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1A

Review organisational processes, procedures and requirements for risk management

Risk is the effect of uncertainty on a group or organisation and its objectives, functions or outcomes. Organisations conduct risk management to identify potential risks and put in place measures to control the likelihood of these occurring. The aim is to protect the organisation's assets, as well as to protect and create value for its stakeholders, including owners, employees and customers. Before you begin any risk management tasks you need to know how your organisation operates, how it views risk, what organisational processes or procedures it currently has in place for managing risk, and what processes may require development.

Questions about an organisation's chance of risk might include:

- Is there a risk management plan? If so, what aspects does it cover?
- How does it align with the organisation's strategic plans?
- Is the manager's role in the plan clearly delineated?
- Do all staff know about the plan and understand what is required of them?

Understand the organisation's operations

Managers must be familiar with the way their organisation is structured, its philosophy, how it operates and the potential risks it faces. The size and nature of the business will dictate its organisational hierarchy. For example, a large organisation may have a CEO, several managers for specific departments and a workforce to achieve its strategic objectives. A not-for-profit organisation may be overseen by a board.

An organisation may be a single entity, be part of a franchise, have branches nationwide or be part of an international network. All organisations should have a set of policies and procedures that govern the way they operate in accordance with relevant legislation and industry codes of practice, and a business plan that outlines their goals, objectives, strategies, responsibilities and resourcing in both the short and long term. The planning should include a risk management process that identifies and prepares contingencies for dealing with risks likely to affect their operations.



Understand the types of risk

The types of risk depend on the size and nature of the organisation and its business operations.

Here are different types of risk that an organisation may encounter and that should be considered in a risk management document. Identify which risks affect your organisation.

Commercial relationships

Risks of being associated with another organisation, directly or indirectly. Where an event affects an associated organisation, you need to consider whether the event is positive or negative, flow-on or collateral.

Understand how risks are categorised

Once you understand the types of risk your organisation needs to manage, you need to understand the process it uses to manage them, regardless of whether you are managing risks across the whole organisation, a specific business unit or a particular area.

Organisations categorise risks using several different criteria, as shown here. Identify how your organisation approaches risks.

| | |
|----------------------------------|---|
| Property-centred risks | Property-centred risks include risks associated with: <ul style="list-style-type: none">• theft• poor asset management• building risks. |
| Personnel-centred risks | Personnel-centred risks include risks associated with: <ul style="list-style-type: none">• personal safety• travel accidents• loss of personnel• costs of recruitment• public liability. |
| Market-centred risks | Market-centred risks include risks associated with: <ul style="list-style-type: none">• product liability• falling product demand• changing economic conditions• competition• lack of diversity of products and services. |
| Operation centred-risks | Operation-centred risks include risks associated with: <ul style="list-style-type: none">• suppliers• information technology• financial management. |
| Legislation-centred risks | Legislation-centred risks include risks associated with: <ul style="list-style-type: none">• work health and safety• taxation• equal opportunity. |
| Governance-centred risks | Governance-centred risks include risks associated with: <ul style="list-style-type: none">• poor risk management• failure to take opportunities• failure to provide policies and procedures• failure to provide strategic direction. |

1. Communicate and consult

Consult with internal and external stakeholders at every step of the risk management process. In this way, you can be sure everyone understands why a procedure has been put in place and takes the identification and management of risks seriously.

2. Establish the context

Establish the current conditions in which the organisation operates in an internal, external and risk management context. Define criteria used to evaluate risk and establish a risk analysis framework.

3. Identify the risks

Identify and document factors that affect the organisation's goals, either positively or negatively. Determine how and why these factors exist.

4. Analyse the risks

Analyse existing controls. Assess the likelihood of the occurrence of risks and their consequences within these controls. Combine consequence and likelihood to produce an estimated level of risk.

5. Evaluate the risks

Compare estimated levels of risk with the established context developed in Step 2. Rank and prioritise risks within the contextual framework.

6. Address the risk

Develop and implement strategies and management plans to prioritise and treat/control risks, in particular addressing high-priority risks. Lower priority risks may be accepted and monitored.

