

# assiso


**assiso** \a-see-so\

1. Successful
2. Innovative
3. Inspiring
4. Collaborative

## Risk mitigation

### What is risk?

**"Risk** is a concept that denotes the precise probability of specific eventualities. Technically, the notion of risk is independent from the notion of value, and as such, eventualities may have both beneficial and adverse consequences. However in general usage the convention is to focus only on the potential negative impact to some characteristic of value that may arise from a future event." - Wikipedia

This definition is an accurate description reflecting the essence of the subject. In assiso we believe it is those "things" that may impact your business to varying degrees but for which you may have little control over other than to plan for the eventuality that risk occurs and for which you can monitor through an early warning system.

Risk can sit in an organisation at varying levels from strategic environment and future political and economic change, to the impact of new products and services, within individual projects and down to day-to-day business exposure.

### Why is it important to mitigate risk?

Business thrives on certainty and minimising exposure. Unmanaged risk leaves a business exposed to uncertainty and therefore to the potential expense and threat if risk materialises into reality.

If we take the current economic climate the severity is a surprise but the fact it has occurred has been prophesied by economists for sometime.

Clearly in some financial sector businesses the risks of their business and structure of products were either not identified or more likely were not appreciated by all.

If we take the transfer of business to Heathrow terminal 5, then again a classic case of failing to understand the risk and deploy suitable mitigation.

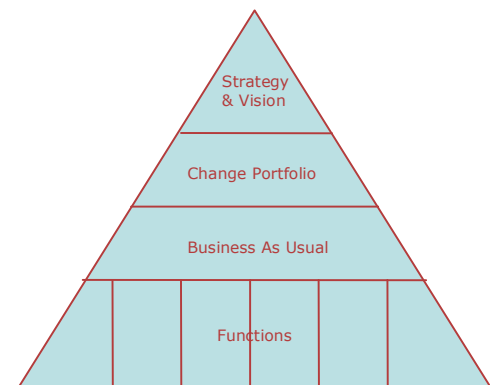
The recent cases of failing data security with RBS and Nationwide are further evidence that risk mismanagement is rife.

The list of businesses failing to fully understand their business risk is endless.

### Assessing risk

In our experience, risks are often identified or assessed inappropriately and therefore many organisations are surprised when a risk becomes reality or are unprepared to manage the materialised impact effectively.

At assiso we believe that risk has to be assessed on different levels:



**Scenario/vision** – Apply scenario planning and risk modelling techniques to assess the potential of future political, economic, technological, environmental etc changes and how they may impact your vision and objectives over defined periods of normally 3, 5 & 10 years. Effectively test you strategy and vision under different conditions.

It is important to harness your business experience with executive level input but also to take on board external advice and thoughts to shape the scenarios and the likelihood. Often relying solely on internal contribution can lead to a blinkered view of the world as it changes.

**Change** – Apply scenario planning and risk modelling techniques to assess the potential future risks to all change projects in alignment with scenario/vision of an organisation and how they may impact your ability to deliver a successful change project.

It is important to harness the experience of both the type of change and the process of making change. In this field experienced change agents are able to add significant value to identify and develop mitigation.

**Business as usual (BAU)** - Apply risk and impact assessment modelling techniques to assess the inherent risks in the day-to-day business. Specifically in the business areas of:

- Sales & Marketing
- Operations
- Technology
- Governance
- Finance
- People.

The key to successful BAU risk management is to keep the process and detail to a manageable level of granularity. Exploit the knowledge and experience of staff / middle managers and ensure you keep it real at all times.

### **Our approach**

At assiso we have our own approach to managing risk:

- **Understand the business context**
  - What is the business environment?
- **Identify & assess risk**
  - Undertake source, problem and objective based analysis
  - Assess for severity and probability.
- **Develop risk treatments** - considering:
  - Avoidance
  - Reduction
  - Transfer
  - Maintain.
- **Develop approach and plan**
  - Identification of countermeasures and allocation of activities.
- **Implementation & testing**
  - Roll out of the mitigation plans.

- **Assessment cycle review**

- Build a continuous review cycle to ensure no new surprises and that the current capability of the organisation can continue to undertake mitigating activity.



If you would like to arrange a meeting to discuss how we can help you assess your business risk and develop mitigation strategies please contact Scott Lee, Director.

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