

(Total 2 days)

PRACTICAL ENTERPRISE-WIDE RISK-SCOPING & RISK-MANAGEMENT FOR ORGANISATIONS

- **Make Risk-management a Journey to Support Your Businesses, Operations, and Services.**

Overview of this Course:

Today, risk management is no more an option or a fad, but a way of doing business credibly. Many failures and collapses of small and big business and non-business organisations happen every time and we hear of these from the press and featured in the electronic news.

Why the many failures and scandals, even in huge MNCs, global companies, and government-owned or government linked corporations and departments?

Many of the prime reasons for such failures and downfalls were due to improper, inadequate or lack of practical enterprise-wide risk management programme and function in the organisations.

The noble objectives of this Course are to explain that risk-mgt is an easy programme to implement, to enable attendees to scope their organisational risks to come up with their organisations' risk hi, medium, and low risk landscapes, and to bring forth ample and up to date knowledge for attendees on risk-management, and how to apply and ensure that their organisations' risk-management programmes are effective.

This Course shares a holistic risk-mgt approach that is simple to adopt; combining all the SIX granular or singular silo-domains of risks like

- strategic risk,
- operational risk,
- credit risk,
- market/treasury/investment/finance risk,
- systems or IT/IS risk and
- other risk group not categorized in these five categories.

Introduction

Risks do not crop up just by themselves; but because there are inadequate or failed internal processes, systems, people as well as the state of affairs of the internal and external events that influence the organisation's business and non-business operating environment. Among the many risk areas that were poorly or inadequately managed in business and non-business organisations is operational risk. Operational risk talks about people risk, systems risk, process risk and environment/event risk. Risks not adequately managed has caused many organisational and corporate failures. Issues of concerns in operational risks would be frauds, errors and omissions, non-compliance with regulatory and legal requirements, systems failure or inadequacies, people, non-quality product and services, inadequacies in operations recovery programmes, and the inability to manage crisis/disaster. The shortcomings in preserving operations and business survival as well as poor organisational resilience will engender operational risk. For example, the ability to apply effective BCP/BCM or business continuity planning/business continuity management or disaster/crisis management can mitigate such shortcomings. This Course aims to address such areas.

Strategic risk talks about bad decision-making or judgements of the board and senior management, poor mission and planning that do not fulfill or meet the vision of the organisation. Or an organisation that does not address or evaluate its SWOT/PEST well; and does not effectively apply its 4 factors of production. What is its market niche or its market leadership strategy? Credit Risk Management will be default payment, bad loans/debtors and write-off of unrecoverable debts, concentration risk, timing-difference risk, and credit operations and processing risk. Concerns or problems in Market/Treasury Risks will be liquidity risk, interest-rate risk, currency-exchange risk, commodity-prices risk, equity/share-prices risk, and sovereignty risk. Matters to consider in systems risk will be business discontinuity, down-time, corrupted e data and inaccurate or false reports/financial statements, unauthorised access, virus attack/hacking, under-capacity or over-capacity, and obsolescence. For other risks there will be the image/reputation risk, legal, environmental, and poor corporate governance.

An organisation as a whole will be able to develop or come up with its corporate or organisational-wide (i) Risk Log or Risk Register, (ii) Risk heat map, (iii) KRIs (key risk indicators), and (iv) Top 10 risks after the risk-scoping exercise is completed for each department or function in the organisation. Management/board can use these as its tool to ensure that the organisation's key or main (high) risks are adequately treated/addressed to avoid surprises in financial losses as well as in non-financial losses like reputation/image.

When talking about how risk management function can add value or support the corporate operations and shareholders' value in an organisation, the main focus is to ensure that the inherent risks in the 3 drivers of business or non-business, namely; product/services, network/distribution channels, and customers/users are adequately addressed and treated.

Who should attend

- Executive as well as non-executive/independent directors.
- CEOs, COOs, General Managers.
- Heads of Sections, Departments, Regions, Branches.
- Officers/Managers of Operations/Productions/Markets/Sales.
- Strategic Planners, Budgets Planners, Methods & Research personnel.
- Legal officers/managers.
- Internal Control Dept.
- Company secretaries,
- Public Relations and Corporate Affairs personnel .
- Admin Officers/Managers.
- Marketing, sales, front-line personnel.
- Accountants/Finance Managers, Credit controllers.
- Supervisory, back-office support personnel.
- Facility Management personnel.
- Human Resources Officers/Managers, Training Officers/Managers.
- Operations, Finance, Business, Management consultants/advisors.
- Risk Officers/Managers.
- Auditors.
- Compliance Officers/Managers.
- Academicians, college tutors/lecturers/professors.

