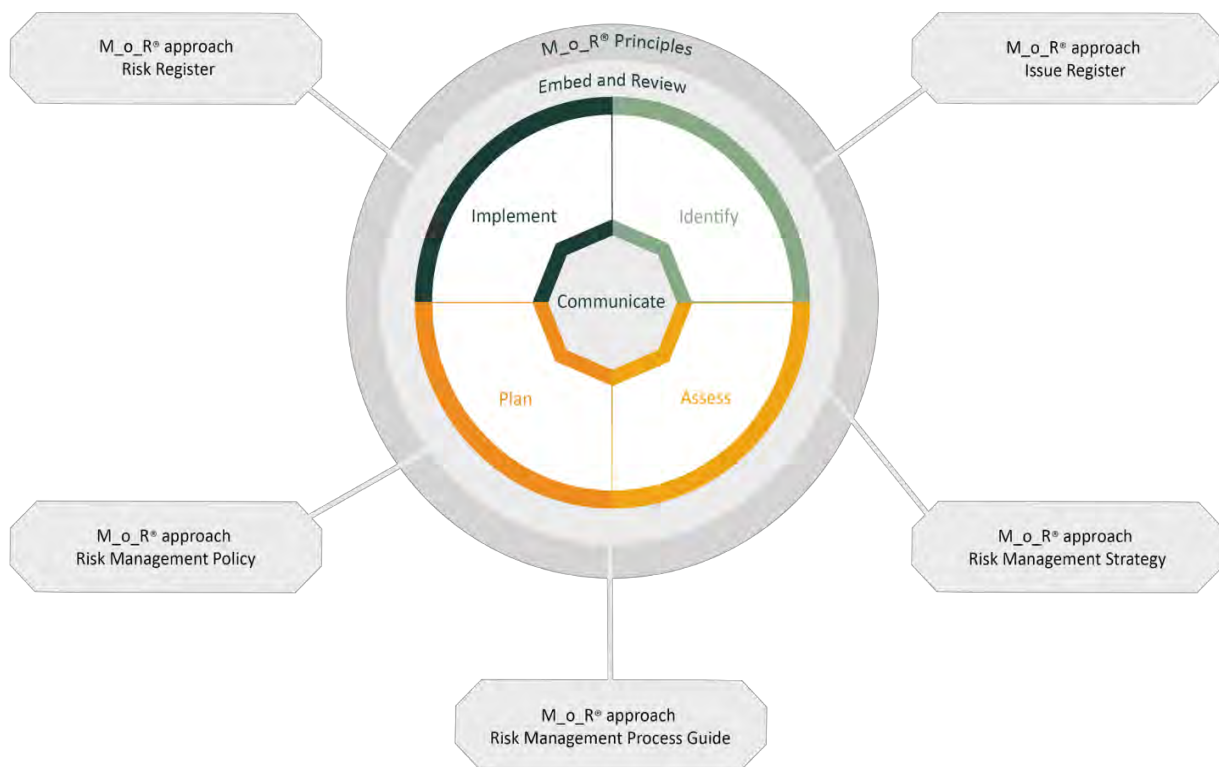
- a. The level of risk generated by an activity
- b. The amount of risk that an organisation is willing to accept
- c. The amount of risk that a stakeholder is willing to accept
- d. The severity of risk

Module 2: Management of Risk Approach

Introduction

One of the main differences between successful risk management and unsuccessful risk management is organised and thorough documentation that adhere to M_o_R® guidelines. Documents such as a risk management policy, risk register, and risk progress reports each have a specific purpose and guide M_o_R® practitioners (or anyone in an organisation, for that matter).

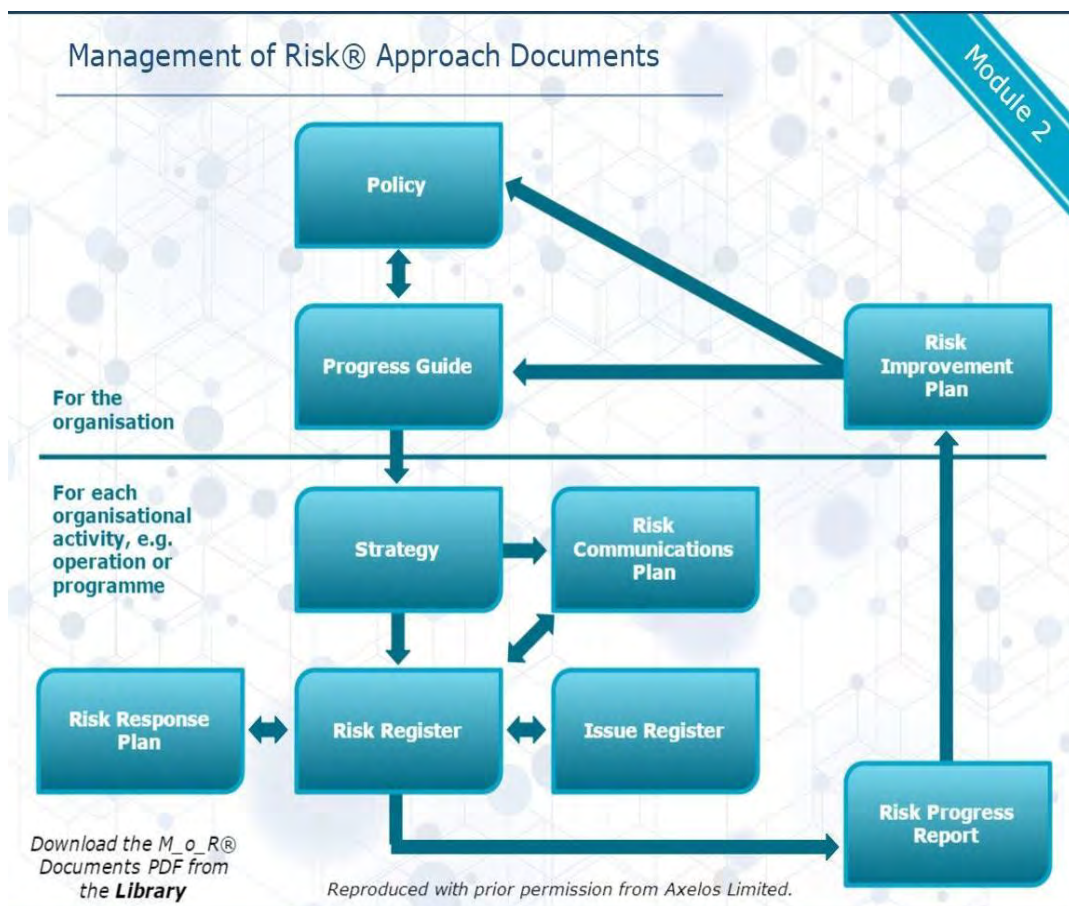
These documents function in tandem within a documentation ecosystem of sorts, and they each communicate how and why risk management is being implemented in an organisation. In addition to this, they will also communicate their relationship to facilitate an organisation's long-term objectives.



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M_o_R® Approach Documentation

Approach <ul style="list-style-type: none">• Risk management policy• Risk management process guide• Risk management strategy	Records <ul style="list-style-type: none">• Risk register• Issue register
Plans <ul style="list-style-type: none">• Risk improvement plan• Risk communication plan	Reports <ul style="list-style-type: none">• Risk response plan• Risk progress plan



Exercises: Approach Documentation

Create the required M_o_R® documentation for Tiger Cave's kitchen refurbishment. The required documents are listed below; there are bullets and guidance questions included for each document and their corresponding sections.

Risk Management Policy

This document intends to communicate the purpose of implementing risk management within an organisation; in other words, it answers the 'why' and the 'how'. It is also vital that this document communicates how risk management will contribute to the organisation's realisation of its objectives (e.g. increasing profit margins). It will operate in conjunction with the **process guide** and **risk management strategy** documents.

Be mindful that Tiger Cave is a small business, as it only employs 20 people. This headcount includes the proprietor, the centre director, two assistant directors, a childcare staff team, a dedicated kitchen staff (the head chef is also a qualified nutritionist), an administrative manager, and various apprentices and assistants working under the childcare managers. Cleaning services and accountancy are outsourced to third parties.

Ensure the policy is communicated in clear and cohesive language, and that it addresses Tiger Cave's business objectives and how M_o_R® can facilitate these needs. You may find it useful to include appendices, but this is not a requirement.

Compliance is also a must in any risk management policy document, especially in new government legislation that affects corporate governance and businesses.

Include the date it was created, date of its last update, author, and a file reference number. Risk management will be revised innumerable times throughout its lifetime, so it is vital to include dates and such. Avoid ambiguous language, especially when explaining concepts such as risk appetite, risk capacity, and tolerance thresholds.

1. Introduction and Purpose

- What is the purpose of this document?
- How is it related to other policies?
- What are the benefits of risk management?
- Compliance requirements

2. Risk Appetite and Capacity

- Appetite and thresholds determined by capacity.

3. Risk Tolerance Thresholds

- Continuation of 'Risk Appetite and Capacity' section.
- Specify levels of exposure that, when exceeded, will trigger a response (e.g. senior management).
- Will be embedded in strategy document.

4. Procedures for Escalation and Delegation

- Procedures for each perspective/major activity.
- Particularly applicable to senior management involvement.

5. Roles and Responsibilities

- Specify specific roles and responsibilities (related to risk management) within organisation.
- Refer to Chapter 6 table, 'Roles and responsibilities relevant to risk management'.

6. KPIs and EWIs

- EWIs generated by KPIs.
- Monitored regularly.

7. Risk Management Process

- Based on organisation's perspectives.

8. Reporting and Budgeting

- Purpose, frequency, structure, and content of reports.
- Describe how risk management will be supported across the company.
- Budget should reflect senior management's perception of risk management value, and contribution to company's overall performance.

9. Quality Assurance

- Document control
- Version control
- Saving documents
- Structure and format
- Amendments
- Consistency between documents
- Sign-off
- Review
- Ownership
- Feedback

10. Annual Review

- Review what has worked, and what hasn't worked.
- Amend risk management plan as necessary.

Risk Management Policy

i. Introduction

ii. Risk Appetite and Capacity

iii. Risk Tolerance Thresholds

iv. Procedures for Escalation and Delegation

v. Roles and Responsibilities

vi. KPIs and EWIs

vii. Risk Management Process

viii. Reporting and Budgeting

ix. Quality Assurance

x. Annual Review

Risk Management Process Guide

A process guide will detail the step-by-step implementation of risk management for an organisation, from the identification stage up until implementation. This includes the document owner, the required risk management activities, its relationship to the company's risk management policy, and its relationship to individual risk management strategies. Additionally, it is crucial to outline the roles and responsibilities of other individuals involved in the organisation's ongoing risk management process. A senior manager should be nominated as the owner of the process guide, and if needed, an outsourced risk specialist.

I. Introduction

- Purpose
- Owner of document
- Activities to be covered in document
- Read in conjunction with strategy document

II. Roles and Responsibilities

- Who is responsible for overall process?
- What is the management structure?
- Who is responsible for updating the process?
- Who is responsible for risk management tools?
- Frequency of audits and risk reviews

III. Steps, Tools, and Techniques

- Purpose of steps, activities for every step, and respective inputs and outputs
- Description of supporting tools and techniques

IV. Templates

- Available templates, as well as their purpose and location
- Instructions and guidance for said templates to ensure consistency and cohesion

Risk Management Process Guide

i. Introduction

ii. Roles and Responsibilities

iii. Steps, Tools, and Techniques

iv. Templates

Risk Management Strategy

Risk management strategies that an organisation will apply are specified in this document. It is vital to strike a balance between matching the organisation's overall policy documentation and aligning with specific organisational activities. Within this document, risk appetite – which is defined using risk tolerance thresholds – will be outlined for every activity, along with probability scales and impact scales for each objective. Ensure objectives, budget, timeframe, scope, sponsor(s), stakeholders, approval process, and primary tasks for the risks.