7. Monitor and review the system

Monitor the risk management system at all stages to ascertain its effectiveness and track any changes that affect it. Revise the system to accommodate necessary changes identified during the monitoring.

Techniques to help determine scope

Accurate determination of scope is essential to ensure organisational outcomes are achieved. Knowing the reasons you are conducting risk management helps you understand what you need to achieve in your process, and hence what your scope must encompass. Although this is not an exhaustive list, here are some questions you may need to ask when determining the scope.

Questions to determine scope

- How is the organisation structured?
- What is the likelihood of risks occurring on a day-to-day basis?
- What is the purpose of the risk management process and what outcomes do we want?
- Is our scope defined within existing organisational documents or procedures?
- What are the limitations for completion of the process, in terms of time and resources?
- What business projects, units or areas will be examined?
- Are there any specific areas within these units that must be targeted?
- What time horizon will be used for identifying emerging risk; for example, 12 months?
- What potential risk types need to be addressed?

Example: defining scope accurately

‘Recently, I helped a high-risk, high-visibility project to succeed when all the observers were predicting failure because the project had hostile stakeholders, disengaged, part-time developers, a vendor trying to do things via long distance, an unrealistic scope, an arbitrary deadline, and a new project manager with no experience in software project management. The organisation had a well-defined business process which was being funded well to meet the deadline.

‘With support from the organisation, I was able to improve the situation so that management were aware of the risks involved if the project wasn’t implemented more efficiently. But most importantly we re-defined scope to match the exact, legal definitions of the terms stated in the directive from management and nothing more. This cut 70 per cent of the features from the first release of the scope where superfluous and undefined areas were included.’ (Adapted from, and reproduced with permission of, Digital Publications LLC, www.digitalpbs.com)



1F

Document critical success factors, goals and objectives

It's important to identify and document the outcomes of the research you have done when preparing your risk management context. By doing this you can be confident that you understand and are able to develop and manage comprehensive strategies that target the particular risks that face your organisation. You now need to be able to document the factors that are critical for success and your target outcomes, goals or objectives.



Identify critical success factors

It's important to know how you will measure the success of your risk management arrangements. A successful strategy cannot be measured by simply looking at how well the company is running or finding that no risks have eventuated, as this can be due to the contributing factors of risk not being present or even pure luck. To measure your strategy's success, you also need to include other measurable factors. Here are some areas that most people agree are essential for success. Ask experienced practitioners, your trainer or your manager whether there are any other factors they think are important for risk management success.

Scope

The scope of the risk management should be correctly identified; if it has not been, then you may waste your time developing an inappropriate or ineffective strategy.

Stakeholders

All stakeholders should be consulted and agree on the scope of the strategy; if there are issues that have not been resolved, they may arise later and give rise to additional time or costs.

Resources

Risk management should be sufficiently resourced; if it is not, a strategy may be ineffective or counter-productive.

Goals

Goals and outcomes should be clearly defined, realistic, achievable and measurable.

Use appropriate communication strategies

Communicating the process does not rely on endless meetings with all concerned, and does not require constant one-on-one time with every stakeholder. Communicating the process can be done via print, electronically or a presentation. The chosen method/s of communicating your information depends on variables such as the size of your stakeholder body, the number of participants in the process, the scope and the time frame for the activities.

Communication options can include:

- Training and risk workshops
- Briefings
- Report back presentations
- Communication booklets
- Websites
- Newsletters
- Intranet/emails
- Articles and periodicals
- Corporate plans and strategies

Example: involving all stakeholders

At a small Victorian boatbuilding and fibreglass factory, the managers recently began putting in place a risk management strategy for the safety of their workers, facilities and the environment. Their approach was to sell the environmental aspects to the public and the safety aspects to their staff and contractors.

