

RAMSE

The Emerging Role of Risk Management

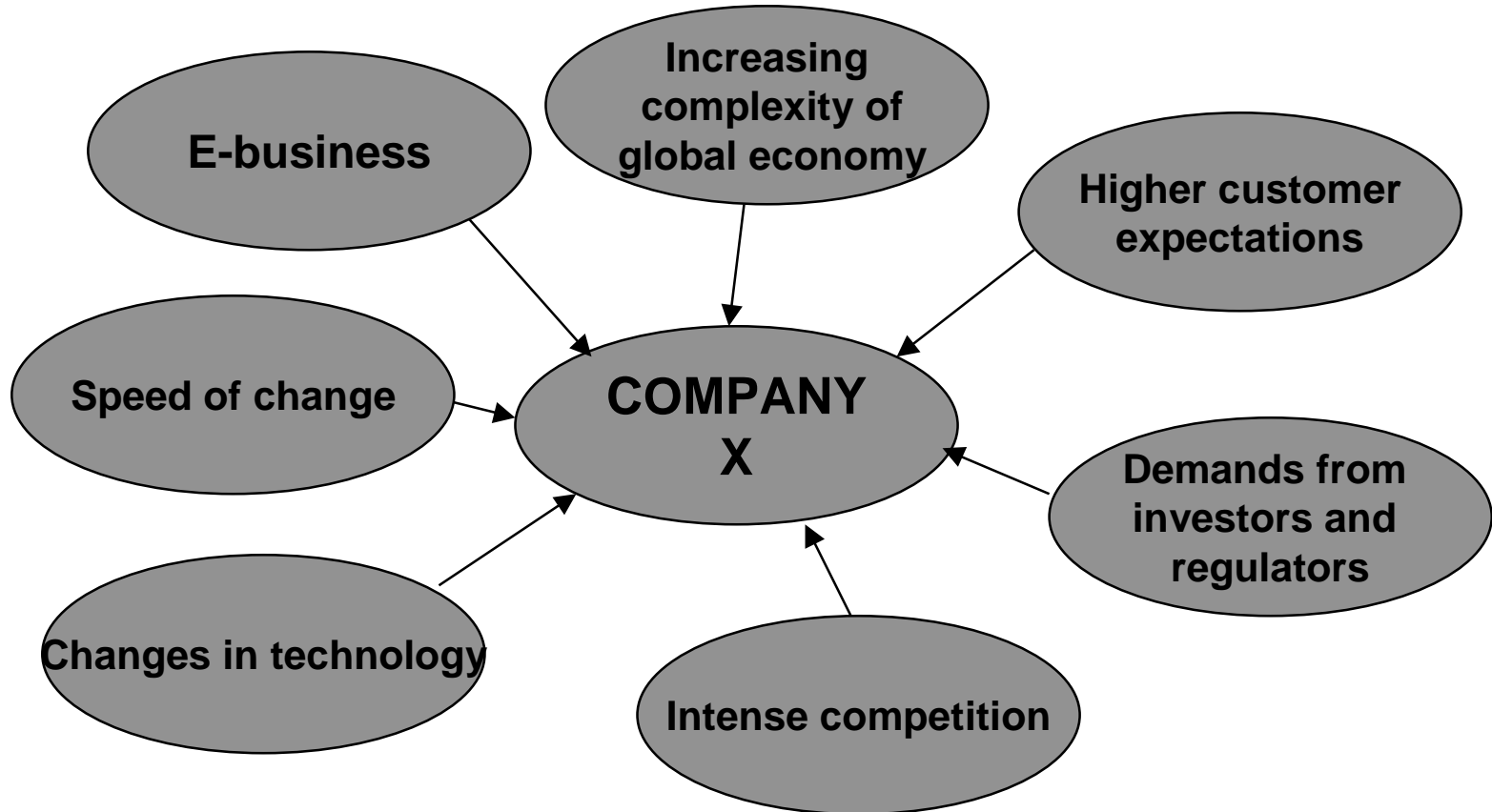
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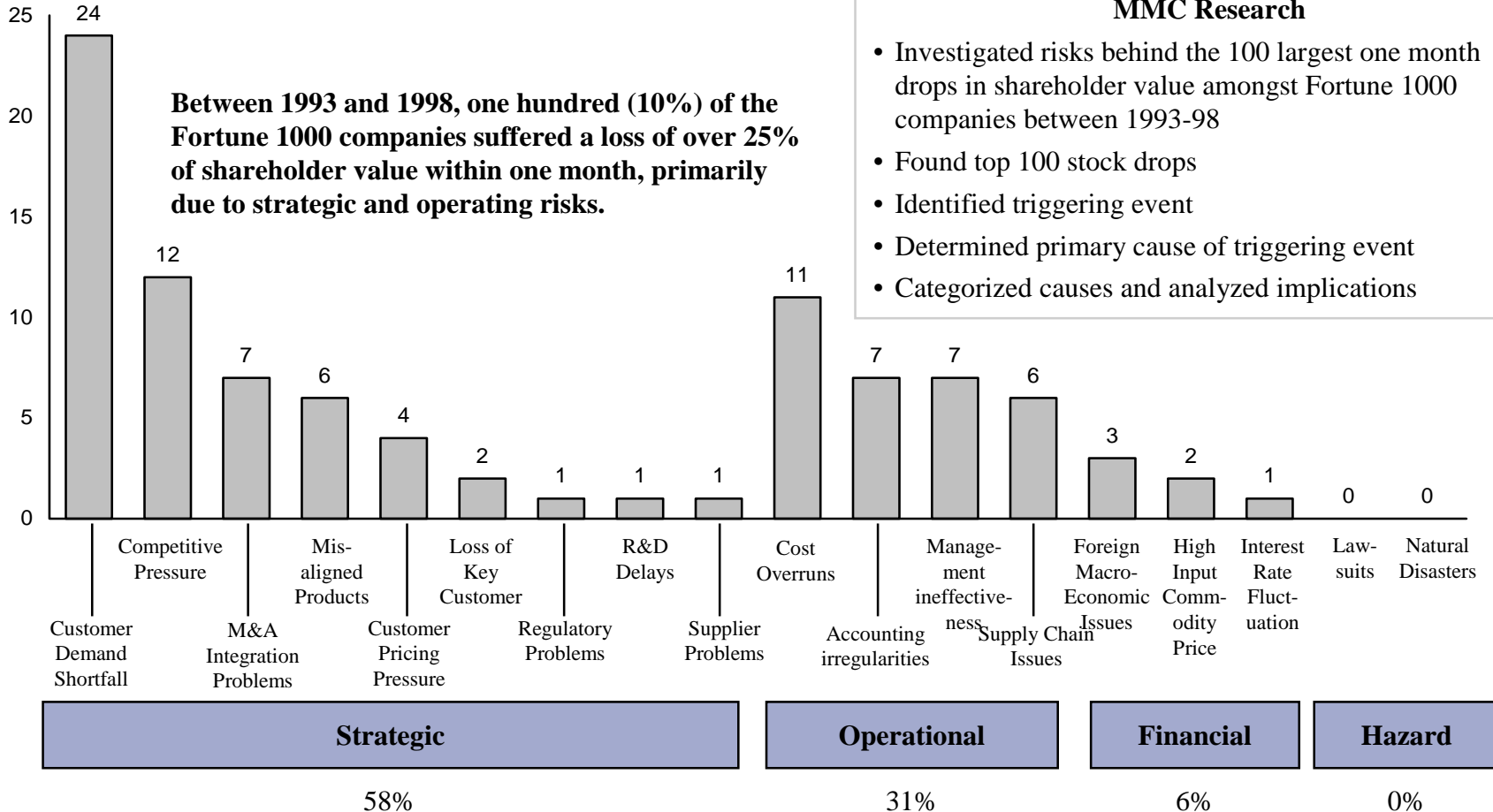
- **New Challenges for Risk Management**
- **Concept of Risk**
- **Concept of Risk Management**
- **Risk Management Process**
- **Conclusions**