I. Introduction

- Summary of where risk management will be applied
- Outlines objectives, budget, timeframe, scope, sponsor, stakeholders, approval process, and primary tasks
- Purpose and owner of document
- Documents to read in conjunction with strategy

II. Risk Management Process Summary

- Which risk management process will be adopted? (Refer to process guide)
- Have any changes been made from the process guide?

III. Tools and Techniques

- Software and other tools required
- Risk database, and explanation of its format (i.e. how fields will be populated)

IV. Records and Reporting

- Record-keeping requirements
- Format of risk register and issue register
- Requirements for relevant policy (e.g. purpose, timing, and recipients)
- Dashboard for monitoring risk exposure

V. Roles and Responsibilities

- Organisational chart

VI. Probability and Impact Scales

- Probability scale is standardised for organisation
- Develop specific impact grid for each activity
- Impact scale represents risk appetite

VII. Risk Tolerance and Risk Categories

- Outline categories for grouping risks by type of cause/area of impact
- Risk breakdown structure

VIII. Estimating and Budgeting

- Probability impact grids for each activity
- Impact scales for each objective (i.e. risk appetite)
- Risk budget and/or allocation of work days to support each activity

IX. Templates

- Template of risk register, risk progress report, probability impact grids, risk, response sheets, and budget spreadsheets

X. Timing and EWIs

- EWIs for activities
- Record life cycle of each activity (e.g. individual stages, review points, overall duration)
- Details for each decision gate

Risk Management Strategy

i. Introduction

ii. Risk Management Process Summary

iii. Tools and Techniques

iv. Records and Reporting

v. Roles and Responsibilities

vi. Probability and Impact Scales

vii. Risk Tolerance and Risk Categories

viii. Estimating and Budgeting

ix. Templates

x. Timing and EWIs

Risk Register

Every identified threat and opportunity with an organisation is recorded and maintained within a risk register. It is up to the organisation to decide how to record information within their risk register, but the layout should always follow the sequence in which said information was recorded.

A risk register entry should include the priority of the risk, the risk owner, and the response strategy that was decided on, and the time and manner in which the risk was closed. Ensure that a title reflecting the organisation's risk management activities, the date it was created, the date of its last update, a version number, author, and a file reference.

i. Risk Categories, Identifiers, and Descriptions

- Categories gleaned from risk breakdown structure/risk prompt list
- Risk description

ii. Probability, Impact, and Proximity

- Probability drawn from risk management strategy document
- Pre- and post-response action probabilities
- Record residual proximity

iii. Expected Value

- Probability and most likely cost of risk impact equals expected value

iv. Risk Response

- Record response with trigger dates
- Estimate residual probability, impact, and proximity
- Consider residual risk
- Advisable to select generic risk response options from M_o_R® guide

v. Secondary Risks

- Describe, assess, and manage secondary risks
- Identify secondary risk as 'new' and with unique indicator

vi. Risk Status

- 'Active' or 'closed'
- Use terms like 'Risk impacted, managed as an issue'

vii. Risk Owners and Actionees

- Owners are responsible for management and control of all risks aspects assigned to them, as well as selected actions
- Actionees are signed to implementation of response actions
- Owners support and guide actionees
- Record owner and actionee in register

Risk Register

i. Risk Categories, Identifiers, and Descriptions

ii. Probability, Impact, and Proximity

iii. Expected Value

iv. Risk Response

v. Secondary Risks

vi. Risk Status

vii. Risk Owners and Actionees

Issue Register

Any issues identified throughout a risk management process are recorded in an issue register, including ones that require action.

Much like a risk register, the format of an issue register is at the discretion of an organisation's needs and preferences, so long as there is enough information to help risk owners decide on an appropriate response and facilitate effective management of other risks may arise as a result. The layout should always follow the sequence in which said information was recorded.

Ensure that a title reflecting the organisation's risk management activities, the date it was created, the date of its last update, a version number, author, and a file reference.

i. Issue Identifiers, Types, and Descriptions

- Unique identifier for every issue entered
- Define issue type
- Simple statement to describe issue, cause, and impact
- Date when issue was raised, and who it was raised by

ii. Severity and Priority

- Degree of impact on organisation's objectives; will determine level of management required and urgency of issue

iii. Issue Action

- Actions required to protect/enhance objectives
- Last date that action is to be implemented

iv. Issue Status

- Status of action (e.g. 'active' or 'closed')

v. Issue Owners

- Individual assigned to management and control of their issue(s)
- Owners expected to help identify new risks caused by their assigned issue(s)

Issue Register

i. Issue Identifiers, Types, and Descriptions

ii. Severity and Priority

iii. Issue Action

iv. Issue Status

v. Issue Owners

Risk Improvement Plan

As the name suggests, this document will stipulate how the risk management plan will be embedded in the company (for M_o_R® principles). This includes other relevant information such as targets, a deadline for said targets, and the mechanisms applied to achieving these targets. This document also indicates the current 'health' of risk management within the company and its culture.

i. Current and Target Dates

- Current date is agreed date of improvement plan, or of assessed and recorded existing behaviour.
- Target date is date by which organisation wishes to achieve change(s).

ii. Current and Target Behaviours

- Current behaviour refers to assessment of current behaviour for risk management.
- Target behaviour refers to preferred behaviours for risk management.

iii. Mechanisms and Measurement

- Mechanism refer to what has been applied to changing behaviours and understanding of them.
- Measurement refers to how change in behaviour will be measured.

Risk Improvement Plan

i. Current and Target Dates

ii. Current and Target Behaviours

iii. Mechanisms and Measurement

Risk Communication Plan

Effective communication is a must for successful risk management with an organisation, and this is where a risk communication plan is useful for stakeholders.

Simply put, this plan will disseminate risk management information across the company (i.e. receiving and distributing information, handling feedback, transmission).

i. Roles and Responsibilities

- Specifies who prepares the message, gathers and processes feedback, and effective communication mechanism.

ii. Stakeholders and Information Requirements

- Individuals and groups within communication plan.
- Information requirements for each stakeholder.
- Pay attention to stakeholder.

iii. Mechanisms

- Channels used for communicating information.

iv. Handling Feedback

- Policy and process for handling feedback for stakeholders.

v. Schedule

- Timing of each communication activity.
- Use a matrix to show message, recipient, mechanism and timing, and feedback collection.

Risk Communication Plan

i. Roles and Responsibilities

ii. Stakeholders and Information Requirements

iii. Mechanisms

iv. Handling Feedback

v. Schedule

Risk Response Plan

Specific plans for responding to risk are detailed in this document; this is especially useful for risks that require resource-intensive actions or are risks that are inextricably linked. The risk response plan must pay heed to the risk register, as the latter contains information on current risks and their status (e.g. open or closed).

i. Risk Identifiers and Description

- Unique identifiers; useful for plans covering multiple risks
- Descriptions of risks collected in risk register

ii. Proximity and Residual Proximity

- Outlined in risk register

iii. Pre-response Probability and Impact

- Outlined in risk register

iv. Risk Owner

- Outlined in risk register

v. Response Plans

- Shows activities on a timeline (along with dependencies, resources, and costs)
- Tables also used

vi. Residual Probability and Impact

- Pre-response probability and impact in risk register
- Probability x cost impact of residual risk = residual probability and impact

vii. Response Costs

- Total cost of risk response assessed for value for money

Risk Response Plan

i. Risk Identifiers and Description

ii. Proximity and Residual Proximity

iii. Pre-response Probability and Impact

iv. Risk Owner

v. Response Plans

vi. Residual Probability and Impact

vii. Response Costs

Risk Progress Report

This essentially provides regular progress updates on risk management implementation and organisational activities. Report trend analyses, KPIs, progress on planned actions, and other measurements can shed light on risk management's value.

Furthermore, risk progress reports are useful ways to demonstrate the value of risk management activities within a company.

i. Introduction and Purpose

- Overview of progress of risk management activities and their effectiveness
- Trend analysis measured to measure value

ii. Trends of Overall Risk Exposure

- Track overall risk exposure of an activity (i.e. is activity effective and showing return on investment?)
- Measures individual risks and/or combined effect of risks

iii. Risks Emerging in Different Risk Categories

- Which areas of organisation are riskier?
- Are some categories of risk being overlooked?
- Apply risk breakdown structure or PESTLE.

iv. Anticipated Risks

- Report on emerging threats and opportunities, and where organisation's resources are insufficient in dealing with these

Risk Progress Report

i. Introduction and Purpose

ii. Trends of Overall Risk Exposure

iii. Risks Emerging in Different Risk Categories

iv. Anticipated Risks

Refresher Quiz

Complete the following quiz to test your knowledge of the M_o_R® risk approach and documentation.

Which of the following documents are not part of the M_o_R® approach?

- Risk management policy
- Risk register
- Risk management process guide
- Risk management strategy

What is the relationship between a risk register and a risk response plan?

- The risk response field of the risk register is linked to the risk response plan
- The risk register details current risks, so the risk response plan can glean essential information from this and select an appropriate action
- The risk register is a subset of the risk response plan
- They are both the same document

Which of the following documents does not exist at an organisational level?

- Risk communications plan
- Risk process guide
- Risk improvement plan
- Risk management policy

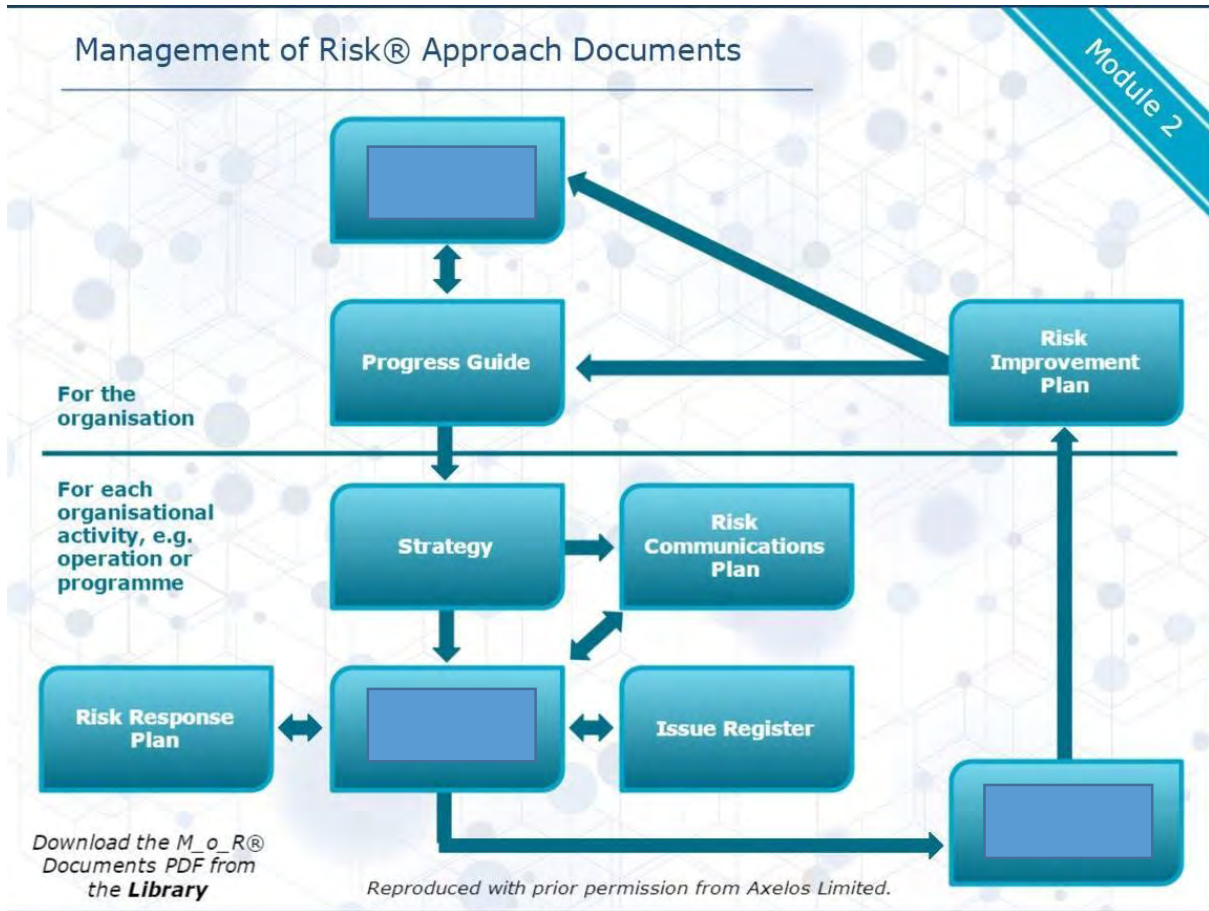
Which of the following documents deals with risk tolerance, probability, and impact scales?