Benefits of attending

- You will recognise practical risk-management concepts.
- You can implement effective risk-management framework.
- You learn to apply meaningful & user-friendly management controls.
- You can adopt relevant risk-management mitigants.
- You look at the 6 options to treat risks and risk impacts.
- You can understand cost-effective risk-management programme.
- You will be able to scope your risk-environment/landscape in your section/dept/group/region/branch and in your overall organisation so you can know your various 'high', 'medium', and 'low' risks. This helps you and your organization manage your inherent and residual risks better.
- You can help your organisation to come out with these 4 risk-management deliverables or products (as tools for your management): (i)Your company's Risk Log or Risk Register,

- (ii) Tour company's Risk Heat Map, (iii) Your company's KRIs (key risk indicators), and
(iv) you can come up with your company's Top 5, 10, or 15 risks.

2 relevant management books

Participants will receive copies of 2 relevant management books entitled

- (i) "Enterprise-wide Risk Mgt Made Easy, 2n edition",
- (ii) "Managing Tomorrow's Organisations, 2n edition".

Day One (1 day)

PART A: THEORY

Module 1: What is risk?

- Inherent risks and residual risks.
- Micro and macro risk perspectives. 'Forest and Trees' analogy of risk management.
- Characteristics of risks.
- Ways to treat risks. Use 'A STRAP' approach.

Module 2: Benefits/ purposes of having risk management to an organisation.

- Benefits to individuals.
- Benefits to entities, companies, organizations, companies, institutions.
- Benefits to society, community, country, nation, the world.

Module 3: Understanding management controls, threshold/tolerance limits.

- Caps, management action triggers, built-in controls to manage processes/transactions.
- Types of controls and how management use them to address/manage an organisation's various risk types.

Module 4: The 6 domains of risk in an organisation.

- Strategic risk.
- Credit risk, and types of credit risk.
- Market/Treasury risk, and types of market/treasury risk.
- Operational risk, and types of operational risk.
- Systems (IT/IS) risk, and types of Systems/IT/IS risk
- Other risk group.

Module 5: Understanding enterprise wide risk management

- The 7 cornerstones or building blocks of risk management: (i) Risk **philosophy & risk policy**. (ii) Risk **framework** (process, procedures, methodology, assessment, evaluation, control). (iii) Risk **roles and responsibilities** of all and sundry...from director down to bottom base of management, and reporting hierarchy. (iv) Risk **awareness** programmes, training. (v) Risk mgt **resources, people**, infrastructures, support. (vi) Risk **systems monitoring**, follow-up **reporting**, (vii) Risk **re-assessment, reviews** and continuous improvement/change management, adopt **best-practices**.

Module 6: Your risk mgt framework

- Risk **identification**. Risk assessment, **evaluation**. Risk **measurement**, quantification. Risk **control**, mitigation, containment. Risk documentation, **reporting**, management escalation. Risk **monitoring**, follow-up. Risk re-assessment, **review, change**/managing continuous improvement.

Day Two (1 day)

PART B: APPLICATION & EXERCISE

Module 7: Enterprise Risk Management (ERM) Scoping/Mapping for an Organisation

- Insights into ISO 31000 ERM model or methodology
- The journey for ERM using ISO 31000 approach
- Risk assessment process using 'ERIC' model or approach.
- Guide formula for Net Rating and Proxy
- Management-based or agreed values of risk event occurring
- Management-based or agreed values of risk impact
- Existing or current state of controls, and the value placed on these current controls to transform risk from inherent-risk to residual-risk.
- Management-agreed value of hit or severity (or the degree of exposure) and the damage or loss in the proxy that organisation will suffer from.
- Knowing an organisation's PROXY. Gross Income. Total asset. Total liabilities. Total Balance Sheet size. Total Capital. Any other base or agreed-to Value.
- Proxy percentage: Table of severity (%age) for your low, medium, high risk groupings

Module 8: Understanding your company's business lines, and recognising the

common loss events for purpose of risk-self assessment in an organisation.

- Company's business lines or organisational structure/depts:
- Business operations. Back Office or Support Depts:

Module 9: Adopt the 7 generic loss events for your operational risk-scoping.

- (i) Internal Fraud
- (ii) External Fraud
- (iii) Poor or failure in employment practices & inadequate workplace safety
- (iv) Poor or failure in clients, products & business practices
- (v) Damage to physical assets
- (vi) Business disruption & systems failures
- (vii) Poor or failure in execution, delivery & process management

Module 10: Applying the above approach to Risk-mapping/scoping in an organisation.

