

Risk Management System

Sound business practice is to be prepared for as many eventualities as can reasonably be foreseen, and to take into account business critical risks that would impact the business should the unexpected take place. Risk Management seeks to identify, mitigate and manage business risks so that the business can continue despite adverse conditions brought about by risks becoming reality.

In the Isle of Man, in the mid 2000's a Victorian sewage system was unearthed during redevelopment and the resulting methane gas danger caused over 20 businesses to be evacuated and as many as had them, for their business continuity plans to be activated. Risk management, whilst unable to take account of every single risk that will ever occur, does set in place plans that when disaster happens, will place the business in the most stable and highest probability of not only surviving, but succeeding through the adverse trading condition it finds itself in.

Boards are responsible for ensuring a company has in place sound risk management and plans, that both satisfy regulatory requirements (if applicable) and provide satisfactory strategy that enables them to discharge their duty of care and skill. The law does not distinguish between large and small companies, and every board, of every company, has a duty to protect the company and to ensure proper risk management is in place; a daunting challenge. Irrespective of the legal obligations of directors to operate an effective system of managing risk it clearly makes good business sense to ensure a company can survive what is likely or probable to happen.

Carraghyn has the expertise to analyse your business, identify and prioritise the risks and produce both a risk management plan and reporting structure that allow the Board to efficiently manage and ensure business risk is considered at the right level and appropriate actions taken to position the business in the best possible way to ensure its ongoing success and profitability. Our proprietary Risk Management System makes the introduction of effective risk management a simple and inexpensive process that can be adopted by any organisation.

The Process

The Carraghyn Risk Management System starts with a rigorous deployment process which has three major stages:

Identification and Quantification

The identification and quantification stage requires access to business plans and practices, staff and management. This is a fundamental and vital process: proper risk management can only operate effectively when all known risks are incorporated into the process. Time spent during the identification process is critical to the whole timeline and ensures all risks are included.

In the initial deployment of the Risk Management System we will assist you in identifying and quantifying your key risks. The quantification of risk is possibly the most difficult risk management challenge for most organisations, but as Carraghyn has developed a simple and scientific method for risk analysis and quantification we make it remarkably straightforward.

Mitigation

Once risks have been quantified it is necessary to consider whether the risk can indeed be mitigated, whether it needs to be transferred or indeed, eliminated.

Reliable mitigation has to be resilient, sustainable and fit within the business plan – if a sound business plan is absent then time needs to be given to creating one that will allow the overall picture to be one that encompasses the whole business and interests of the company.

Within the mitigation stage we will assist you in determining the most non-intrusive and cost-effective mitigations for your key risks.

Reporting

The proper, ongoing and regular review of a risk management system is as fundamental as the analysis stage. At management level, every action arising from a risk plan needs to be followed through and completed.

At Board level, the direction of risk strategy and pace of risk management is set: the board needs appropriate tools that allow analysis and a bigger picture view to be taken. This is not only essential as the ultimate surety that the business is addressing its risks and liabilities properly, but also is a key requirement in discharging the Boards liabilities under the law, and if appropriate, regulation.

Effective and easily digested reports that enable the board to intelligently analyse the current risk portfolio and make effective decisions are key. The Carraghyn Risk Management System includes clear and easily digested report templates that display risk information as a natural output of the earlier stages of the system, and in the Reporting stage we will train you how to use and maintain these reports.

Fees

Our core fee to provide the Risk Management System is £6,000 + Expenses. This covers 5 days work broken down along the lines of 50% identification, 30% mitigation and 20% reporting and is relevant to a typical single-site business.

The major variable in the cost of deploying the Risk Management System is clearly the identification and quantification stage, which will be affected by the size of the business, the nature and diversity of its operations and the number of sites over which it operates. Should your business not fit in to the description above we will advise you before contracting for any work.

Outputs

- The outputs from the deployment process for the Risk Management System include the following:
- A session with the directors to establish risk profile of the business, risk strategy and expectations (both sides)
- Complete analysis of all identified risks, working in tandem with management and staff to ensure the list is complete (ongoing revision is required by the business and help will be provided to ensure this continues)
- Mitigation strategy and plans, in collaboration with management to ensure solid mitigation plans are created and put in place
- Where actions are required, work with management and staff to ensure timely completion of outstandings (reports will be created that allow management and staff to monitor, report and update this area)
- Creation of business specific reports, both for management and the Board that allow full reporting, analysis of risk type (PESTLE analysis) giving knowledge to the Board so as to make informed and timely decision making

Follow-Up

We can provide periodic follow up with management and staff to ensure the risk plan and reporting model are operating properly.

Fee: £200 / hour + Expenses

Annual Updates

It is expected that following deployment most businesses will be able to operate and maintain the Risk Management System within their own resources. Some organisations prefer that we revisit the process periodically, to ensure integrity and audit the validity of the process and decisions made. If desired, we can provide annual updates to the Risk Management System. As with deployment the costs will depend on exact work required and so will be discussed on an individual basis

© Carraghyn Limited. T: +44 (0) 7624 245700 E: enquiries@carraghyn.com W: www.carraghyn.com