- Risk Communications Plan
- Risk Management Process Guide
- Risk Management Policy
- Risk Management Strategy

Which of the following document is used to justify risk management and its value to an organisation?

- Risk management policy
- Issue register
- Risk proposal
- Risk management strategy

Complete the following flowchart demonstrating the relationships between M_o_R® documents.



Complete the following statement:

“A company’s risk management policy should be updated at least annually, and always after _____.”

- The release of new government legislation
- When the owner/CEO sells the company
- When the risk register is updated
- If there is a change in management

How would a risk management policy differ between a small business and a large business?

- Risk management policies have different owners, depending on the size of their business
- Smaller businesses have shorter risk management policies, compared to their larger counterparts
- Larger organisations require a hierarchy of policies to suit different operating divisions and such
- There is no difference

Why it is necessary to calculate tolerance thresholds?

- It supports stakeholders' risk perceptions
- To protect a company's assets from loss
- To calculate an acceptable level of risk exposure that must not be exceeded, and therefore avoid any escalation
- To inform decision making

Module 3: Management of Risk Process



Introduction

This chapter helps you to understand the various steps involved in risk management and how it can be tailored to your organisation – this is regardless of its size, complexity, and sector in which it operates.

Four main process steps should be followed when applying risk management to your organisation (shown in the graphic above). These are:

- Identify
- Assess
- Plan
- Implement

These broad steps allow any practitioner to devise the required inputs, outputs, and activities that are involved in the application of risk management, according to M_o_R® guidelines.

Techniques

The goal of context is to gain information about an activity and how it fits into the wider organisation and market. This includes understanding things such as the objectives, constraints that apply to the activity, and the organisation's tailored approach to risk management.

Inputs in the 'Identify' steps need to include a sufficient amount of information to give a thorough understanding of the objectives, scope, timeframe, budget, and participants involved in the process.

Tasks that organisations must complete during this process include establishing the objectives, establishing the scope, clarifying assumptions, and stakeholder analysis.

Context outputs include an activity analysis, which refers to an activity that consists of recording certain notes. These notes relate to the reviewed activity to use for future reference.

In order to establish and record a clear activity analysis, a 'Risk Management Policy' document must be created. This allows an organisation to understand the goals of applying Risk Management to an activity, descriptions of the process, roles and responsibilities, risk tolerances, and so on.

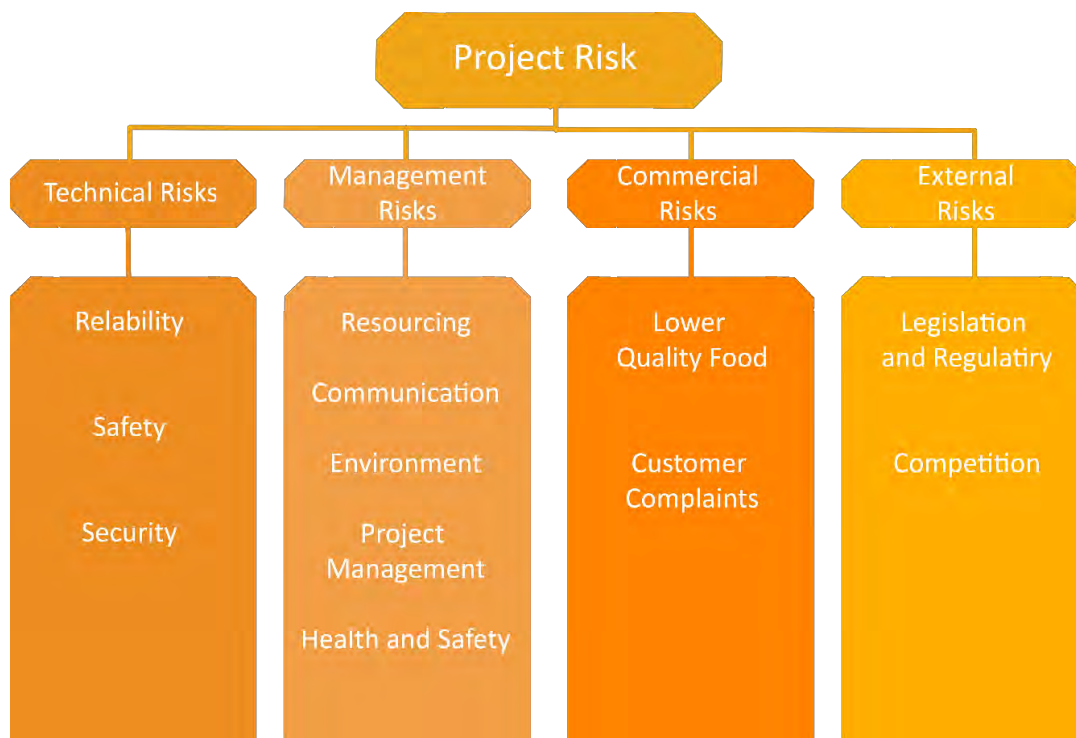
This document will be updated regularly to reflect any major organisational changes or updated government legislation.

Furthermore, The Tiger Cave should ensure that it is aligned with the objectives, fits the context, engages stakeholders, provides clear guidance, informs decision-making, facilitates continual improvement, creates a supportive culture, and achieves measurable value.

Exercise: Managing Risk Against Organisational Context

Read the statements below and assess which ones are relevant to Tiger Cave's planned renovations and overall organisational context.

- 1) Their kitchen is one of the biggest selling points, as the children and parents enjoy the bespoke, nutritious meals prepared daily.
- 2) Investing in high-tech equipment will allow the company to maintain the food quality being served daily.
- 3) New equipment in Tiger Cave’s kitchen will attract more customers.
- 4) A bigger kitchen means there is potential to add more high-tech kitchen equipment and appliances. Therefore, meals can be prepared in larger quantities and in a highly efficient manner.
- 5) A new kitchen will mean that Tiger Cave will have better ingredients, as there will be better food storage options, such as high-tech refrigerators.



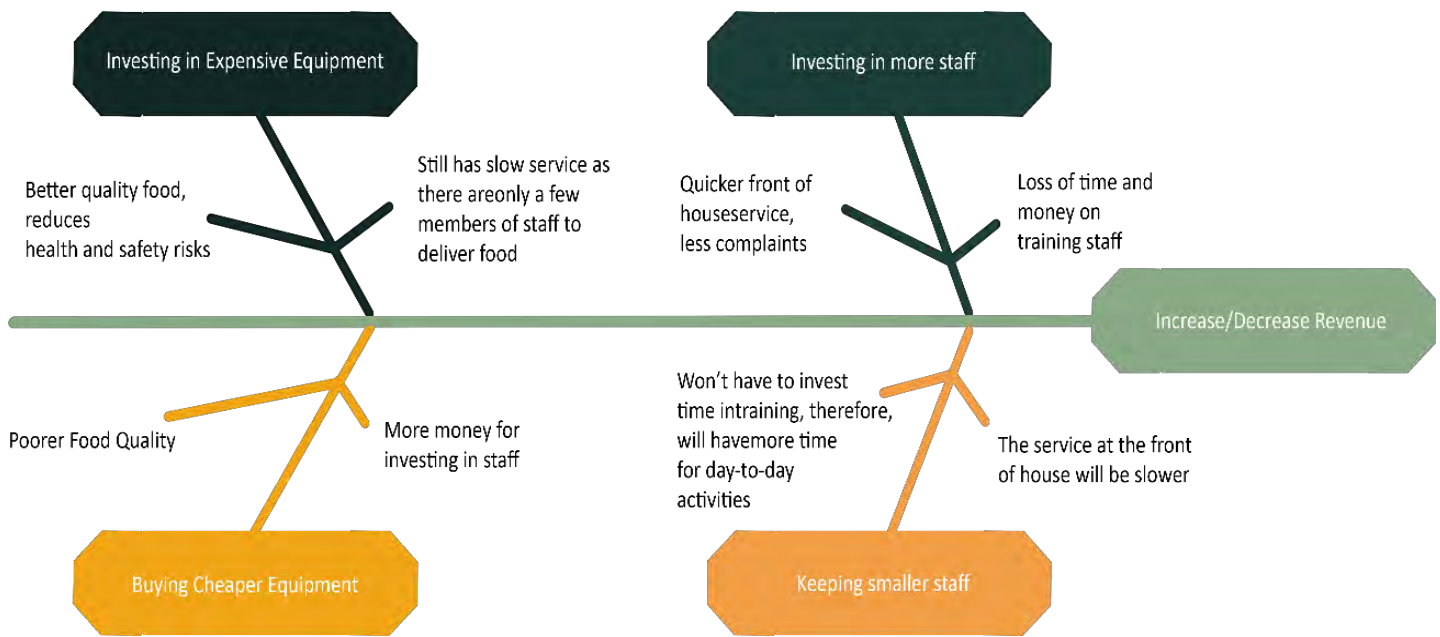
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Cause and Effect

A ‘Cause and Effect’ diagram is used to unravel the sources of risk, thus allowing practitioners better to understand the relationship between risks and their potential outcomes.

One of the major problems for Tiger Cave before they closed for refurbishment was their service speed, as they were working with faulty equipment, and they didn’t have an extensive kitchen staff to cope with the demands of the growing centre.

Use the ‘Cause and Effect’ diagram below to decide whether it is more feasible to buy expensive equipment, keep fewer staff, or purchase cheaper equipment and get more staff.



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Probability and Impact Assessments

Probability assessments are used to estimate the chance of a threat or opportunity occurring. You can help with the assessment of probability, including the impact grid.

The Tiger Cave is investing a lot of money into the refurbishment of their kitchen. As they have a limited budget, it is important that they invest their money wisely.

