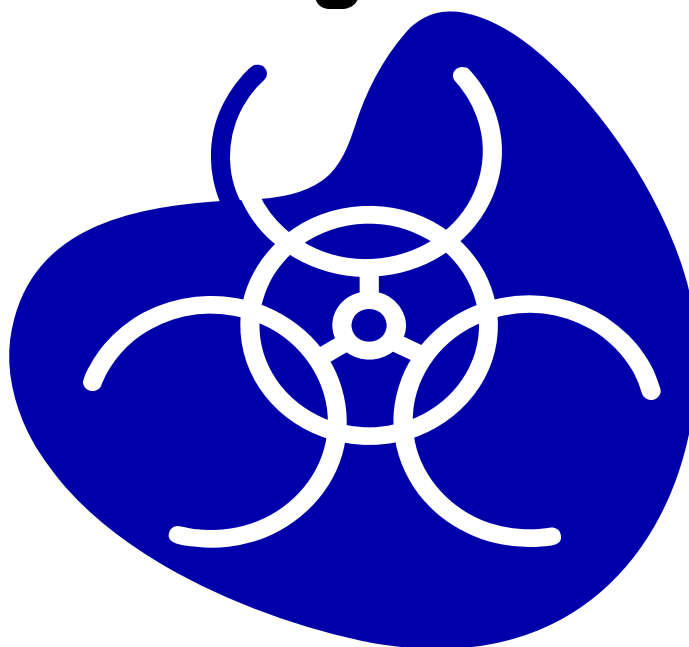




Candidate Resource and Assessment

BSBRSK501A

Manage Risk



Whether as an individual, or as part of a group, real progress depends on entering whole-heartedly into the process and being motivated to make you a more deeply satisfied human being.

Focusing on your training needs



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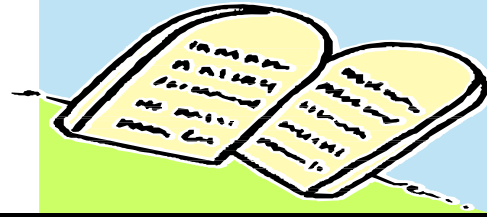
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Table of Contents



"You're either part of the solution or part of the problem".

Eldridge Cleaver

Focus	5
Qualification Pathways	6
Introduction	7
BSBR501A/01 Establish Risk Context	9
Review organisational processes, procedures and requirements for undertaking risk management	9
Determine scope for risk management process	
Identify internal and external stakeholders and their issues	
Review political, economic, social, legal, technological and policy context	
Review strengths and weaknesses of existing arrangements	
Document critical success factors, goals or objectives for area included in scope	
Obtain support for risk management activities	
Communicate with relevant parties about the risk management process and invite participation	
Key Points – BSBR501A/01	13
'True' or 'False' Quiz – BSBR501A/01	14
BSBR501A/02 Identify Risks	15
Invite relevant parties to assist in the identification of risks	15
Research risks that may apply to scope	
Use tools and techniques to generate a list of risks that apply to the scope, in consultation with relevant parties	
Key Points – BSBR501A/02	21
'True' or 'False' Quiz – BSBR501A/02	22
BSBR501A/03 Analyse Risks	23
Assess likelihood of risks occurring	23
Assess impact or consequence if risks occur	
Evaluate and prioritise risks for treatment	
Key Points – BSBR501A/03	31
'True' or 'False' Quiz – BSBR501A/03	32

BSBR501A/04 Select and Implement Treatments	33
Determine and select most appropriate options for treating risks	
Develop an action plan for implementing risk treatment	
Communicate risk management processes to relevant parties	
Ensure all documentation is in order and appropriately stored	
Implement and monitor action plan	
Evaluate risk management process	
Key Points – BSBR501A/04	42
‘True’ or ‘False’ Quiz – BSBR501A/04	43
Summary	45
Bibliography	47
Assessment Pack	49



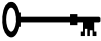
SAMPLE

Focus on

Your Area of Influence

Use considered risk taking in your 'grey' area

And others will follow you!

Legend	This course is divided into several sections of learning. Each section begins with the title of the element of the unit being taught, a quotation and a graphic related to content across the top of the page.
	This symbol indicates the beginning of new content. The bold title matches the content of the competency and they will help you to find the section to reference for your assessment activities.
	Activity: Whenever you see this symbol, there is an activity to carry out which has been designed to help reinforce the learning about the topic and take some action.
	This symbol is used at the end of a section to indicate the summary key points of the previous section.

Qualification Pathways



A goal without a plan is just a wish.

Antoine de Saint-Exupery

Qualification Pathways

This unit of competency is provided to meet the requirements of BSB07 Business Services Training Package although can be used in a range of different qualifications. The BSB07 Business Services Training Package does not state how a qualification is to be achieved. Rather, Registered Training Organisations are required to use the qualification rules to ensure the needs of the learner and business customer are met. This is to be achieved through the development of effective learning programs delivered in an order which meets the stated needs of nominated candidates and business customers.