As part of the process, they invited the general public to participate by providing environmental concerns and feedback, while union and health and safety representatives, WorkSafe (Vic) representatives and several worker representatives were asked to sit in on the initial planning meetings and offered places on the risk management committee. The results of the meeting, along with the names of the new committee, were published in the local community newspaper and the company's staff newsletter.



| | |
|----------------------------|--|
| Market research | <ul style="list-style-type: none">• You might ask your sales and marketing division to conduct market research into potential risks associated with your organisation's business operations, such as demand for product, competitor activity and new technology.• Alternatively, you may need to commission research from an external marketing company to provide a new or fresh insight into consumer sentiment, cultural context and market directions. |
| Previous experience | <ul style="list-style-type: none">• It's useful to harness the experience that others have gained through their current work, previous jobs or life experience. They might be able to mentor you or show you how to predict the cause of a risk and minimise its impact. For example, pooling experiences from within your organisation may mean you gain a better understanding of how to use certain equipment, of the environment or context in which the company operates, or of the stability of suppliers and clients. You might identify risks you have never considered before. |
| Public consultation | <ul style="list-style-type: none">• Where a course of action may affect the public in any way, it is worth consulting residents, local officials and the wider populace to determine what type of risks there might be. For example, public liability for outdoor events; environmental risks to endangered local species in the case of a building development project. |
| Literature review | <ul style="list-style-type: none">• Operational guides, user manuals and operator instructions contain advice on risks or hazards associated with equipment.• A SWOT analysis may have identified risks. For example, an opportunity to introduce an online business department might identify risks such as a lack of sales due to poor marketing, financial blow-out due to poor budgeting or increased sales due to correctly identifying the target market.• An audit may have highlighted areas of concern; for example, repetitive work, storage of chemicals, security. |

Generate a draft list of potential risks

Prepare a draft list of the risks that stakeholders and your research have identified that apply to your scope. This list will be refined as you carry out further research and analysis until you have a final list that you can take to stakeholders for confirmation. It's a good idea to categorise the potential risks under the areas the organisation uses in its risk management plan, such as financial, technology and operational. As you identify the risks, it's also useful to find out the nature of the risk. What factors are contributing to the cause of the risk? Are they internal or external?

Preparing a fishbone diagram

Prepare the basic framework of the fishbone diagram on a whiteboard or a large piece of paper.

Define the category that needs to be addressed and write it in clear and simple terms in the fish's spine; for example, 'Personnel'.

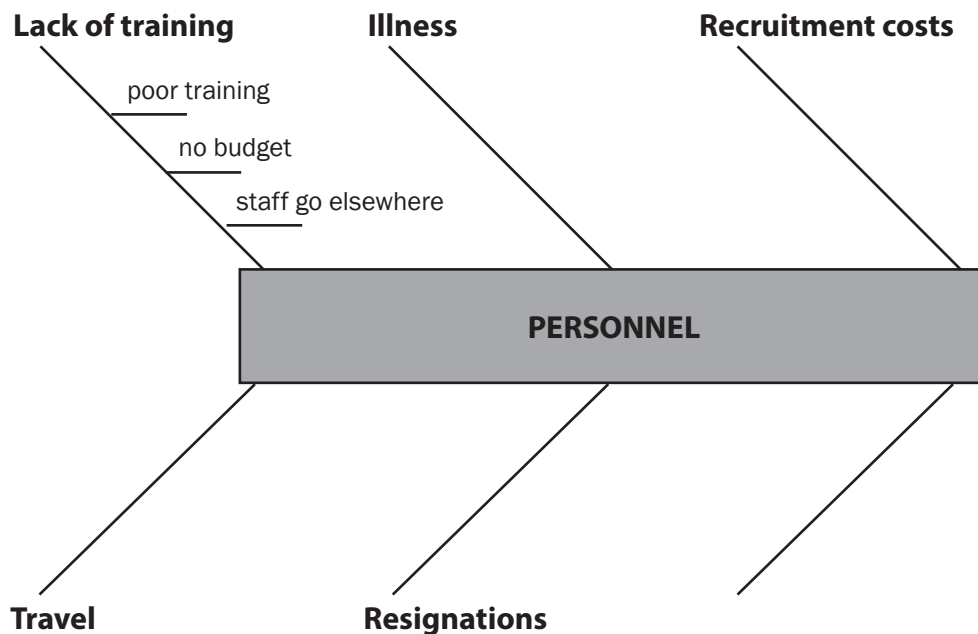
Identify and define the risks associated with personnel on the major 'bones' and write these at the tips. These headings could be developed through a brainstorming session focusing on the category in the fish's spine.

