



Introduction to risk management worksheet

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This worksheet is designed to support the vodcast on risk management.

In the vodcast we'll be outlining a simple five step model to manage business risk. Our aim is to give you the knowledge and skills to better understand and manage the risks facing:

- your own organisation
- a project you're working on
- a client, in order to better advise them
- any other organisation you're interested in, perhaps as part of your studies or wider professional development.

We'll be using an example company to illustrate this model in our vodcast, and we'll ask you to complete the steps below as we progress through it.

Step one: Understand the business

Clearly, the first stage of managing risk is to understand the organisation or project being considered.

You should cast your net widely at this stage to gather as much information from as many sources as possible.

Once we've introduced our example company to you, use the space below to note down anything about the business or its industry that occurs to you. You could either do this as a list, or brainstorm points with other people.

Step two: Identify the risks

Based on your understanding of the organisation or project concerned, you now need to identify all the risks it faces and whether or not these are already being managed. To simplify, you need to think: 'What could go wrong?'

Using the notes you made above on our example company, identify some of the risks you think it faces. Try and come up with at least six:

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Step three: Measure the risks

As we explain in the vodcast, risk can be measured in terms of likelihood and impact: the greater either or both of these are, the bigger the risk.

Pick three or four of the risks you've identified above and plot them on the table below. Don't worry, you don't need to be precise.

Impact	Likelihood	
	LOW	HIGH
HIGH		
LOW		

Step four: Deal with the risks

There are four generic strategies for dealing with risk:

- 1) Avoid it
- 2) Transfer it
- 3) Reduce it (through risk reduction and/or contingency planning)
- 4) Accept it

Now, thinking about the risks you identified and plotted above, identify an appropriate strategy for each of them.

Risk 1:

Strategy:

Risk 2:

Strategy:

Risk 3:

Strategy:

Risk 4:

Strategy:

Step four: Deal with the risks (continued)

Taking those risks that you've been unable to 'avoid' or 'transfer' above, plot them again on the table below to show their new positions in relation to impact and likelihood.

Impact	Likelihood	
	LOW	HIGH
HIGH		
LOW		

Hopefully you've now reduced these risks, ideally to a level where they are now 'acceptable'.

Step five: Report and monitor risks

Without regular review, it's impossible to know whether new risks have emerged, or whether 'old' risks have changed in terms of impact or likelihood.

This is the end of this worksheet.

We hope you've found it useful and are now able to apply your new knowledge and skills to managing the risks of a real organisation or project.