

DEALING WITH RISKS - Name of the Tool

1) NAME AND DESCRIPTION OF THE TOOL

Identifying Risks is one of the main components of **Dealing with Risks** for an entrepreneur. As such:

- It has specific objectives;
- It has specific outcomes;
- It needs four steps to be done;
- It has a specific sequence of steps to be taken;
- It needs about 25 minutes to be done.

2) OBJECTIVES OF THE TOOL

3 Main Objectives of the Tool:

- Become creative and adaptable;
- Improve one's management skills;
- Improve one's perception of organisational issues.

3) CONNECTION OF THE TOOL WITH THE ENEMY

This tool helps entrepreneurs to properly **identify risks** in their enterprise. Four steps are needed in this case:

- Establishing the context (the focal point – payroll, processing, strategic planning etc.);
- Determining the approach (bottom-up or top-down);
- Identifying *internal* and *external factors*;
- Selecting a method among the five below:
 - Bottom-Up / Top-Down: Scenario Analysis;
 - Bottom-Up: Root Cause Analysis, Survey;
 - Top-Down: Interview, Workshop.

4) RESOURCES & MATERIALS

Materials and resources that are needed to develop the tool

Materials: The *To Do List* at the end of this document and a pen.

Resources:

- Carroll, Roberta. (2016). Identifying Risks in The Realm of Enterprise Risk Management. *Journal of Healthcare Risk Management*, 35(3), 24-30. DOI: 10.1002/jhrm.21206.
- COSO & WBCSD. (2018). Enterprise Risk Management: Applying Enterprise Risk Management to Environmental, Social and Governance-Related Risks. Available at: <https://www.coso.org/Documents/COSO-WBCSD-ESGERM-Guidance-Full.pdf>. Accessed on March 13, 2021.
- Deloitte SA. (2013). *Enterprise Risk Assessment: What Are Your Top Risks and How Do You Plan to Address Them*. Zurich: Deloitte.
- Williams, Carol. *5 Effective Methods to Identify Risks in Your Organization: Tools, techniques, and best practices for identifying risks to company strategy and everyday operations*. Available at: pmhut.com/5-methods-of-identifying-project-risk. Accessed on March 13, 2021.



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5) IMPLEMENTATION OF THE TOOL

The sequence of steps and an approximate timing of the actions to be taken are as follows:

- Step 1, 10 minutes. *Establishing the context and determining the approach by avoiding:*
 - Being reactive to a problem (waiting until something becomes a problem);
 - Identifying a risk without understanding scope (risk impact area, risk significance);
 - Not tailoring the risk identification process to the enterprise (interview) / participants (detail-oriented approach);
 - Not viewing a risk within the larger context of the enterprise;
 - Thinking risk identification is a one-and-done activity (not conducting formal risk identification reviews on a regular basis).
- Step 2, 5 minutes. *Identifying:*
 - *internal factors* (capabilities, governance, objectives, organisational culture, policies, standards, strategies);
 - *external factors* (competition, cultural, economic – local, regional, international, international, political, regulatory, social, technological).
- Step 3, 10 minutes. *Selecting and applying a risk identification method by avoiding:*
 - Relying on a single risk identification method (not combining methods such as brainstorming session and survey).

6) WHAT TO LEARN

With this tool, one can learn:

- How to produce a list of top risks (the biggest risks) that may positively or negatively impact his/her enterprise using the proper risk identification methods;
- How to word the risks appropriately;
- That he/she needs to adopt a common terminology so that everyone (finance, IT) be engaged and work from the same information.



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Identifying Risks – To Do List

Step	Issues to approach	Responses	
1. <i>Establishing the context and determining the approach</i> (10 minutes)	When did the problem occur?		
	What is the risk impact area?		
	What is the significance of the risk?		
	Who are you going to address?		
	<ul style="list-style-type: none"> • management • employee 		
	What does the risk mean within the larger context of the enterprise?		
	When did you last conduct a formal risk identification review?		
2. <i>Identifying</i> (5 minutes)	<i>Internal factors:</i>		
	<ul style="list-style-type: none"> • capabilities • governance • objectives • organisational culture • policies • standards • strategies 		
	<i>External factors:</i>		
	<ul style="list-style-type: none"> • competition • cultural • economic: <ul style="list-style-type: none"> ○ local ○ regional ○ national ○ international • political • regulatory • social • technological 		
	3. <i>Selecting & applying risk identification methods</i>	Bottom-Up / Top-Down	
		<ul style="list-style-type: none"> • Scenario Analysis 	
		Bottom-Up	
		<ul style="list-style-type: none"> • Root Cause Analysis • Survey 	
		Top-Down	
		<ul style="list-style-type: none"> • Interview • Workshop 	