Qualification Rules

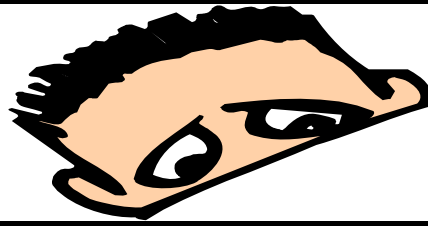
Qualification requirements include core and elective units. The unit mix is determined by specific unit of competency requirements which are stated in the qualification description. Registered Training Organisations then work with learners and business customers to select elective units relevant to the work outcome, local industry requirements and the qualification level.

All vocational education qualifications must lead to a work outcome. BSB07 Business Services Training Package qualifications allows for Registered Training Organisations (RTOs) to vary programmes to meet:

- Specific needs of a business or group of businesses.
- Skill needs of a locality or a particular industry application of business skills.
- Maximum employability of a group of students or an individual.

When packaging a qualification elective units are to be selected from an equivalent level qualification unless otherwise stated.

Introduction



"If learning comes through experience, it follows that the more one participates in guided experiences, the more one learns. Therefore venturing into uncharted waters - and experiencing the failures that may occur - is an important part of organisational learning."

Gould, DiBella, Nevis

Introduction

This unit of competency is about being able to identify risk in your workplace and then establish a plan to enable you to evaluate that risk. It will help you with the skills you need to demonstrate competency for the unit *BSBRSK501A Manage Risk*. This is one of the units that make up the Certificates in Business.

This manual is broken up into four distinct sections. They are:

1. **Establish risk context:** We will begin by developing a scope statement that outlines the scope of risk within the organisation.
2. **Identify risks:** First we will examine how to identify risks in your business. Unless you know exactly what risks you are facing, it is impossible to establish ways of overcoming them.
3. **Analyse risks:** Once you have identified the risks you face in your business, you need to look at just how they will impact your business. In this section we will also examine the process of analysing and evaluating the risks you face.
4. **Select and implement treatments:** In this section we will examine how you set up a plan to treat any risks that you identify in your business. This involves developing plans to overcome or minimise the risks in your business and the process of ensuring that your treatment plan for the risks is effective and will allow you to manage these risks successfully.

You will be asked to complete an assessment pack for this unit of competency. The information contained in this resource will assist you to complete this task.

On conclusion of this unit of competency you will have demonstrated your ability to identify risks, analyse and evaluate risks, treat risks and monitor and review the effectiveness of treatment of risks.

SAMPLE

BSBR501A/01
Establish Risk Context



And the day came when the risk to remain tight in a bud was more painful than the risk it took to blossom.

Anais Nin (1903 - 1977)



Review organisational processes, procedures and requirements for undertaking risk management

Determine scope for risk management process

Identify internal and external stakeholders and their issues

Review political, economic, social, legal, technological and policy context

Review strengths and weaknesses of existing arrangements

Document critical success factors, goals or objectives for area included in scope

Obtain support for risk management activities

Communicate with relevant parties about the risk management process and invite participation

A risk is defined as a situation, problem or activity that would have an impact on the progress of a programme, sub-programme or project if it were to actually happen. Risk is a natural part of all businesses, and in order for you to manage it effectively it is important that you have a management program in place.

Why Take Risks?

As we previously mentioned, a certain amount of risk taking is inevitable if you are to achieve your objectives. Effective management of risk will help with the management of innovation and improve performance by contributing to:

- Increased certainty and fewer surprises.
- Better service delivery.
- More effective management of change.
- More efficient use of resources.
- Better management at all levels through improved decision making.
- Reduced waste and fraud, and better value for money.

Your overall risk management system, while it does not need to be formal, needs to have contingency plans in place for whatever "surprises" might occur and employees need to be trained in how to handle these "surprises". What is meant by "surprises?" It could be someone entering your retail store with a gun and asking for the all the money in the register. It could be the river in town overflowing and flooding your place of business. It could be you having a heart attack unexpectedly. It could be your best supplier closing its doors.

The risk management process involves four steps:

1. **Identifying risk.**
2. **Measuring risk.**
3. Formulating strategies to **limit risk** and carrying out specific tactics to implement those strategies.
4. Continuously **monitoring** the effort.

A good place to start in developing a risk management plan is your business plan. If you don't have one, do one now. Reading through your business plan with an outsider's eye gives you a good overview of where some of the problems might arise. Think of yourself as a banker deciding to fund the business, what would you worry about happening that could cause this business to default on its loan? This is not a time to try to ignore dire possibilities. The more backup plans and alternatives you have available, the better off you will be when something unexpected does happen in your business.

While you can't anticipate everything, a good brainstorming session in which you look at "what if this happens" will go a long way towards helping you plan for some of the emergencies that arise. If possible, include others who have very different perspectives in this brainstorming session. Taking some time in your start-up phase to go through this "what if" process may even alert you to some unanticipated outcomes that indicate a need to modify your business plan.