Tease out the causes or contributing factors (risks) by further brainstorming, and adding these ideas and suggestions to the smaller bones on the diagram.

Interpret the fishbone diagram once it's finished to develop a checklist of risks.

Example: fishbone diagram

Here is an example of a fishbone diagram. It shows how personnel risks might include lack of training, illness, recruitment costs, travel and resignations.



Generate a final list of risks

You have now researched and identified a number of potential risks that apply to your scope.

Checklists are a useful way to manage data. Simply list the risks as you identify them through your research, brainstorming, flow charts and analysis. Remember to categorise them as you go under specific categories according to the organisation's risk management process and procedures, such as financial, technology and business operations. Check with stakeholders and other participants to ensure they agree the risks identified are relevant and may occur. At this point the main objective is to list the risks to prepare for a more detailed analysis.

Example: identifying risks

These two examples show the benefits of using research and consultation to identify risks.

Using a scenario analysis

In a risk management team meeting for a small packaging products company in Perth, more than 40 risks are identified by the research team investigating up-scaling operations. However, a subsequent brainstorming session follows with an applied scenario analysis (playing out all possible outcomes in terms of technology, efficiency gains, market/competition) that negates over half the risks as being acceptable or insignificant, and a further eight as being irrelevant to the context. This allows the team to concentrate fully on the remaining 11 risks, reducing the overall risk to an acceptable level for management to proceed with the project.

Consulting

The board of Soulcedo Packaging and Plastics initiates a risk management plan for safety at their manufacturing facility in Western Sydney. The process of risk identification is passed to a three-person team comprising a safety officer, a union steward and the facility manager. The first point on Soulcedo's agenda is to invite specialists in to assist in recognising and understanding the risks in the plant's processes. The specialists include a chemicals advisor, a technical advisor from the company that made the plant's machinery, a representative from the fire department and an external work health and safety auditor. With the help of these extra personnel, the Soulcedo team shares research information about the various safety risks and hazards that are present at the plant. These are quickly filtered, and generic risks and hazards are identified, to fit the scope as provided by the board and refined earlier.

Semi-qualitative analysis

Semi-qualitative analysis is qualitative analysis with a numerical weighting index. However, the numerical value allocated for each qualitative scale is not related to the actual magnitude of likelihood or probability of consequence. It only provides an order of magnitude for analytical purposes. It does not provide real values, as would be the case in a quantitative analysis.

There is no standard weighting index, but a weight is applied by the analyst. Semi-qualitative analysis is often seen in financial analysis in relation to market sentiment trends.

Example: using semi-qualitative analysis

Semi-qualitative analysis can be presented in table form to link quantitative data to qualitative data. For example, the rating 1.0 is given for an extremely likely occurrence (equivalent to a qualitative A rating), decreasing through 0.75 (likely, a B rating), 0.50 (possible, a C rating), 0.25 (unlikely, a D rating) and 0.1 (rare, an E rating).

As these can be multiplied out (against likelihood) to achieve a final risk rating value, we generally don't rate any risk '0'. The appeal (and to some the problem) of this type of analysis is that the scale can provide for 'in between' ratings, such as 'fairly possible' between possible and likely.

| Rating | Descriptor | Equates to qualitative value |
|--------|------------------|------------------------------|
| 1.0 | Extremely likely | A |
| 0.75 | Likely | B |
| 0.50 | Possible | C |
| 0.25 | Unlikely | D |
| 0.1 | Rare | E |

Quantitative analysis

Quantitative analysis uses data from a variety of sources such as statistical data, engineering reports, sales figures, financial records, or wherever figures or 'quantities' are used or employed. The quality of this type of analysis depends on the accuracy and reliability of the values used. Essentially, quantitative analysis is a subset of mathematical statistical analysis.

