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SIX TIPS TO PROFESSIONALIZE YOUR RISK MANAGEMENT

On a scale of professional to “please help me”, how would you rate your current risk management strategies? If you’re thinking there’s room for improvement, you’re not alone. In 2018, an Opus survey revealed that 68% of risk management professionals don’t think their business leaders understand how advanced threats can impact their enterprise. A third of them reported not even knowing where critical data were stored. Getting the right people involved and the right information under discussion is critical to the success of your risk management efforts. These tips will help you build a durable foundation for more professional and effective risk management.

1. Hone your risk facilitation skills.

If you've ever left a meeting thinking that should have been an email, your meeting probably didn't have a good facilitator. Every risk session you lead should be effective and productive, but that takes some skill and preparation. Before the session, communicate with participants to help them prepare ahead of time, even if that just means jotting down some ideas for discussion.

Write down everything that needs to be achieved in the session so you can communicate clearly. Think about the environment you're going to create and whether it's conducive to sharing ideas. Consider how you'll address disagreements and decisions for the benefit of the company. Listen actively – it's usually a good idea to take notes – and provide an opportunity for everyone to ask questions and gain clarity.

The best facilitators are efficient communicators and know how to encourage positivity and engagement. Having good people skills helps facilitators to share their energy with the rest of the risk session participants, thus generating productive and enjoyable discussion.

2. Get your stakeholders involved. Yes, all of them.

When it comes to risk, you're only as strong as your weakest link. Make sure you're not creating weak links by leaving key players out of your risk management processes. This means internal and external stakeholders, from your upper management to your work floor and from your principal client to the residents of your community.

Start with a stakeholder analysis that categorizes your stakeholders according to their interest in the project and their influence on the company. You'll approach a stakeholder who has a low level of interest and a low level of influence differently than you would approach a stakeholder who is very interested and has a lot of power. Categorizing will also allow you to break up your risk analysis method into more efficient, effective, and personalized sessions.

HIGH INTEREST, HIGH INFLUENCE

This group is your focus. Actively engage these stakeholders throughout the process and prioritize their satisfaction.

LOW INTEREST, HIGH INFLUENCE

Involve this group at a level that's comfortable for them and deliver positive results asap. Do not irritate them with excessive communication.

HIGH INTEREST, LOW INFLUENCE

Communicate with these stakeholders and keep them informed. This group is often the most helpful.

LOW INTEREST, LOW INFLUENCE

This group is typically satisfied with the basic information provided through regular communication. Don't over-communicate.

Regardless of their category, recruiting stakeholders into project management processes can take some maneuvering. Most people aren't jumping at the chance to spend an evening filling spreadsheets and attending risk sessions, so part of your inclusive approach needs to involve convenience and incentive. Condense your ask down to a short online form that won't take more than 15 minutes of their time or send a short email asking what risks they can identify. Online tools can make this step easier on you, easier on them, and more effective down the road.

3. Get the big guns.

You're going to need executive support to be successful in any risk management initiatives. Upper management will not only be responsible for earmarking essential resources and establishing command structures but also modeling and communicating the value of the proper procedures. A chief risk officer (CRO) can implement the proper structures and get attention from the board when it's needed for risk management purposes.

There is a chance you won't be able to generate the necessary effort from your board or upper management. If that's the case, you might not be at an appropriate risk maturity level to start making these investments. Your risk maturity is a measure of the potential impact of your risk management initiatives, including the return on investment. If you believe your risk maturity is high enough to warrant your strategy, that should lead your pitch.

4. Be loyal to your framework.

There are several established frameworks for identifying and dealing with risks via a structured and repeatable process. To keep things organized and standardized within your organization, thus preventing oversights, it's best to choose a single framework and stick to it. You'll probably need to adapt your chosen framework to the specific needs of your business, so choose the one that's closest to what you need, and don't be afraid to customize it.

It might not be perfect from day one. As long as you keep an open mind and open communication about the process, you and your team will be able to perfect it over a relatively short time. What's important is consistently using the same framework, with adjustments, so that your stakeholders know what to expect.

ISO 31000

Generally applicable for any type of organization.

COSO

Sometimes used by organizations with a public responsibility like housing companies and universities.

RISMAN/PESTEL

Generally used for (infra) projects in the Netherlands.

THREE LINES MODEL

Sometimes used by large enterprises.

5. Respond appropriately to your risk maturity.

Responding inappropriately to your risk maturity can have a significant negative impact on your company. Too much of an investment can cause losses that can't be justified through cost or loss savings. Too little investment can lead to severe losses through reputation damage and other risk realizations.

Risk maturity models can help you determine your level of risk maturity and choose an appropriate risk strategy. They typically take into consideration factors like your current risk culture, ERM, risk appetite, risk source identification, risk assessment, execution, and resilience.

If your risk maturity is low, your focus should be on communicating the processes and definitions. Jumping ahead to complicated risk data tools will be irritating and seem unnecessary at this point. Start with the basic information they can easily provide like the risks, causes, and effects that are possible for the company this year. You can upgrade to simulation models, AI, and more complicated questions as needed.

6. Define your objectives.

Risk is, by definition, an effect on your objectives. Before you can begin any risk management processes, you have to know what those objectives are. So how do you set beneficial objectives? Some of them will be common and obvious. For example, most projects need to be completed within a specified budget and time frame.

Other objectives aren't so obvious but are easy to identify. Ask yourself and the project's core stakeholders how you would define success for this project. What must happen for the project to be considered successful? You can also ask how this project will reflect the values of the company. Are you concerned with environmental impact? Fair trade? How will this project influence the reputation of the company?

BE SPECIFIC, REALISTIC, AND RELEVANT.

Each of your objectives should be as specific as possible in defining what will be considered a success for that objective. The objectives should be related to the project, not tacked on as an additional benefit. Include timelines for each objective and find out if your core stakeholders believe each objective is realistic and attainable. Finally, be sure that each objective can be measured or assessed for pass/fail.

We understand that proper risk management is complex and demanding, so we support our fellow risk managers with knowledge and insights. Stay up to date with the latest tools and strategies by subscribing to our RISKID LinkedIn page - https://www.linkedin.com/company/riskid/