Today's business environment



Causes for stock drops – Fortune 1000 group

% of top 100



What is Risk Management?

Holistic Risk Management

Enterprise Risk Management

Total Risk Management

Continuous Risk Management

Business Risk Management

Organisational Risk Management

Strategic Risk Management

Proactive Risk Management

Durable Risk Management

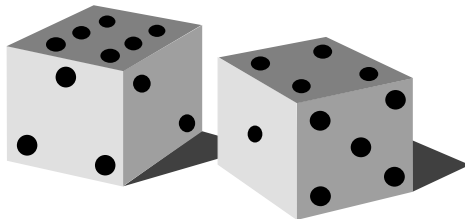


Risk

- **Risk is the possibility of suffering loss.**
 - **Possibility:** an event that has not yet happened, but is at least likely
 - **Loss:** unwanted negative consequences or adverse effects

(Webster's Dictionary)

- **The chance of something happening that will have an impact upon objectives. It is measured in terms of consequences and likelihood. (AS/NZS 4360:1999)**



- **“impact” can be as well positive as negative!**

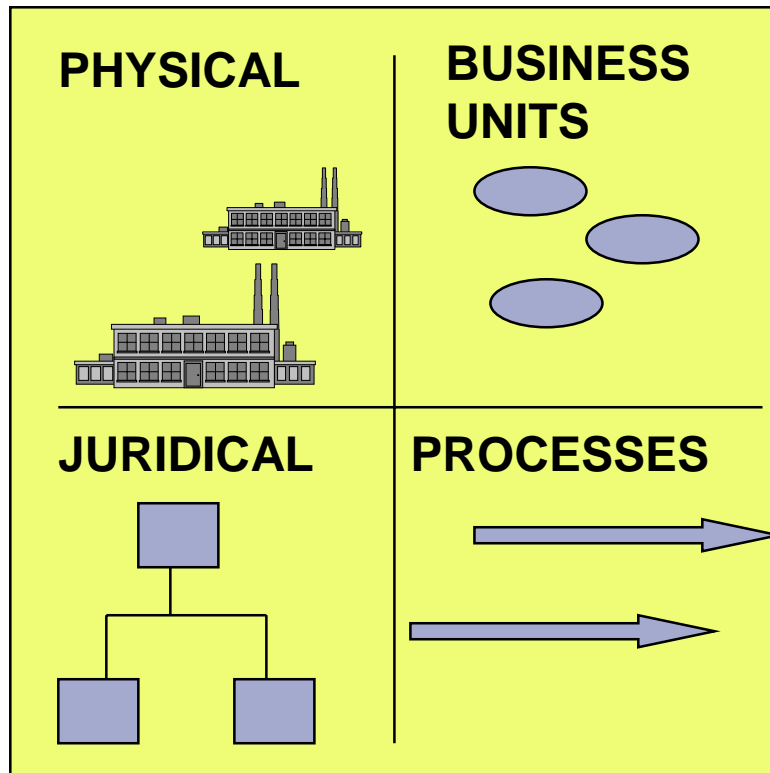
Risk Management

- **...Integrated risk management is the identification and assesment of the collective risks that affect a company´s value, and the implementation of a company-wide strategy to manage them.**
- **...The culture, processes and structure which come together to optimise the management of potential opportunities and adverse effects**