Statistical analysis does not provide us with a numerical value to express the likelihood, but rather provides us with figures-based evidence of the likelihood. Using information from an audit, the following outlines how one manager assessed the likelihood of risks occurring.

Likelihood of illness from a risk

For every 50,000 units of a food product packaged at the site, 2,500 have been found to be incorrectly sealed.

The incorrect seals lead to the potential risk of customers becoming unwell.

3C

Evaluate and prioritise risks for treatment

To determine how severe a risk is, you need to combine the results of the likelihood of an event occurring and the severity of the consequence. You then need to determine which risks are most significant and are therefore priorities for treatment. First you need to understand the level of risk. Assign a category such as high, medium and low risk.

Here are some descriptions of typical risk categories used in business.

Extreme

- Risks that have the potential to be devastating to the organisation or project
- Require immediate action

High

- Risks assessed as likely to occur and severely affecting (either positively or negatively) specific aspects of the organisation, such as finance, property, personnel or governance
- Require immediate action

Medium

- Risks assessed as being probable and needing treatment
- Require monitoring and response procedures

Low

- Risks assessed as having a minimal likelihood of occurring and a low impact level if they do occur
- Treated with routine procedures

Determine the likelihood and level of impact

Now use an analysis matrix to provide a quick graphical presentation of the likelihood and level of impact. For this type of matrix, you need to understand the alphabetical and numerical ranking levels or system your organisation uses. The following matrix defines the different rankings given to risks and their impact. For example, if a risk has been identified as having a major impact on the organisation if it occurs and it has been identified as likely (probable) to occur, then this matrix identifies that if it does happen, there is a high level of risk that would need to be managed at a senior level.

| Level of impact | A (expected) | B (probable) | C (possible) | D (improbable) | E (rare) |
|--------------------|--------------|--------------|--------------|----------------|----------|
| 1. (insignificant) | Low | Low | Low | Low | Low |
| 2. (minor) | Medium | Medium | Medium | Low | Low |
| 3. (moderate) | High | Medium | Medium | Medium | Medium |
| 4. (major) | Very high | High | High | Medium | Medium |

Very likely

Grade: A

- Ranking: Very likely (expected) – will occur regularly
- Example of risk: personnel become ill and are off the project for a day or so
- Potential frequency of exposure: every project or activity

Likely

Grade: B

- Ranking: Likely (probable) – will occur at some stage
- Example of risk: deadlines are exceeded
- Potential frequency of exposure: a number of activities

Possible

Grade: C

- Ranking: Possible – could occur
- Example of risk: staff are injured
- Potential frequency of exposure: a couple of times in a year

Unlikely

Grade: D

- Ranking: Unlikely (unexpected) – will probably not occur
- Example of risk: property is stolen
- Potential frequency of exposure: once in five years

Rare

Grade: E

- Ranking: Rare – may occur but in limited situations
- Example of risk: a human-made disaster
- Potential frequency of exposure: once in 10 years

Example: risk evaluation

This example shows the importance of using the analysis of your likelihood/consequence rating to see what the level of risk is and whether an organisation should go ahead with an opportunity.

| Risk | Likelihood | Impact | Level of risk |
|---|------------------------|---------------|---------------|
| Team member is away for a short time. | Very likely (Expected) | Insignificant | Low |
| Team member goes on extended leave. | Likely (Probable) | Moderate | Medium |
| Team leader completes the campaign well within the time line. | Likely (Probable) | Major | High |
| Team member disagrees with a decision. | Possible | Insignificant | Low |
| Team member performs poorly. | Possible | Moderate | Medium |
| Team member disregards instructions. | Possible | Moderate | Medium |
| Team leader resigns with minimal warning. | Possible | Major | High |
| Team member becomes critically ill. | Possible | Catastrophic | Very high |
| Team member causes major injury to other members. | Rare (Improbable) | Catastrophic | High |

4A

Select the most appropriate options for treating risks

A range of options is available to treat risks. If you determine that the level of risk is extremely high, you need to put strict measures in place to treat the risk. On the other hand, if the level of risk is negligible and you are alert to it, there is no need for action. Sometimes, you might find the expected benefits of a high-level risk outweigh possible negatives. Alternatively, the risks may be too great and you should abandon the idea altogether. Your goal is to eliminate or avoid the risk where possible, and control the outcome should the risk materialise.