If they split their budget between investing in cheaper equipment and more staff, they have figured out that they have the budget for a more aggressive social media strategy. For instance, sponsored posts on Facebook, and, they can invest in a freelance graphic designer to help with their strategy and build their website.

Suppose they spend most of their budget on equipment. In that case, they are unable to do this, and, with Imaginarium having such a solid social media strategy, relying on word of mouth is going to be very difficult to draw customers that they have already back in to their business. It is worth noting that before they closed for refurbishment their delivery for food received many complaints, as did their food as they had faulty equipment.

Scales for estimating probability and impact

Probability	Criteria	Likelihood
Very High	>75%	Almost Certain
High	51%-75%	Probable
Medium	26%-50%	Possible
Low	11%-25%	Remote
Very Low	1%-10%	Very Remote

Using the headings below and the percentage ratings, work out the probability of how much profit they could generate if they split their budget across new staff, social media, and cheaper kitchen equipment, verses if they spend their budget solely on new kitchen equipment.

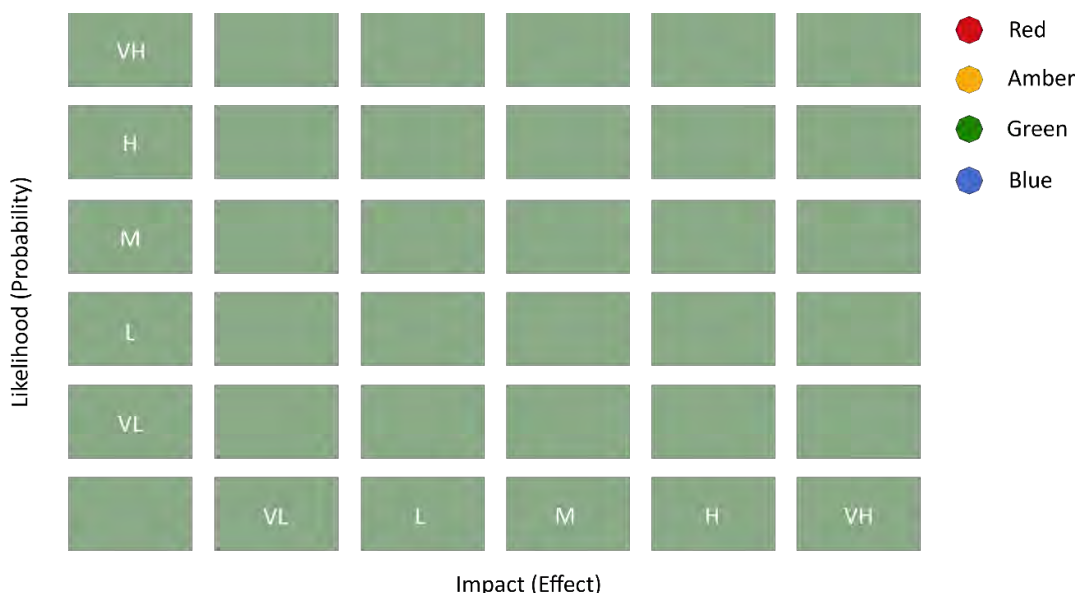
Impact

Proximity

Evaluate

There are several evaluation techniques that organisations will use when assessing risks. They include; summary risk profiles, risk maps, probability trees, and sensitivity analysis.

Summary Risk Profiles



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A 'Summary Risk Profile' is a simple technique used to increase the visibility of organisations' risks. Furthermore, it is a graphical depiction of the information that is normally found within the Risk Register.

It is a valuable asset to the risk register in that the user can quickly ascertain the number of serious/impactful risks on the delivery of the activity’s objectives.

Pre Mitigation

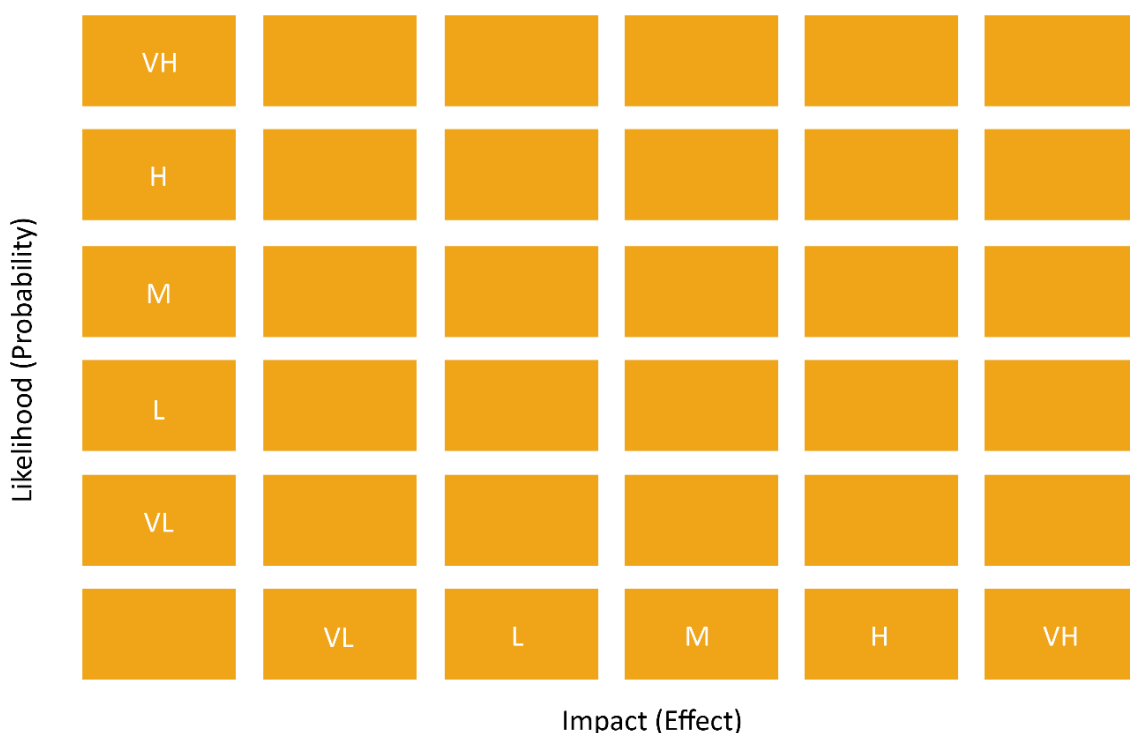
- 001 represents loss of revenue. (VH)
- 002 is big investment, little reward (buying expensive equipment and not being able to keep up with quick service) that is (M)
- 003 is loss of time due to training new staff (L)

Post Mitigation

- 001 represents loss of revenue (L)
- 002 (L)
- 003 (H)

The second version (post-mitigation) shows the position of the RTL and the risk exposure as it looks after the proposed responses have been adopted.

Risk Maps



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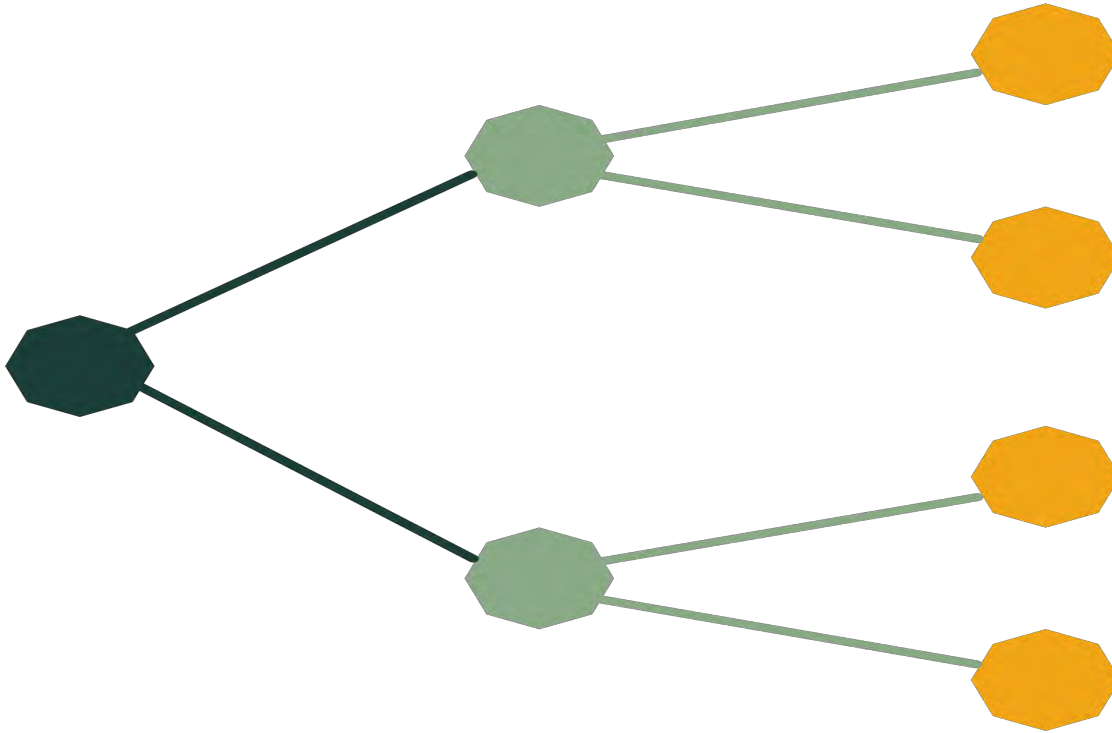
The purpose of a Risk Map – also known as a probability impact grid – is to assess how severe a risk is and enables individuals to rank risks individually. This makes time management an easier task for management as they can see which risks are more of a priority.

The Tiger Cave plan what they should do with their budget for the refurbishment project, they need to decipher which options have the most risks. In a

management meeting, Tiger Cave intends to use a probability impact grid. The below grid shows the probability of their chosen activities will increase revenue.

Decision Trees

Organisations will use decision trees to decide between multiple courses of action. Furthermore, they provide organisations with an effective structure that aids in layout possible options and investigate associated outcomes.



Inputs

- Risk Register

Techniques

- Summary Risk Profiles
- Summary Expected Value Assessment
- Probability Risk Models
- Probability Trees
- Sensitivity Analysis

Outputs:

- Summary Risk Profile
- Relationship and Interdependencies

Plan

Avoid a Threat or Exploit an Opportunity

This is where organisations will make uncertain situations by removing the risk, removing the cause of a threat, or implementing the cause of an opportunity. Costs are often incurred for the removal of residential risk for threats and opportunities. Costs may be justified.

Which of the following statements describes an appropriate plan for Tiger Cave avoid a threat or exploit an opportunity?

Remember that the main threat is a loss of revenue due to competition.

- ⊕ Invest a large amount of time on marketing, using free social media tools and as much of the budget as they have left to invest in sponsored social media posts, an attractive website design, and, in print media, to attract the attention of Imaginarium customers.
- ⊕ Contact the management of Imaginarium and see if there is a marketing strategy that would suit both of them to get an equal amount of business, thus both being sustainable businesses. For instance, maybe in the week at lunch times Imaginarium will do a discount on food, or their entry free, while Tiger Cave host cheap child’s birthday parties at the weekend, while also having deals on food e.g. 2 for 1 deal
- ⊕ Asking the management if they can close down for good or if they can move their building elsewhere in the town

Cost Benefit Analysis

A Cost Benefit Analysis compares the total costs of a risk with the potential benefits. A Cost Benefit Analysis often uses a common metric such as a monetary unit. Some cases require a cost-benefit analysis to be made on whether the risk response is ‘worth it.’