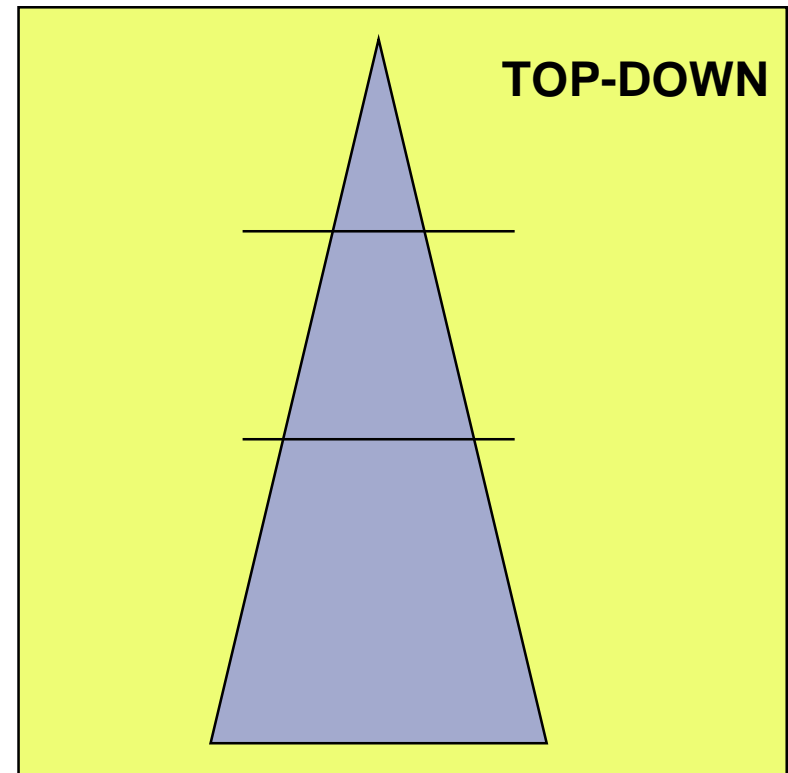


Risk Management Perspectives

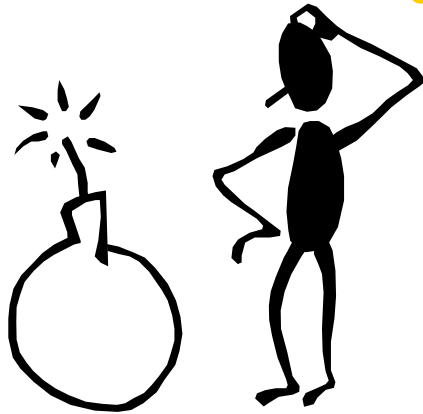
STRUCTURAL



HIERARCHICAL



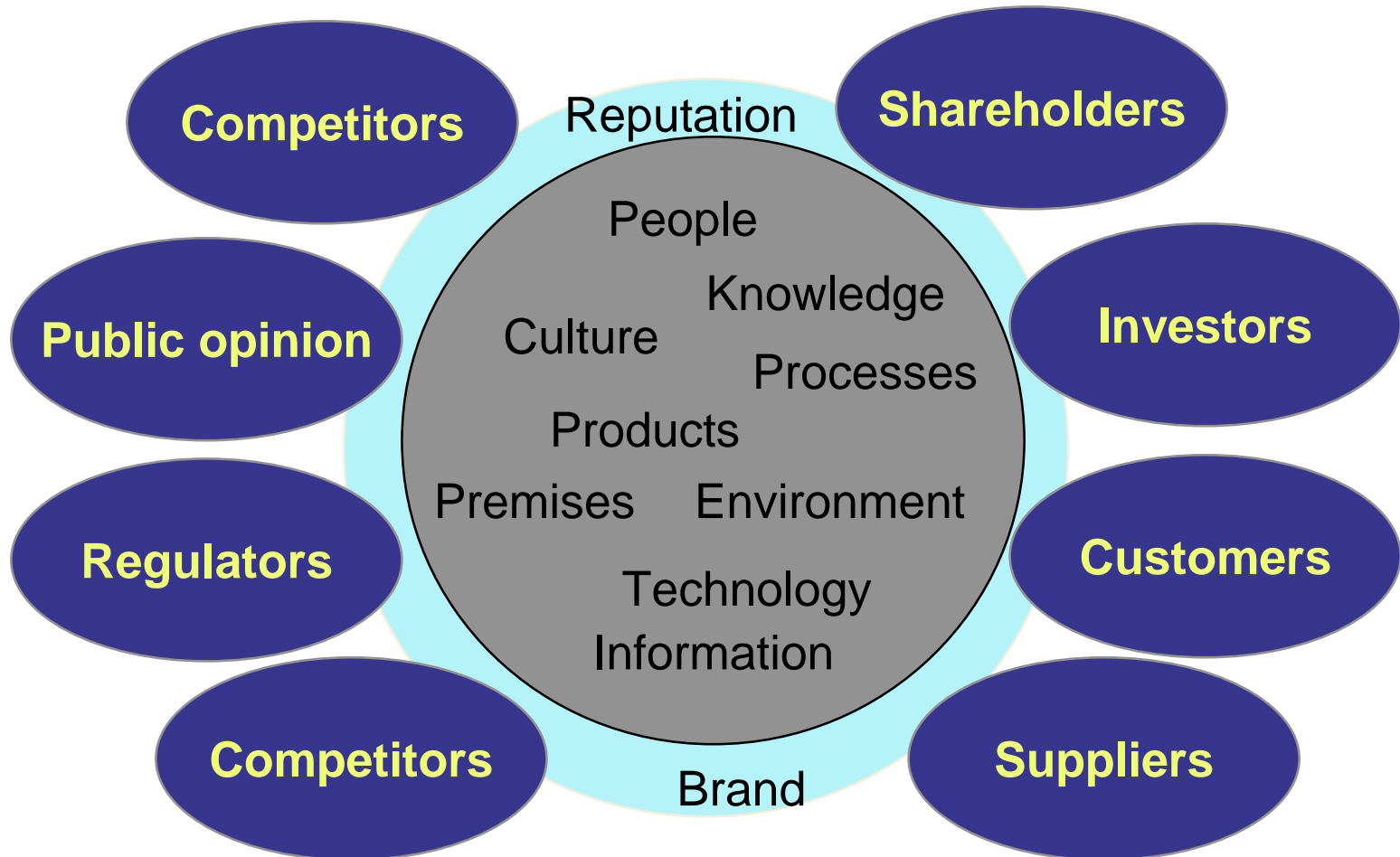
Risk perception - Risk communication



- Perception of risk is always subjective affected by
 - understanding of risk
 - perception of loss and gain
 - cognitive biases
 - personality