Here are five options to control or manage risks.

Avoid

Avoid the risk

Can the risk be removed totally? For example, if the risks of moving into a new market at this time are too high or above management's tolerance for risk, can the organisation look for alternative markets to move into first? However, be aware of being too risk-averse and making decisions to avoid risk regardless of a positive evaluation. A decision to avoid an activity can comfortably be made if the outcome is identified as high impact/high likelihood and low gain.

Options to avoid risk include the following:

- not becoming involved in activities that lead to the possibility of the risk eventuating
- outsourcing risk-related tasks to contractors or specialist providers
- discontinuing operations that may realise the risk.

Likelihood

Change the likelihood

You can lower the likelihood of risks occurring by removing stimuli or situations likely to cause the risk to occur. This may be as simple as providing better consultation or communication channels with local government to ensure planning permissions are achieved, or delaying action until conditions become more favourable. Change the likelihood of technological breakdown by ensuring equipment is regularly serviced.

Options for changing the likelihood include:

- removing or reducing activities that may lead to the risk being triggered
- reducing exposure to the risk environment
- ensuring risk management strategies are in place
- using inspection controls and quality assurance measures
- implementing tighter control of contract conditions
- ensuring time lines are realistic.

4B

Develop a risk treatment action plan

An action plan is a clearly articulated and documented plan that defines how the risk management process will be conducted. The content of the action plan is dictated by organisational policy and the size and nature of the business. Some action plans are basic documents outlining actions to be taken, responsibilities and time lines, while others are more complex and cover a wide range of risk areas, multiple risks and control measures, and regular monitoring and review strategies. Of course, you cannot do this in isolation, and your action plan needs to be completed with input from your stakeholders and participants.

Your action plan should address the following questions for each identified risk.

What risk areas have been identified?

- Categorise your plan into risk areas appropriate to your organisation such as personnel-centred, finance and market-centred.

What are the identified risks?

- Define the risks in clear terms so they are easily understood.

What are the risk levels?

- Define the likelihood, frequency of exposure and impact. List the risk prioritisation.

What actions are required?

- Detail the treatment required, including resources and specialist personnel, and strategies for providing access to risk management processes and resources to everyone.

Who is taking responsibility?

- Identify the person or group responsible for ensuring the actions are completed.

What are the time lines?

- Following consultation, include a realistic and achievable time line with milestones on the way to completion.

How will you monitor the processes?

- Identify how and at what point you can determine progress and completion benchmarks to ensure compliance with the action plan.

3

Ensure the action plan provides strategies for managing changes to organisational structure in case there are changes to key personnel (management changes, new stakeholders or staff changes).

4

Ensure there is sufficient insurance cover in the case of unexpected events and emergencies.

5

Provide a variety of risk options in case the desired one is not successful.

Monitor the plan

Monitoring the action plan is an ongoing process that ensures you manage the control measures effectively. You need to check controls are reducing or managing the identified risks or, alternatively, increasing the identified opportunities. This is essential because risks by their very nature are not static – circumstances can change quickly and render the treatment you have chosen ineffective.

When monitoring an action plan, you might need to:

- revise an inappropriate option
- recognise other risks that can arise that need to be treated
- understand that risk treatment priorities might change.

Benefits of regular monitoring

Regular monitoring helps you determine whether the impact and likelihood have been reduced, the risk is occurring less often and the treatment is cost-effective.