Furthermore, a cost-benefit analysis defines whether the investment returns the desired residual risk.

Fill in the table to work out what the cost of investing in cheaper equipment will be for the next three years as opposed to high-tech equipment.

Will they gain or lose money if they make the more expensive purchase?

Consider the factors of being able to invest in a social media strategy and more staff if they do buy slightly cheaper kitchen equipment.

Tiger Cave Cost-Profile				
Cost Profile	Year 1	Year 2	Year 3	Total
Total Projected Costs				
Total present value costs				
Cumulative total projected costs				

Implement

The goal of the Implement step is to ensure that the planned risk management actions are; implemented, monitored for effectiveness, and, corrective action is taken as necessary.

Task	Description
Executing	Tie time, energy, effort, and finances expended in the preceding steps will largely be wasted unless the planned responses are implemented. The implemented step must ensure planned responses are implemented
Monitoring	Monitoring is required to understand if the responses being implemented are effective in accomplishing the desired aim. Although monitoring is valuable, it is just a process of observation. It is neutral as it is outside of the activity taking place. Monitoring must be broader than reviewing action plans. This also needs to involve looking at emerging threat and opportunity
Controlling	Unlike monitoring, controlling is not a neutral activity but requires intervention. Controlling uses the information collected during monitoring to take proactive action. To be effective, the sections must be economical, meaningful, appropriate, congruent (proper accuracy degrees to suit the circumstances), timely, simple, and operational
Update risk register	The risk register must be kept up to date with new risks, closed risks, revised post response residual risk figures, planned responses, the individuals carrying out the roles of risk actionee and risk owner, sources of risk, the ramifications of entering into new contracts, and threat and opportunity probabilities
Amend early warning indicators for KPIs	Early warning indicators must be amended to reflect changes to organisational objectives and KPIs as required
Close Risks	If the time period for impact has passed
Reporting	Reports should be provided on a regular cycle providing visibility of the progress being made in terms of responding to threats and opportunities

Refresher Quiz

Question 1

What are EWI's?

Question 2

What is the difference between checklists and prompt lists?

Question 3

What are the characteristics of the Estimate Goal?

Question 4

What is the Risk Model comprised of and when would you use it?

Question 5

Can you describe the characteristics of a summary risk profile?

Question 6

What are the four primary steps of the Management of Risk® process?

PESTLE Analysis

A PESTLE analysis helps to clarify aspects of an activity's context by facilitating a wider scan of the factors that impact objectives. These factors include:

Political

Political factors focus on the degree to which a government intervenes in the economy or a particular industry. Essentially, this is the part of a PESTLE analysis where the power a government has over a business is considered.

Economical

Economic factors relate to an economy's performance. This includes; economic growth, exchange rates, inflation rates, disposable income of your consumers, and unemployment rates. All these factors are important as they affect potential consumers' purchasing powers, thus also impacting change demand/supply models within the economy.

Sociological

The environment's magnitude symbolises things such as demographic characteristics, norms, any customs or values of a particular population that the organisation operates in, income distributions, attitudes on career, lifestyle and cultural barriers, and safety emphasis.

Technological

Technological factors refer to innovations in technology that could impact the operations of the industry and the market positively or negatively. These factors can include innovation, automation, research and development activity (R&D) activity, technological change, and technical awareness within the market.

Legal

Some Legal factors may be similar to political factors, however. Legal factors will often include more niche laws, including; discrimination laws, antitrust laws, employment laws, consumer protection laws, copyright and patent laws, and health and safety laws.

Environmental

Environmental factors have become especially important recently because of rising scarcity of raw materials, pollution, and carbon footprint targets set by governments. Factors that fit within the environmental section may include weather, climate, environmental offsets, and climate change.

Objective of the PESTLE Analysis: To understand what the impact of implementing a Risk Management Culture will have on Tiger Cave's future

Political

Economic

Social

Technological

Legislation

Environmental

Refresher Quiz

Question 1

Which of the following lists the factors of PESTLE Analysis correctly?

- a. Objective, Community, Business laws, Copyright, Antitrust, Discrimination Political,
- b. Economic, Social, Technological, Legislation, Environmental
- c. Ethical, International Laws, Technological, Administration, Audit, Environment

Question 2

Choose the best statement below that best describes Horizon Scanning.

- a. Horizon scanning is used in the assess step within the management of risk process but it is better described as the identify step that outlines the objectives and the scale for every impact area before the risks are defined
- b. Horizon scanning enables organisations to identify their Stakeholders, what their roles are, and, their degree of participation
- c. Horizon scanning can be characterised by the examination of future development that sits between current thinking and planning

Question 3

What statement best describes the goal of context?

- a. The goal of context is to gain information regarding a specific activity and how it fits into the organisation as a whole
- b. The goal of context is to identify the risks to the activity's objectives and to reduce threats and maximise opportunities
- c. The goal of context is to ensure that the planned risk management actions are implemented and managed across the organisation. They must also be effective and corrective action must be taken when appropriate

Question 4

What statement most accurately defines a sensitivity analysis?

- a. A sensitivity analysis uses the risks documented in the risk register to build a detailed evaluation of risk exposure
- b. A sensitivity analysis is a graphical representation of an event that could occur from a number of circumstances
- c. Sensitivity analysis studies changing one input in a model to change the outcome. It can be carried out on a spreadsheet or by using more complicated mechanisms

Question 5

Choose the statement that describes the goal of the plan stage most accurately

- a. The goal of the plan stage is to prepare specific management responses to the threats and opportunities identified that have the main goal of removing or reducing threats, and, to maximise the opportunities. You should ensure as far as possible that the business and its staff are not surprised by a risk if it materialises
- b. The goal of the plan stage is to offer details on specific plans when responding to either an individual or set of risks. It is linked closely with the Risk Register
- c. The goal of the plan stage is to provide continuous progress information to management regarding the risk management with a specified activity.

Question 6

Which statement below correctly defines inputs?

- a. Inputs describe information that is to be transformed by the process
- b. Inputs are the recognised tools and techniques that could be applied to the relevant process step
- c. Inputs are referred to as the information that is produced by the process.

Question 7

Pick the statement below that best characterises Expected Value Assessments?

- a. Expected Value Assessments refers to the estimated effect on one or more objectives of a threat or opportunity occurring
- b. Expected value is calculated by multiplying the estimated average cost of the risk impact on objectives by the estimated probability to produce a 'weighted risk cost' Expected Value Assessments can help an organisation identify the appropriate response and the required trigger

Question 8

Which of the statements below are not a common barrier?

- a. Lack of an organisational culture that appreciates the benefits of risk management
- b. Lack of training, knowledge, and, formal risk tools, and, techniques
- c. Strengths, Weaknesses, Opportunities, and, Threats of a group or individual

Risk Tolerance

Any threat to communications will be escalated immediately to the Communications Director (or an equivalent role).

- Any risk highlighted in red (15 or greater) must be reported to the Project Board
- Any risk scoring 20 or greater must be reported to the Programme/Corporate Board

5	Very High	5	10	15	20	25
4	High	4	8	12	16	20
3	Medium	3	6	9	12	15
2	Low	2	4	6	8	10
1	Very Low	1	2	3	4	5
Probability		Very Low	Low	Medium	High	Very High
	Impact	1	2	3	4	5

Cause, Event, and Effect

Cause:

A description of the source of risk, i.e. the event or situation that gives rise to the risk.

- Event: A description of the area of uncertainty in terms of the threat or the opportunity
- Effect: A brief description of the impact of the risk on the organisational activity if the risk materialises.

Impact:

Impact is the result of a particular threat or opportunity that is occurring (the effect).

Probability:

This is the evaluated likelihood of a particular threat or opportunity happening, including considering the frequency with which this may arise.

Proximity (of risk):

The time factor of risk, i.e. the occurrence of risks, will be due at particular times, and the severity of their impact will vary depending on when they occur.

Maturity Model



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A Maturity Model provides the following steps for a company; a stepping stone for incremental improvement, a realistic and sensible transitional route from an immature state to a mature organisation, and, tool for objective judgement of the quality of risk management practices. Furthermore, there are five levels of maturity model. These are; Initial, Repeatable, Defined, Managed, and optimised. Fill in the blocks below by describing the characteristics of these levels. Fill in the above diagram by describing what each section offers.

- Initial: The organisation features no formal risk processes. It is described as far more reactive than proactive
- Repeatable: A risk framework has been established and risk processes are in place. Resources are allocated to risk management.
- Defined: A central risk function has been established to prevent duplication, provide audit trails, and, ensure consistency
- Managed: Risk culture is led by the CEO and risk management is frequently used in decision making
- Optimised: A culture of continual improvement that improves on the capabilities established previously. Risk training and education exist throughout the organisation and proactive opportunity management is integrated with risk management

Trigger Points

Trigger Points refer to an event that causes a particular risk to occur. Make sure to review risks and decisions made with potential risks in mind creating a continual cycle of monitor, review, and update.

An understanding of Trigger Points allows companies to have a better understanding and awareness of risk management, and in turn, will be able to better manage risks in the future.

What is the Trigger Point that caused Tiger Cave to consider changing the direction of their business planning cycle?

Exercise: Common Barriers

Identify the barriers that Tiger Cave may face through implementing M_o_R and explain why you think that they apply to Tiger Cave. Aim for 4 answers.

Explain the responses to Barriers that Tiger Cave will face

Refresher Quiz

Question 1

List the common barriers that Tiger Cave may come across now that M_o_R® has been.

Question 2

List the 5 maturity levels.

Question 3

What are Health Check Triggers?

Question 4

What are the benefits of Maturity Models?

Questionnaires

Meeting Discussions

The freedom, detail and speed with which risks are reported

Benchmarks

Measuring the return

A risk-aware culture

An understanding of risk

Safer environment for staff

Correct



Incorrect



Question 1

When embedding risk management, what tool should an organisation formally introduce and repeat, and what are the steps?

Question 2

When would an organisation such as Tiger Cave introduce a health check? Aim for four answers.

Fill in the Blanks

Question 3:

_____ will become issues frequently, leaving less confident about how an organisation

Question 4:

_____ are stepping stones for incremental improvement

Question 5:

A _____ of _____ is immature risk management

Question 6:

A _____ describes the _____ that are desired over time, a _____ only considers current risk practices

Question 7:

_____ is the highest level of maturity

Question 8:

_____ provides organisations with a road map for _____ that can be readily constructed, assimilated, and communicated

Tiger Cave Health Check

Exercise

Tiger Cave conduct a health check for their Kitchen Refurbishment Project? What sort of questions should Tiger Cave answer when conducting their Health Check, following the 8 Risk Management principles

- Aligns with Objectives
- Tailored to Context
- Engages Stakeholders
- Provides Clear Guidance
- Informs Decision-Making
- Facilitates Continual Improvement
- Creates a Supportive Culture
- Achieves Measurable Value

Module 5: Organisational Perspectives and Risk Specialising

Introduction

This module looks at organisation perspectives and risks. There are four perspectives, including; Strategic, Programme, Project, and Operational. It also investigates the concept of Risk Specialisms which allow organisations to tackle risks of a certain nature.

Strategic Perspective

Question 1

Define the nature of Tiger Cave as an organisation and strategic risks that exist within the kitchen refurbishment project.

Programme Perspective

Question 2

Identify how the kitchen refurbishment project will increase satisfaction.

Question 3

Identify how Tiger Cave can reduce the number of arising issues within the project.