There are many businesses you could contact to provide risk management consulting for you. The difficulty is that many of these businesses are also highly specialised. You are in the best position to assess your risks. You should save the consultants for the time when your business grows to a large enough level that you are considering going public. You can also buy many complex computer simulation models for anticipating risks. While these are great tools, they are also time consuming and expensive. Save them for later. Be thorough, but go for simplicity.

From your brainstorming session you should have developed a list of all the possible risks you need to manage. Using these lists, decide what action or coverage is needed for your business to handle each possibility that you outlined. Consider alternatives. For instance, a fire alarm system may greatly reduce fire insurance or may negate the need for it at all. Once you have this list you are ready to look at what you need to put in place to manage your risk.

AS/NZS 4360:2004: Risk Management

When considering Risk Management within your organisation, it is important to consider the standards that exist for you to measure your performance against. In the case of Risk Management, this standard is **AS/NZS 4360:2004**

This Standard provides a generic guide for managing risk. This Standard may be applied to a very wide range of activities, decisions or operations of any public, private or community enterprise, group or individual. While the Standard has very broad applicability, risk management processes are commonly applied by organisations or groups and so, for convenience, the term 'organisation' has been used throughout discussion of this Standard.

This Standard specifies the elements of the risk management process, but it is not the purpose of this Standard to enforce uniformity of risk management systems. It is generic and independent of any specific industry or economic sector. The design and implementation of the risk management system will be influenced by the varying needs of an organisation, its particular objectives, its products and services, and the processes and specific practices employed.

Establishing the Context

What does your organisation do? Anything that poses a risk to what your organisation is trying to do needs considering; this will include social, economic, legal, technological or environmental factors. You may not be able to control some of these factors but you can minimise the risk they might pose. In establishing the context you need to also identify the stakeholders; these are the individuals who may affect, or be affected by, any of your decisions on risk management. Stakeholders include employees, volunteers, visitors, insurance organisations, government and suppliers. Each stakeholder will have different needs, concerns and opinions; it is important to communicate with the stakeholders during the risk management process.

The context of your organisation determines the risk management process. The financial, operational, competitive, political (public perception/image), social, client, cultural and legal aspects of your organisation's functions could all be a part of your risk management context.

To establish the **strategic context**, identify the key stakeholders and their objectives and expectations. Are there cross-organisational issues?

The **organisational context** includes:

- Community expectations
- Corporate policy
- Government policy
- Level of managerial commitment
- Level of support from executive level
- Management structures
- Relevant legislation

To establish your risk management context, define the scope and depth of the review of risks you are considering. Your review should be done in the context without existing controls, and then with existing controls – both conditions must be considered.

These key questions will help to establish the context:

- What is the policy, program, process or activity?
- What are the cost and revenue considerations?
- What are the major outcomes expected?
- What are the significant factors in the organisation that impact on this area?
- What is the best way of structuring risk identification?
- What risk criteria should be established?
- What were the issues identified by previous reviews?

It is possible for some stakeholders to have a different perception of the nature and level of risks arising from your organisation. Stakeholder analysis often plays an important part in:

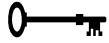
- Demonstrating the integrity of the process;
- Building acceptance through their involvement; and
- Generating constructive solutions.

Analysis provides decision makers with a documented profile of stakeholders, so as to better understand their needs and concerns at a given time.

It involves considering the objectives of each stakeholder in relation to your organisational area.

At the end of establishing the context you should have:

- A concise statement of the objectives for the business;
- The objectives for the risk assessment; and
- A list of the stakeholders to be consulted as part of the process.



Key Points Section 1

- Tools for identifying risk include: Task Analysis, Behaviour Analysis, Environmental Analysis, What-If Analysis, Fault Tree Analysis, Accident and Incident Investigations, Assumptions Analysis, Facilitated Workshops, Brainstorming or S/W/O/T Analysis, Influence Diagrams, Check Lists, Decision Trees and Monte Carlo Simulation (or 3-Point Estimation).
- Risks must be identified in order for you to assess and treat them.
- Risk analysis attempts to find the cause of the risks. In doing this it allows you to determine why the risk occurs and what you can do about it.
- Risk assessment is a function of the potential impact of the risk and the frequency with which it is likely that your organisation will be exposed to the risk.
- Risk categorisations attempts to find which risks should be attended to first by looking at impact and frequency. The more often something occurs, or the greater the impact – the more you need to do about it.

SAMPLE



Section 1 - 'True' or 'False' Quiz



T	F	A risk is defined as a situation, problem or activity that would have an impact on the progress of a programme, sub-programme or project if it were to actually happen.
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T	F	Risk management increases certainty.
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T	F	Risk reduces resource use efficiency.
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T	F	Risks should be continually monitored.
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T	F	Risks should not be a normal part of business if well planned.
----------	----------	--



T	F	AS/NZS 4360:2004 is a standard that covers risk management.
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T	F	Your context statement should apply both organisationally and strategically.
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T	F	AS/NZS 4360:2004 only applies to the healthcare industry.
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T	F	Both the scope and depth of the review of risks should be considered.
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T	F	Risk management starts with risk analysis.
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