Risk management


STRATEGY
EXPENSES
TAX
INCOME
PROFIT
ANALYSIS
POLICIES
CONTROL
RISK
REVIEW
IMPROVEMENT
PROCESS
RULES
SUCCESS


Five Steps of the Digital Risk Management Process
1 Identify the Risk
2 Analyze the Risk
3 Evaluate the Risk
4 Treat the Risk
5 Monitor and Review the Risk

- The risk management process is a framework for the actions that need to be taken. There are five basic steps that are taken to manage risk; these steps are referred to as the risk management process. It begins with identifying risks, goes on to analyze risks, then the risk is prioritized, a solution is implemented, and finally, the risk is monitored

LESSON SUMMARY



Step 1: Identify the Risk

- The initial step in the risk management process is to identify the risks that the business is exposed to in its operating environment.
- There are many different types of risks:
- Legal risks
- Environmental risks
- Market risks
- Regulatory risks etc.
- It is important to identify as many of these risk factors as possible. In a manual environment, these risks are noted down manually. If the organization has a risk management solution employed all this information is inserted directly into the system.
- The advantage of this approach is that these risks are now visible to every stakeholder in the organization with access to the system. Instead of this vital information being locked away in a report which has to be requested via email, anyone who wants to see which risks have been identified can access the information in the risk management system.

Risk Analysis

Process



Step 2: Analyze the Risk

- Once a risk has been identified it needs to be analyzed. The scope of the risk must be determined. It is also important to understand the link between the risk and different factors within the organization. To determine the severity and seriousness of the risk it is necessary to see how many business functions the risk affects. There are risks that can bring the whole business to a standstill if actualized, while there are risks that will only be minor inconveniences in the analysis


ASSESS RISK
CONTROL RISK
RISK
MANAGEMENT
PROCESS
IDENTIFY RISK
REVIEW CONTROLS

Step 3: Evaluate the Risk or Risk Assessment

- Risks need to be ranked and prioritized. Most risk management solutions have different categories of risks, depending on the severity of the risk. A risk that may cause some inconvenience is rated lowly, risks that can result in catastrophic loss are rated the highest. It is important to rank risks because it allows the organization to gain a holistic view of the risk exposure of the whole organization. The business may be vulnerable to several low-level risks, but it may not require upper management intervention. On the other hand, just one of the highest-rated risks is enough to require immediate intervention.

Treat Risks

Step 4: Treat the Risk

- Every risk needs to be eliminated or contained as much as possible. This is done by connecting with the experts of the field to which the risk belongs
- In a risk management solution, all the relevant stakeholders can be sent notifications from within the system. The discussion regarding the risk and its possible solution can take place from within the system. Upper management can also keep a close eye on the solutions being suggested and the progress being made within the system. Instead of everyone contacting each other to get updates, everyone can get updates directly from within the risk management solution


HIGH
MEDIUM
LOW
RISK

Step 5: Monitor and Review the Risk

- Not all risks can be eliminated – some risks are always present. Market risks and environmental risks are just two examples of risks that always need to be monitored. Under manual systems monitoring happens through diligent employees. These professionals must make sure that they keep a close watch on all risk factors. Under a digital environment, the risk management system monitors the entire risk framework of the organization. If any factor or risk changes, it is immediately visible to everyone. Computers are also much better at continuously monitoring risks than people. Monitoring risks also allows your business to ensure continuity


thank
you