Question 4

Identify how Tiger Cave can reduce waste through the Kitchen Refurbishment Project.

Project Perspective

The Project Perspective deals with delivering a set of business products in close relation to a business case. Risk management focuses on the delivery of such those business products and their benefits.

Question 5

Identify the benefits Tiger Cave as an organisation will receive from adopting Management of Risk in their Kitchen Refurbishment Project.

Question 6

Identify any contractual relationships Tiger Cave May have with third parties as to how apparent risks should be managed.

Question 7

Identify relationships with associated programmes, projects, policies, and standards Tiger Cave may have.

Operational Perspective

Operational is the final perspective. This is concerned with the day-to-day running of the organisation and has several objectives, including; the reputation of a specific operational area, and staff (for example, dissatisfaction levels)

What Operational risks are related to Tiger Cave from an organisational context?

Risk Specialisms

Question 1

Tiger Cave are worried that slower service and faulty equipment will lead to a bad reputation in the community. What type of risk specialism should they use to help them to fix their kitchen's delivery service and how?

Question 2

Tiger Cave is situated in the town centre and as their refurbishment is going to be a big building project it will have an impact on the environment that surrounds them. Both in the building and the outside exterior. What risk specialism should they use when planning their refurbishment?

Question 3

Tiger Cave are in the process of choosing which company will build their kitchen. What Risk Specialism should they use when considering hiring a third-party?

Question 4

The company need to make sure that their building is safe and secure during the kitchen refurbishment project. They will not have the security procedures in place as not all staff will be around. What risk specialism should they utilise to solve this problem?

Question 5

As established, there are a number of financial risks that Tiger Cave must consider when making a big investment such as the refurbishment of their kitchen. What Risk specialism should they use to manage their financial risks?

Refresher Quiz

Question 1

List the different types of Risk Specialisms.

Question 2

Define Business Continuity Management.

Question 3

What is BCM inclusive of?

Question 4

What are the characteristics of crisis management?

SWOT ANALYSIS

Objective: SWOT Analysis based on the strengths and weaknesses of Tiger Cave's

Strengths	Weaknesses
<ul style="list-style-type: none">• Unique food menu• Good, accessible location in the town centre• Cheap hourly rates of play time	<ul style="list-style-type: none">• Slow delivery time for food• The play area has not been updated since it's been open so it is dirty• Low staff morale• No real marketing strategy other than word of mouth
<ul style="list-style-type: none">• Budget allows for improvement across all areas if they are savvy with their money• Buying better equipment will lead to faster delivery service and less angry customers• Opportunity to grow business with new marketing strategy	<ul style="list-style-type: none">• A competitor has opened across the street that is damaging it's customer base• Faulty equipment in the kitchen which has health and safety risks• Loss of customers means that it may be under threat of closing down

Opportunities Threats

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Exercises

True or False

- a) A business Risk refers to the failure to achieve financial goals
- b) A Risk Tolerance Line is a line drawn on the Summary Risk Profile. Risks that appear above this line cannot be accepted (lived with) without referring them to a higher authority.
- c) A Summary Risk Profile is a simple mechanism to increase the visibility of risks. It is a graphical representation of information normally found on the existing Risk Register.
- d) The Risk Management Policy is used to communicate the principles of risk that are used throughout the organisation
- e) SWOT stands for analysis of strengths, weaknesses, opportunities, and threats within the given situation

- f) There are 8 Risk Specialisms
- g) Business Development is a Risk Specialism
- h) A cause is a description of the impact that the risk would have on the organisational activity should the risk materialise
- i) Any risk colour coded Red (15 or greater) must be report to the Project Board

Fill in the Blanks

Good risk management is backed-up by _____ behaviour and _____ systems

There should be procedures in place that means there is a sufficient and timely _____ that shows _____.

_____ often appear from a failure to comply with _____ or delivery of a minimum standard of _____ or _____.

_____ look to achieve _____ by making incremental improvements to organisation performances.

Statements

Which of the following statements is true?

Question 1

- Business Continuity Management is a process used by an organisation to manage the impact of a business continuity emergency, event, incident, or crisis until it is under control or contained without impact.
- Business Continuity Management (BCM) is a framework used for organisational resilience and includes risk identification, assessment, and control.

Question 2

- The final perspective, Operational, is concerned with successful day-to-day management of an organisation.
- Embedding the risk management process into operational delivery activities is not important and should be ignored by the executive management team.

Question 3

- The Project Perspective is concerned with delivering specific outputs to an appropriate level of quality within time, scope, and constraints.
- The project perspective is concerned with the continuation of appropriate levels of business services to existing and new customers.

Question 4

- Increase in satisfaction measures the client or user confidence that management anticipate, and, then optimises the outcome of, in uncertain situations.
- Increase in satisfaction is a resource used to re-work goods or repeat services reducing.

Question 5

- Contract risk management includes monitoring risk-taking activities, upholding relevant financial and operation policies and procedures, appropriate controls, and the production and distribution of reports.
- Contract risk management helps to manage the relationship between an authority and a supplier.

Question 6: There are four organisation perspectives. Choose the correct four out of the selection below

- Stakeholder Perspective, Risk Perspective, Probability Perspective, Cause, event, and effect perspective.
- Operational Perspective, Strategic Perspective, Programme Perspective, and Project Perspective.
- Assumption Perspective, Maturity Perspective, Programme Perspective, and Register Perspective.

Question 7: What statement best describes good risk management?

- Good risk management is backed up by Project Manager behaviour and effective reward systems.
- Good risk management is concerned with the reputation of a specific operational area.
- Good risk management is defined as the achievement of desired outcomes by either defining or changing organisational performance.

Question 8: What statement features the most accurate description of the of ERM's

- The integration of risk management across perspectives, focusing on an understanding of the hierarchy objectives is often referred to as Enterprise Risk Management (ERM).
- ERM aims to provide a satisfactory work environment by taking the necessary precautions.
- Enterprise Risk Management (ERM) helps organisations to better identify additional benefits related to the decision to adopt the management of risk for

a project.

Question 9: What statement best describes Programme Stakeholders?

- Programme Stakeholders must be engaged with good risk management.
- Programme Stakeholders must be involved in delivering a set of business products in close relation to a business case.
- Programme Stakeholders must manage risk across an entire range of objectives.

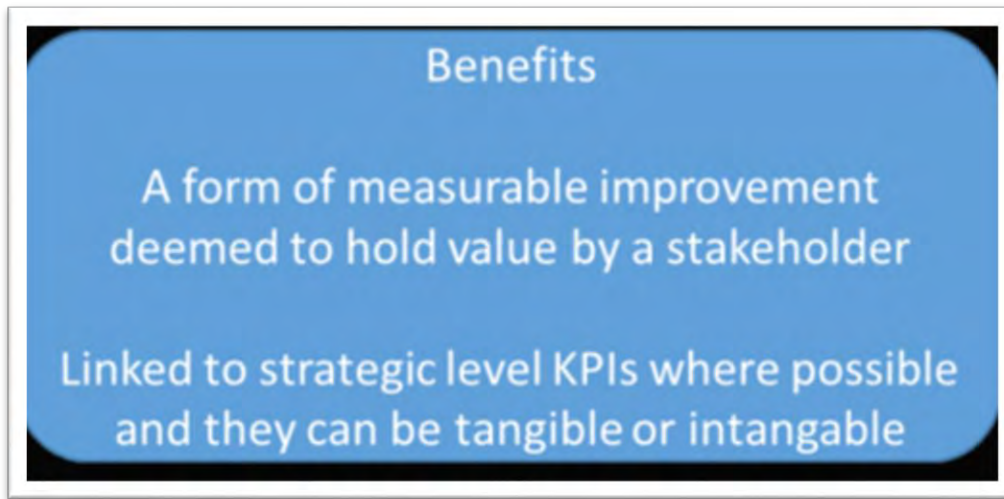
Question 10: Which of the three statements below accurately describes the Operational Perspective?

- The Operational Perspective is concerned with delivering specific outputs to an appropriate level of quality within time, scope, and cost constraints.
- The Operational Perspective is concerned with ensuring overall business success and viability.
- The Operational Perspective is concerned with the continuation of appropriate levels of business services to existing and new customers.

Question 11: What techniques should Tiger Cave use when risks exceed an agreed tolerance level? Pick the correct statement below?

- If risks exceed an agreed tolerance level, they should be escalated to the strategic perspective if it cannot be kept under control.
- If risks exceed an agreed tolerance level, the establishment of new capabilities to time-specific goals and the delivery of planned benefits can be used.
- If risks exceed an agreed tolerance level, Tiger Cave should follow organisation's risk management strategy.

Programme Objectives achieve desired outcomes by making incremental improvements. In the box below, fill out the benefits of programme objectives:



In order to apply risk management from a strategic perspective, what objectives must Tiger Cave follow? There are 8 answers, and it is advisable to aim for a minimum of 6 objectives.

Glossary of Terms

Management of Risk Process:

The Management of Risk process is made up of four primary steps, including; Identity, Assess, Plan, and Implement.

Summary Risk Profile:

A simple mechanism used to increase the visibility of risks in a graphic.

Probability Trees:

A graphical representation of events that could occur from various circumstances.

Risk Maps:

A risk map plots the risks on a graph with axes labelled 'likelihood' (or probability) and 'impact' (or effect). These scales range from very low to very high and is another graphical representation of an organisations risk.

Summary Expected Value:

If a risk management strategy for a particular activity includes risk costing and expected value for each threat or opportunity, the summary expected value can be calculated. This exposes the likely financial impact the risk or risks could have on objectives.

Probabilistic Risk Models:

Probabilistic risk models make use of the risks documented in the risk register to build a detailed evaluation of risk exposure.

Sensitivity Analysis:

This is a technique that studies changing one input in a model to alter the outcome. It can be carried out on simple spreadsheets or more complicated probabilistic models.

Avoid a threat or exploit an opportunity:

Making uncertain situations certain by removing the risk.

Reduce a threat or enhance an opportunity:

Chooses definite action now to change the probability or impact of a risk.

Transfer the Risk:

Transferring risk to a third party.

Share the Risk:

Looks for multiple parties to share the risk on a pain/gain basis. Can encourage collaboration.

Accept the Risk:

An organisation's decision to 'taking the chance' that the risk will occur.

Prepare Contingency Plans:

Preparing plans but not taking action. This is often called a 'fallback plan'.

Risk Manager:

A role or individual responsible for the management of individual risks. This includes making sure that the implementation of the measures taken in respect of each risk.

Risk Actionee:

Some actions may not be within the remit of the risk owner to control; in this situation, there should be a nominated owner of the action to address the risk. The Risk owner should be informed at all times.

Cost-Benefit Analysis:

Cost-Benefit Analyses compare the total cost of a risk with the potential benefits.

Decision Trees:

They are used to decide between multiple courses of action and consequently, provide an effective structure that helps organisations to layout possible options and investigate associated outcomes.

SWOT:

Stands for Strengths, Weaknesses, Opportunities, and Threats

PESTLE:

Stands for Political, Economic, Social, Technological, Legal, and Environmental

Embedding and Reviewing

Embedding: The integration of risk management into the culture of an organisation.

Maturity Model

Initial:

The organisation features no formal risk process. It is described as more reactive than proactive.

Repeatable:

A risk framework has been established and risk processes are in place. Resources are allocated to risk management.

Defined:

A central risk function has been established to prevent duplication, provide audit trails, and ensure consistency.