Include all stakeholders, staff and other relevant personnel in your monitoring, as they are able to report their findings from a perspective that may be very different to yours. Make sure you document any findings you make as you monitor the process. New treatments identified from monitoring results should be included in the action plan. An inflexible, stagnant action plan is unable to meet the changing needs of the organisation.



Monitoring methods

Monitoring to check on the success of control measures needs to be done on a regular basis. The following are common methods used to monitor and check control measures.

Outcomes-based evaluation

An outcomes-based evaluation allows you to see whether the program or process is achieving the outcome required by management or directors. The general steps to accomplish an outcomes-based evaluation are as follows.

General steps to accomplish an outcomes-based evaluation

- 1** Identify the major outcomes of the program. Ask yourself, 'What processes are we doing now?' and then for each activity, ask 'Why are we doing that?' The answer to this 'Why?' question is usually an outcome.
- 2** Choose the outcomes you want to examine and prioritise. If time and resources are limited, pick the top two to four most important outcomes to examine first.
- 3** Specify observable measures, or indicators, for each outcome to help you evaluate whether you are achieving the required performance.
- 4** Specify a target level or goal of achievements; that is, how often the risk management program succeeded based on the criteria identified in step 3.
- 5** Identify what information is needed to show these indicators, such as statistical records of decreasing downtime or losses, increased productivity or higher profit.
- 6** Decide how information can be efficiently and realistically gathered: program documentation, observation of program personnel and stakeholders in the program, questionnaires and interviews about clients' perceived benefits from the program, case studies of program failures and successes.
- 7** Analyse and report the findings.

| | |
|-----------------------------|---|
| Documentation review | <p>Purpose</p> <p>Understanding how a program operates without interrupting the processes by reviewing finances, correspondence, outputs/outcomes, memos and minutes.</p> <p>Advantages</p> <ul style="list-style-type: none">• Get comprehensive current and historical information• Doesn't interrupt process• Information already exists• Statistical data means few biases occur <p>Disadvantages</p> <ul style="list-style-type: none">• Often takes a lot of time• Information may be incomplete• Need to be clear about what you are looking for• Not a flexible means to get data; data is restricted to what already exists |
| Observation | <p>Purpose</p> <p>Gathers information about how processes work within a program</p> <p>Advantages</p> <ul style="list-style-type: none">• Can view steps of a process as they are actually occurring• Can adapt to events as they occur <p>Disadvantages</p> <ul style="list-style-type: none">• Can be difficult to interpret seen (and unseen) behaviours• Can be complex to categorise observations• Observers can unwittingly influence behaviours of program participants• Can be expensive (time) |
| Focus group | <p>Purpose</p> <p>Explore a topic in depth through group discussion; for example, about reactions to an experience or suggestion, understanding common complaints, etc.</p> <p>Advantages</p> <ul style="list-style-type: none">• Quickly and reliably get common impressions• Can be an efficient way to get a wide range and depth of information in a short time• Can convey key information about programs <p>Disadvantages</p> <ul style="list-style-type: none">• Can be hard to analyse responses• Need a good facilitator for safety and closure• May be difficult to schedule 6 to 8 people together |

Findings

What data was gathered and what was found?

Interpretation

What do the findings mean? What issues are emerging?

Lessons learned

What has been learned from events as they unfolded?

Recommendations

What should happen now?

Example: the value of regular evaluation

During ongoing monitoring and evaluation of a recently implemented risk management process at a large, exchange-listed furniture manufacturer and retailer, they found that a new risk had emerged since implementation of the plan. This was the unexpected entry into the local market of an interstate competitor that had previously indicated they had no intention of expanding. Announcement of the planned expansion caused investor uncertainty and a subsequent loss in the share price, and the company's institutional investors were concerned.

Luckily for the company, its risk management implementation plan included sufficient allowances for such unforeseen risks to be adequately assessed and included in an update, acknowledging that such occurrences, no matter how unlikely, can still materialise. Sufficient resources were kept in reserve to allow the board of the company to develop and integrate new risk management processes within the existing action plan. Although some losses occurred, the company retained a dominant market share in its operating areas, and continues to return shareholder value.