**RISK MANAGEMENT IS ABOVE ALL
A COMMUNICATION CHALLENGE!
- to be able to communicate, you need
A COMMON LANGUAGE.**

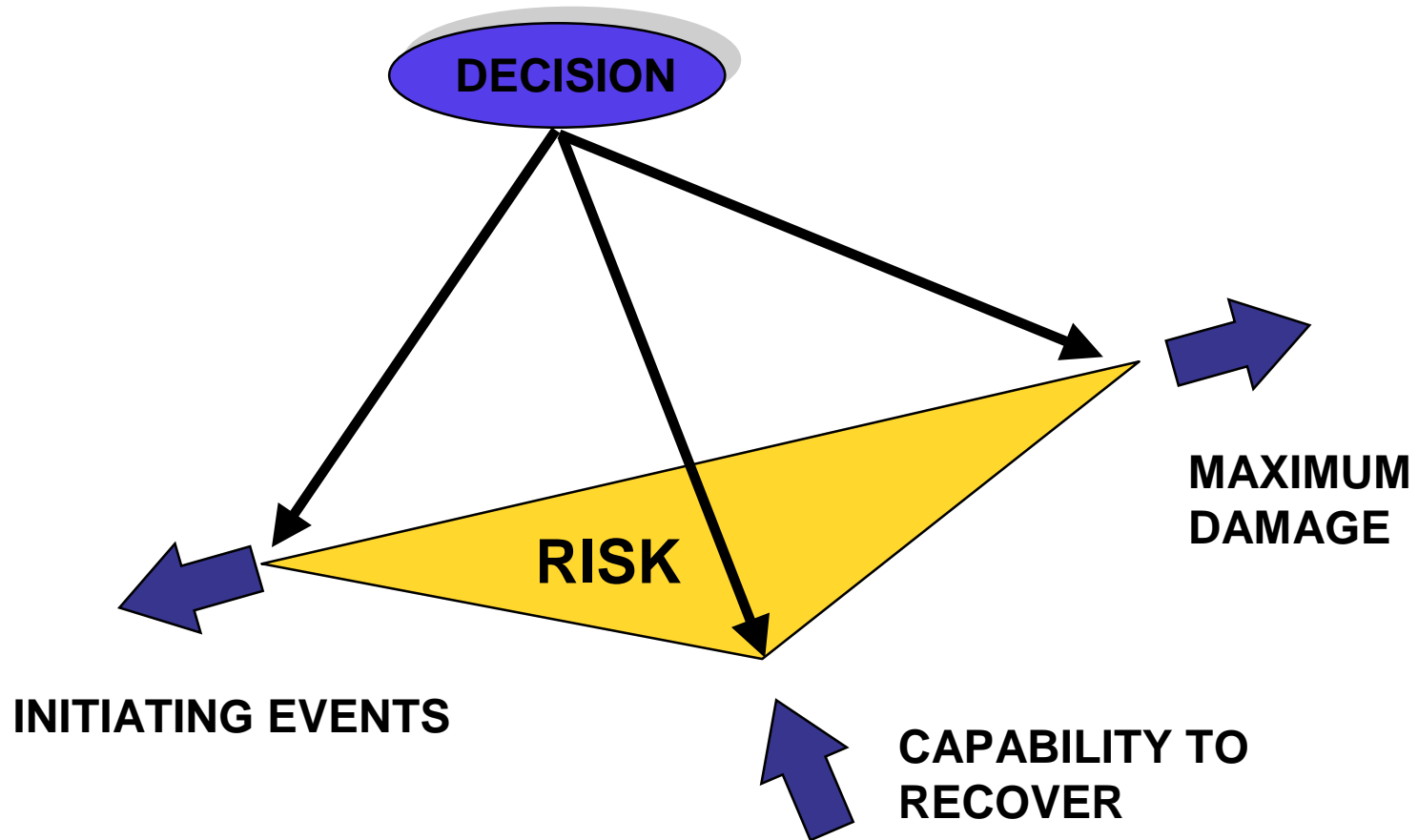
Sources of Risk



Risk categories

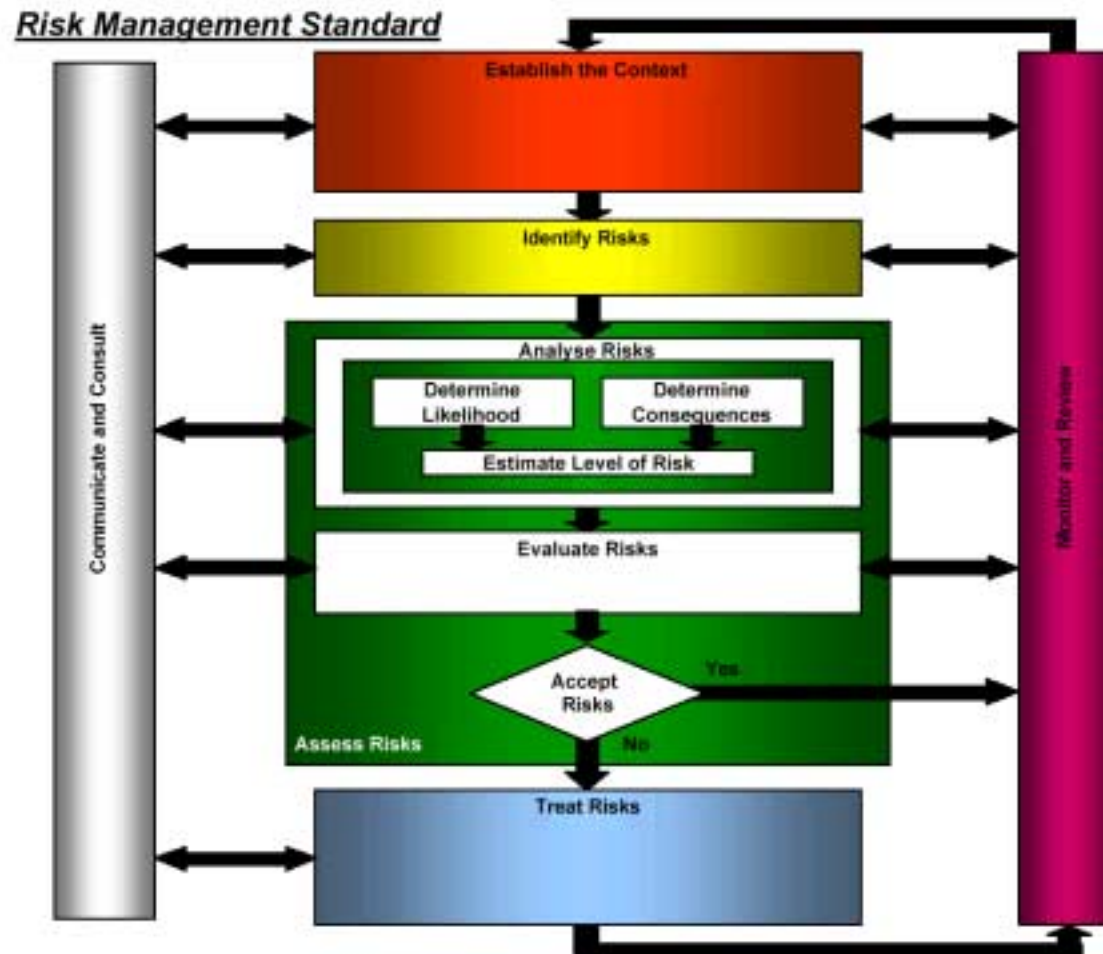
- **Strategic risks**
 - competitors, new technologies, intellectual capital...
- **Financial Risks**
 - currency, credit risks, market, interest rates...
- **Hazard Risks**
 - property damage, natural disasters, personnel risks, liability risks...
- **Operational Risks**
 - business interruption, supply chain, information systems...

