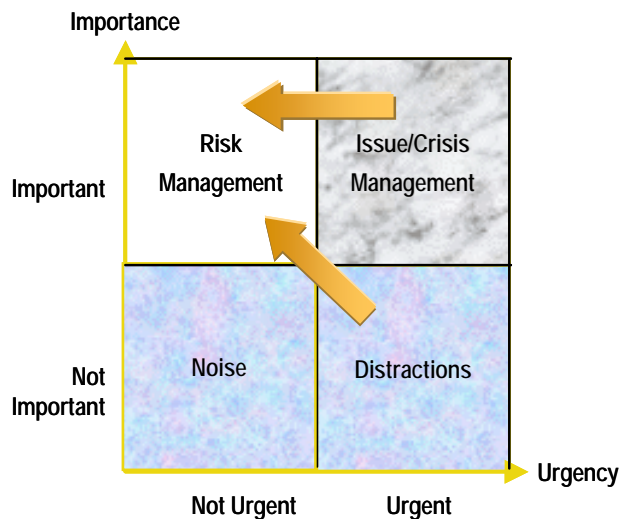


Improving Business Performance by Operational Risk Management

Inefficient business processes will bleed away your investments. And when the processes break down they can lose catastrophic amounts of money and even your customers.

Most organisations rely on having good people with a clear understanding of the business to ensure the smooth running of their processes. Problems occur when the processes or systems are new or complex, key members of the team leave the business or the specific competencies of the team are in doubt. In situations like this, the business can find itself lurching from one crisis to the next.



Traditional “cures”

Businesses often respond to this situation by instigating some form of “Operational Risk Management” process. These are often simple; sometimes quite complex but they all tend to suffer from the same fundamental problem – **they are reactive rather than proactive** – i.e. they respond to problems rather than identifying and managing risks. In addition, these “traditional” risk processes also tend to fail due to:

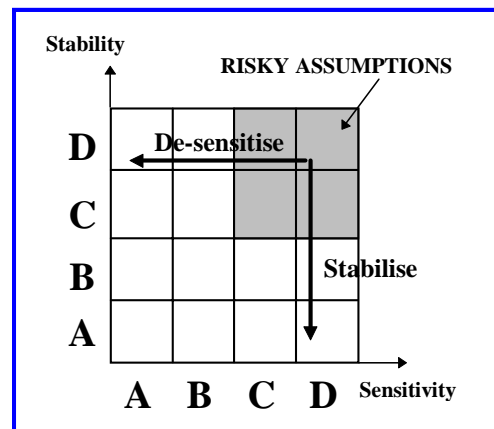
- Generic risk statements that communicate very little
- Over-analysis, using unsubstantiated quantified data

- Under-analysis, using misleading HML type scales
- Distractions due to Inappropriate prioritisation so you “can’t see the wood from the trees”
- Inability to get anyone to actually do anything about the risks before they become issues!

What can be done to improve this?

The De-Risk ABCD risk management process is a “true” risk management process. It works by identifying and managing the underlying assumptions in any business process. The benefits in doing this are:

- Assumptions focus people into thinking ahead and therefore potential problems are anticipated rather than ignored
- Assumptions are at the root cause of any risk and are therefore easier to manage than symptoms or the fall-out from an impacted problem
- Uses meaningful analysis that provides true insight into how the team perceive the process
- Provides clear prioritisation at all levels in the business and clear escalation routes
- Ensures follow through on actions via simple but effective roles, governance structures and processes



At the most basic level, ABCD works because it is an intuitive process that takes a positive rather than negative view of the enterprise (i.e. what do you need to achieve i.e. your assumptions, rather than what might go wrong

i.e. your risks). The psychological effect of this is that teams treat risk management as part of the job and not as a bureaucratic exercise.

Automating the process

De-Risk ABCD is supported by the Assure tool-kit. Assure™ is a web-based tool that allows the captured ABCD risk data to be easily managed and reports (eg Risk Registers) to be produced. The information is viewable through any browser so that communication is made more effective across your intranet or secure internet.

For example, all stakeholders in the business may review each other's assumptions on-line. In this way risks that would be missed by any traditional risk management approach are captured through the identification of inconsistent or contradicting assumptions.

The risks are displayed on a "dashboard" that can be viewed from any on-line PC and therefore provides **real-time** indication of operational risk status.

Assure also provides full e-Learning capabilities by providing multiple levels of training materials and approaches and an On-Line Coach facility for more complex questions. Knowledge Management facilities are also provided so that best-practice risk management can be shared across the organisation

Assure is also available with advanced Knowledge Engineering "Reasoning Engines". Knowledge Management captures the expertise of risk managers and embeds it into Assure allowing your risk management process to be enhanced to become class leading i.e.

- Supporting the "Risk Administrator" in the execution of the process
- Enhancing risk identification by automatically spotting trends and learning from previous experiences
- Using natural language processing to highlight potential risk areas
- Enhancing risk mitigation by actively "pumping" strategies and specific action plans around the organisation

Massive improvements in operational performance are much closer than you think!