- Understand how risk management function add value or support the corporate operations and shareholders' value in an organisation by managing risks in the product/services, network/distribution channels, and customers/users.

Module 11: Applying 'SMART' principle when determining your KRIs

- Map your key risk indicators (KRIs) for them to be specific, measurable, achievable, realistic, and time-bound.

Group exercise/assignment and to produce your risk management outputs or deliverables of

- (i) Risk register or Log Risk
- (ii) Risk heat map (gross), and risk heat map (net)
- (iii) KRIs (Key risk indicators) for all your departments/functions in your company
- (iv) Summarising the inherent and residual risks and coming up with your company's Top 5, or 10, or 15 risks.

Module 12: Mapping of an organisation's risk heat map, and KRIs (key risk indicators) or car-dashboard.

- End/output of the risk-scoping exercise: Each department has its own KRIs and heat-map or risk dashboard that it can use as a management tool.
- Common risk-reports or documents generated for the management and board: Summary report: Risks in your organisation. Risk Log/Register.
- Gross risk heat map----profile----gross (without control). Net risk heat---- profile, (net with control).
- Producing risk reports: Monthly reporting of your KRIs. Quarterly Risk Log reports.

The Course Facilitator

Dr Joseph Eby Ruin {FCCA(UK); CA(M'sia); Hon DBA-Mgt Phi(Kursk).

Joseph graduated in ACCA(UK) in 1976, was an Associate Member in 1979, and elevated to Fellow Member in 1984. He is a member of The Malaysian Institute of Accountants since 1983. For his many publications of management books, newspaper articles, and the conference/seminar/workshop papers where he was invited to present his papers since 1996, he was conferred an honorary degree of Doctor of Business Administration (Mgt Philosophy) by Kursk State Technical University Russia in 2006. He was elected the Regional Director for the Malaysian Chapter of PRMIA (Professional Risk Mgrs' International Association) in November 2007. He is the Treasurer of FAAM (Fulbright scholars Alumni Association of Malaysia), 2008-2009.

Executive/managerial experience:

Joseph's executive and managerial career spanned the past 3 decades. Throughout this 30 years, he worked in 6 different banks as Branch Manager and later holding various posts at the corporate head office. He also worked in 6 non-banking organisations where he held various executive/ managerial capacities, as Head of Internal Audit/Chief Auditor and Secretary to the Board's Audit Committee. His last job before he retired in April 2007 was as the Chief Risk Officer/Head of Risk Management Division of a large Malaysian commercial bank.

He is now the Principal/Proprietor of RiskFirst Consultancy & Training Services.

Sabbatical work:

He was awarded the US-sponsored Fulbright Professional Exchange Program in 1995/96. For this sabbatical in the US he was attached to the Institute of Internal Auditors Inc Head Office at Altamonte Springs Florida; where he participated in advanced auditing & corporate governance review workshops in Orlando Florida, Phoenix Arizona, Dallas Texas, and in Washington DC. In May 2004 he participated in the intensive workshop/seminar on risk management at INSEAD Paris France.

Speaker/Course Facilitator:

From 1996 onwards, Joseph has been a regular speaker/facilitator/panel chairman for public and inhouse forums / workshops and conferences. He has accepted invitations to deliver his papers in **Kuala Lumpur, Nairobi** Kenya, Mekong Institute Khon Kaen University Thailand, **Brunei, Melbourne & Sydney** Australia, Hanoi and Ho Chee Min City Vietnam, Fontainebleu **Paris** France, **Shanghai & Beijing** China, **Hanoi & Ho Chee Min City** Vietnam, **Bangkok** Thailand, **Mumbai & Hyderabad** India, **Singapore, Phnom Phen** Cambodia, **Orlando** Florida, **Hong Kong, Mauritius, Manila** Philippines, **Seoul** Korea , and in **Bali** and **Jakarta**

Indonesia.

Newspaper, journals, and management books:

Since 1996 Joseph has contributed articles focusing on his areas of work. These articles are published in the local Malaysian newspapers (the NST) regularly, as well as in Malaysian business-magazines and professional newsletters/journals.

Joseph has todate authored 19 management-books, and among them are (i) Enterprise-wide Risk Management Made Easy, and (ii) Managing Tomorrow's Organisations that will be distributed to all participants of this Course.

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Knowledge = Theory + Experience