Managed:

Risk culture is led by the CEO and risk management is frequently used in decision making

Optimised:

A culture of continual improvement that improves on the capabilities established previously. Risk training and education exist throughout the organisation and proactive opportunity management is integrated with risk management.

Risk Specialisms

Business Continuity Management:

Business Continuity Management helps to identify potential threats to an organisation and then impacts that will occur if they arise. It includes disaster recovery, business recovery, crisis management, incident management, emergency management, product recall, and contingency planning.

Incident and Crisis Management:

Crisis Management is the process used by an organisation to manage the impact of a business continuity emergency, event, incident, or crisis until the crisis has been managed or contained so that there has not been an impact.

Health and Safety:

Aims to prevent people from being harmed at work or becoming ill. This is achieved by providing a satisfactory work environment and by taking the necessary precautions.

Security Risk Management:

It includes the protection against loss or danger to an organisation's physical, personnel, and information assets. Similarly, physical security includes access to buildings,

information, and resources. There should be procedures in place that mean there is sufficient security that is also timely and shows authority.

Financial Risk Management:

This is used to optimise how financial risks are assessed and taken. This process includes monitoring risk-taking activities, upholding relevant financial and operational policies and procedures, appropriate controls, and the production and distribution of documentation.

Environmental Risk Management:

Environmental Risk Management is defined as the environmental threats to an organisation and also to an organisation.

Reputational Risk Management:

Reputational Risk takes place when an organisation is subject to negative publicity. Threats will sometimes appear when a company fails to comply with regulator obligations or the delivery of a minimum standard of service or product quality that inevitably leads to a customer complaint.

Contract Risk Management:

This risk specialism is needed during the procurement cycle. It helps to manage the relationship between an authority (or customer), and a supplier. Furthermore, contracts must stipulate the requirements for delivery under contractual terms.

Organisation Perspectives

Strategic Perspective:

The Strategic Perspective is concerned with ensuring overall business success and viability.

Programme Perspective:

This is concerned with transforming business strategy into new ways of working that can deliver measurable benefits.

Project Perspective:

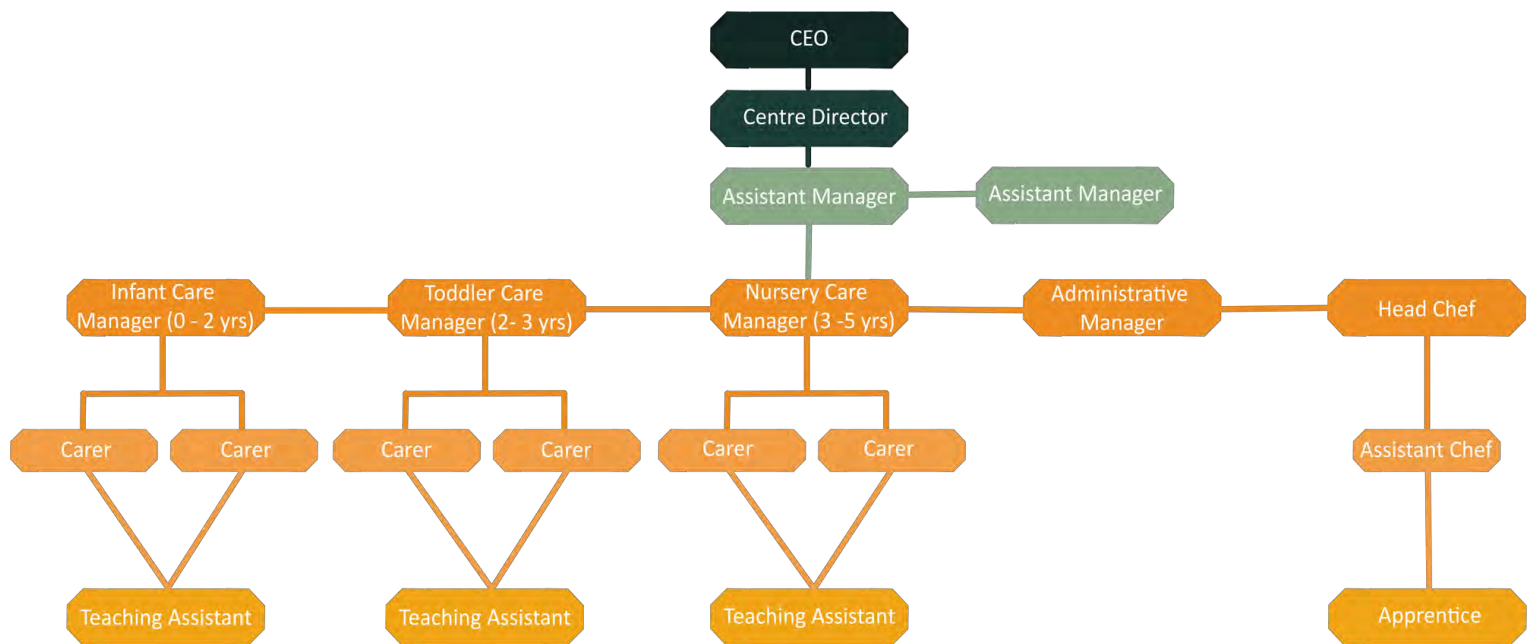
The Project Perspective's main purpose is to do with delivering specific outputs to an appropriate level of quality within time, scope, and cost constraints.

Operational:

This is concerned with the continuation of appropriate levels of business services to existing and new customers.

Appendix A

Organisational chart of the Tiger Cave Day Nursery



Appendix B: Documentation Templates

Risk Management Policy

Risk Management Policy				
Date Created	Date of Last Update	Version No.	Author	Reference No.
13/11/2003	04/04/2017	14.0.0	R. McKinnon	2017-14-0-RMP

1. Introduction

2. Risk Appetite and Capacity

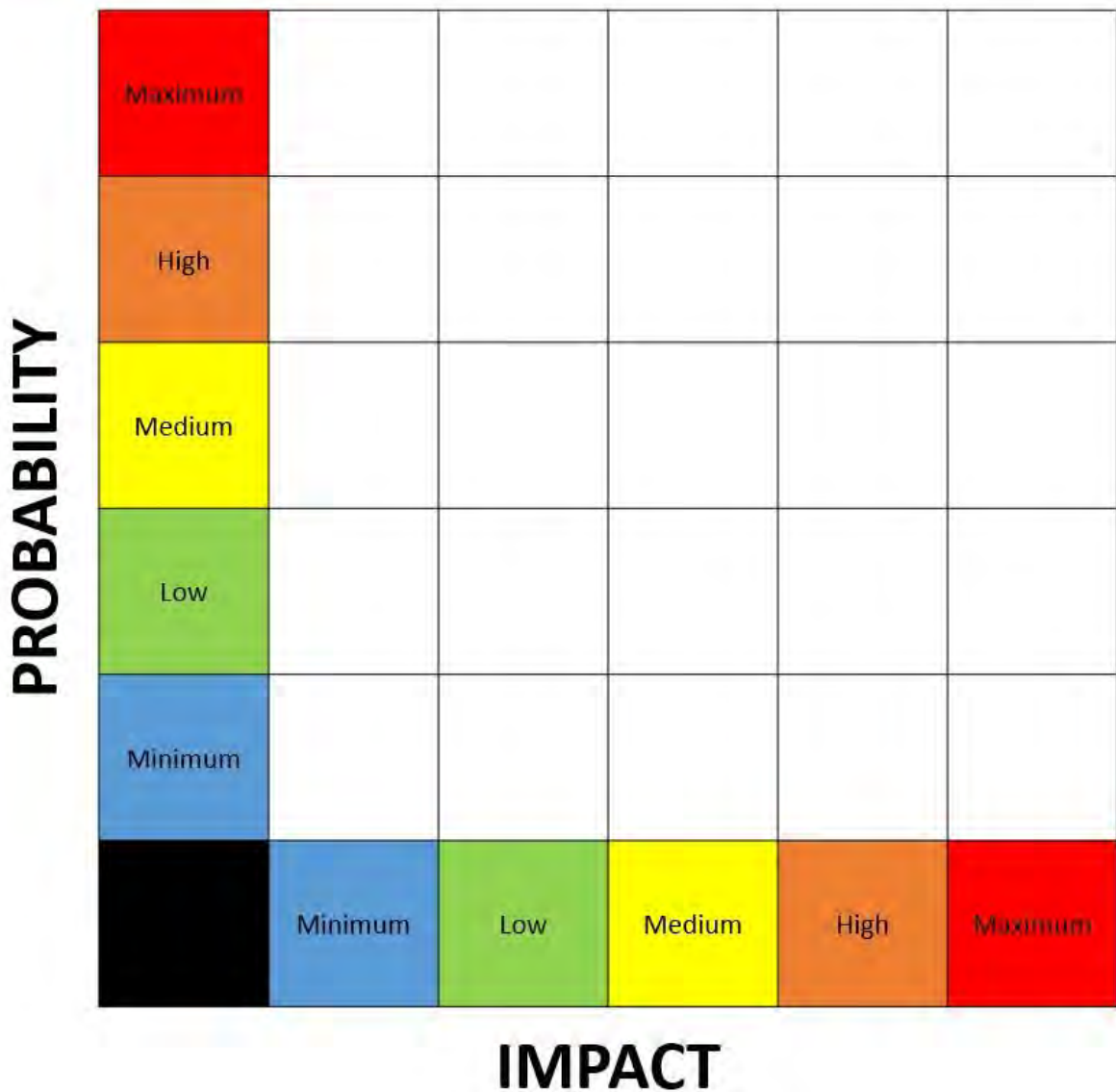
Risk Area	Description	Minimum	Low	Medium	High	Maximum

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2.2. Risk Capacity

Risk Area	Description	Minimum	Low	Medium	High	Maximum

3. Risk Tolerance Thresholds



4. Procedures for Escalation and Delegation

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4.3. Excepteur sint occaecat cupidatat non proident, sunt in culpa qui officia deserunt mollit anim id est laborum."

5. Roles and Responsibilities

5.1. The **Proprietor** is responsible for:

5.1.1. [SPECIFY RESPONSIBILITIES; USE AS MANY POINTS AS NECESSARY] 5.1.2.