The Risk Triangle

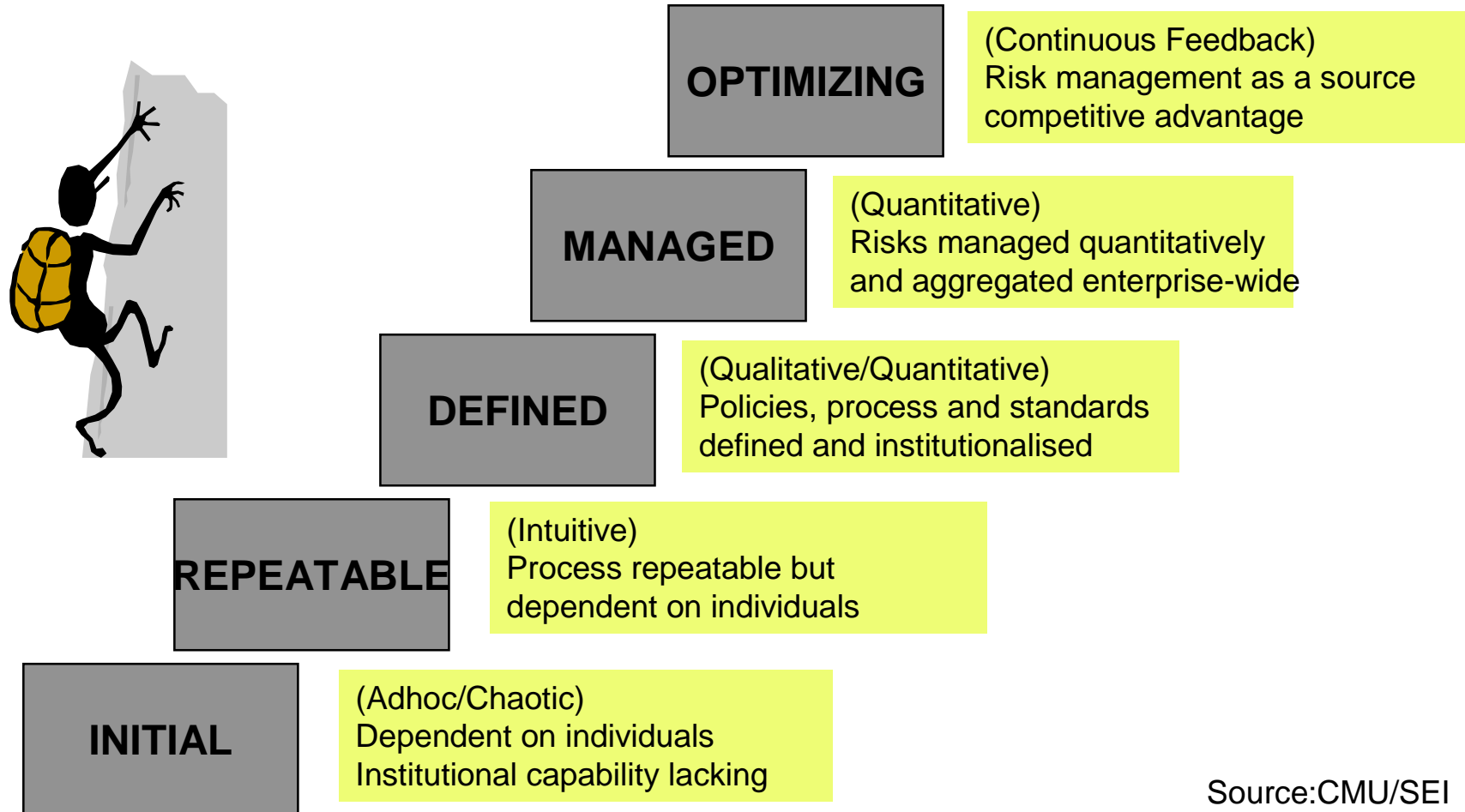


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Risk Management process



Risk Management Capability Maturity Continuum



Source:CMU/SEI

Benefits of a sound Risk Management System



- provides a systematic way to make informed decisions
- encourages the identification and exploiting opportunities
- forms an essential component of good corporate governance
- improves accountability and transparency
- provides compliance with relevant legislation
- helps to increase the shareholder value

Risk Management in the future

- Risk Management will be seen as a source of competitive advantage
- Risks and opportunities will be linked, since
- **THERE IS NO OPPORTUNITY WITHOUT RISK**