5.2. The **Centre Director** is responsible for:

5.2.1

5.2.2

5.3 The **Assistant Managers** are responsible for:

5.3.1

5.3.2

5.4. The **Care Managers** (including Infant, Toddler, and Nursery Care) are responsible for:

5.4.1

5.4.2

5.5 The **Administrative Manager** is responsible for:

5.5.1

5.5.2

5.6. The **Risk Owners** are accountable for the following, regardless of their assigned risk:

5.6.1

5.6.2

6. KPIs and EWIs

Key Performance Indicators (KPIs)

Performance Measure	Performance

Early Warning Indicators (EWIs)

Performance Measure	Performance

7. Risk Management Process

Identify

Assess

Plan

Implement

8. Reporting and Budgeting

8.1. Reporting

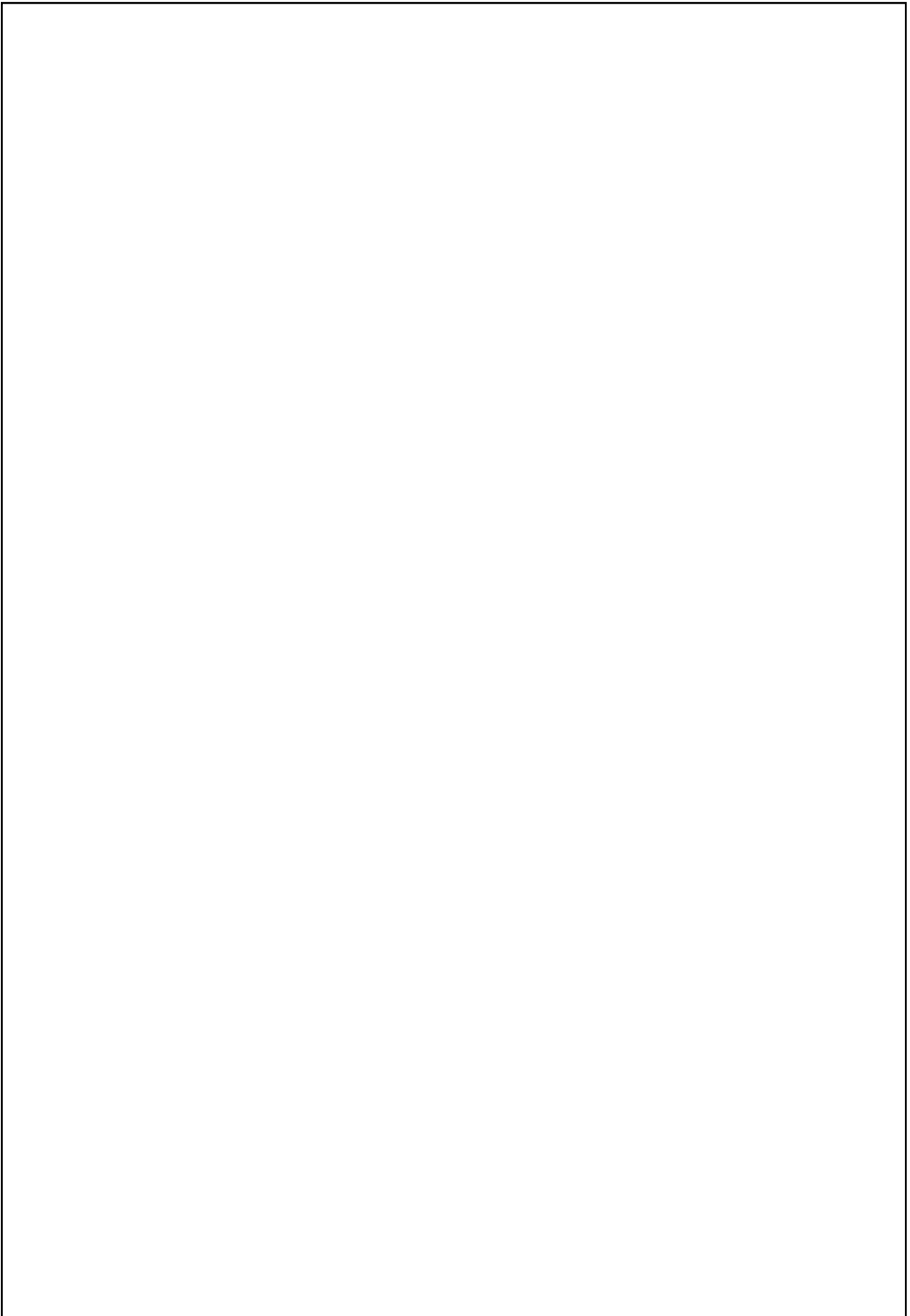
Purpose	
Frequency	
Structure	

Content	
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8.2. Budgeting

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9. Quality Assurance



10. Annual Review

A large, empty rectangular box with a thin black border, occupying most of the page. It is intended for the user to write their annual review.

Process Guide

Risk Management Process Guide				
Date Created	Date of Last Update	Version No.	Author	Reference No.
13/11/2003	04/04/2017	14.0.0	R. McKinnon	2017-14-0-PG

1. Introduction

1.1. Purpose

1.2. Owner

1.3. Activities to be covered

2. Roles and Responsibilities

2.1. The **Proprietor** is responsible for:

2.1.1. [SPECIFY RESPONSIBILTIES; USE AS MANY POINTS AS NECESSARY]

2.1.2.

2.2. The **Centre Director** is responsible for:

2.2.1.

2.2.2

2.3. The **Assistant Managers** are responsible for:

2.3.1

2.3.2

2.4. The **Care Managers** (including Infant, Toddler, and Nursery Care) are responsible for:

2.4.1

2.4.2

2.5. The **Administrative Manager** is responsible for:

2.5.1

2.6. The **Risk Owners** are accountable for the following, regardless of their assigned risk:

2.6.1.

2.6.2.

2.6.3.

3. Steps, Tools, and Techniques

Activity	
Steps	
Tools	
Techniques	
Inputs and Outputs	

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Risk Management Strategy

Risk Management Process Guide				
Date Created	Date of Last Update	Version No.	Author	Reference No.
13/11/2003	04/04/2017	14.0.0	R. McKinnon	2017-14-0-RMS

1. Introduction

[SUMMARY OF WHERE RISK MANAGEMENT WILL BE APPLIED]

Objectives	
Budget	
Timeframe	
Scope	
Sponsor	
Stakeholders	
Approval Processes	

Primary Tasks	
Documents to Read in Conjunction	

2. Risk Management Process Summary

3. Tools and Techniques

4. Records and Reporting

5. Roles and Responsibilities

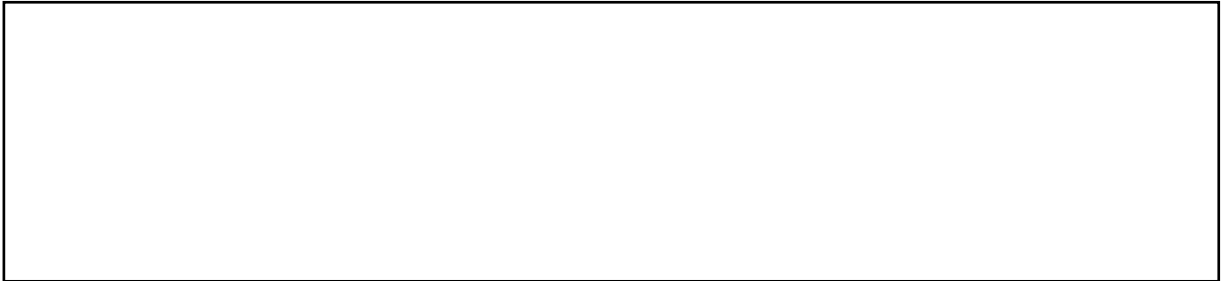
6. Probability and Impact Scales

7. Risk Tolerance and Risk Categories

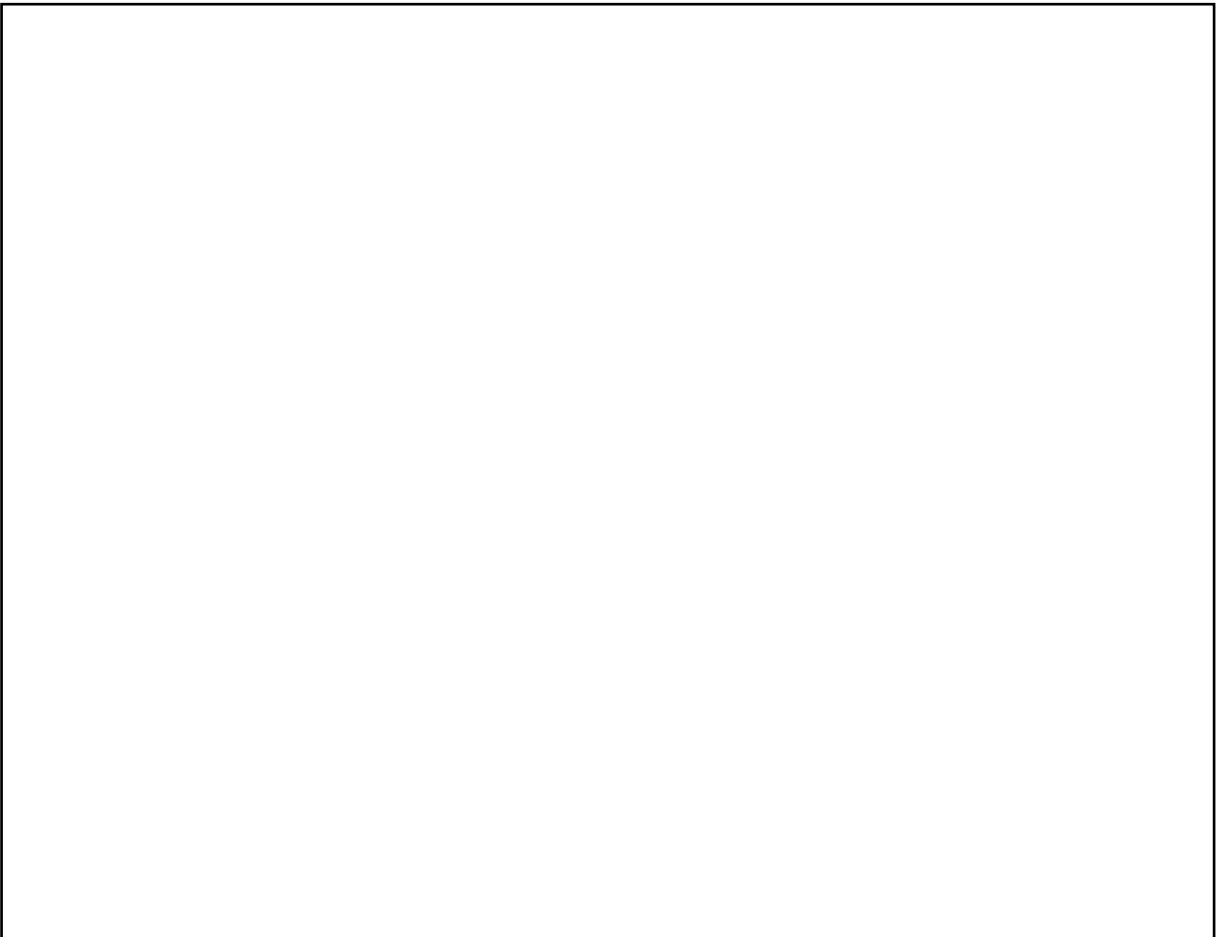
8. Estimating and Budgeting



9. Templates



10. Timing and EWIs



Risk Improvement Plan

Risk Improvement Plan				
Date Created	Date of Last Update	Version No.	Author	Reference No.
13/11/2003	04/04/2017	14.0.0	R. McKinnon	2017-14-0-RIP

1. Risk Overview

Risk	
Strategy	
Risk Owner	
Current Behaviours	

2. Targets

Corrective Actions	Measurement	Target Date

Risk Communications Plan

Risk Response Plan

Stakeholders	Roles And Responsibilities	Mechanisms	Handling Feedback	Schedule	Message And Content
Proprietor					
Centre Director					
Assistant Manager					
Care Managers					
Administrative Manager					
Risk Owner					

Risk Response Plan

Risk Identifiers And descriptors	Proximity And Residual Proximity	Pre-response Probability And Impact	Risk Owner	Response Plans	Residual Probability And Impact	Response Cost

Risk Progress Report

Risk Management Progress Report				
Date Created	Date of Last Update	Version No.	Author	Reference No.
13/11/2003	04/04/2017	14.0.0	R. McKinnon	2017-14-0-RPR

1) Introduction and Purpose

2) Trends of Overall Risk Exposure

3) Risks Emerging in Different Risk Categories

4) Anticipated Risks