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Chaos to Clarity

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Agenda



Risk Management Critical Success Factors

Disciplined Risk Management Approach

Importance of Simplicity

Current Risk Environment

Industry Best Practices



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11/13/23



conferences i/o

We're going to be using a product called Conferences i/o that will allow you to engage with us during this session. **All responses are anonymous!**

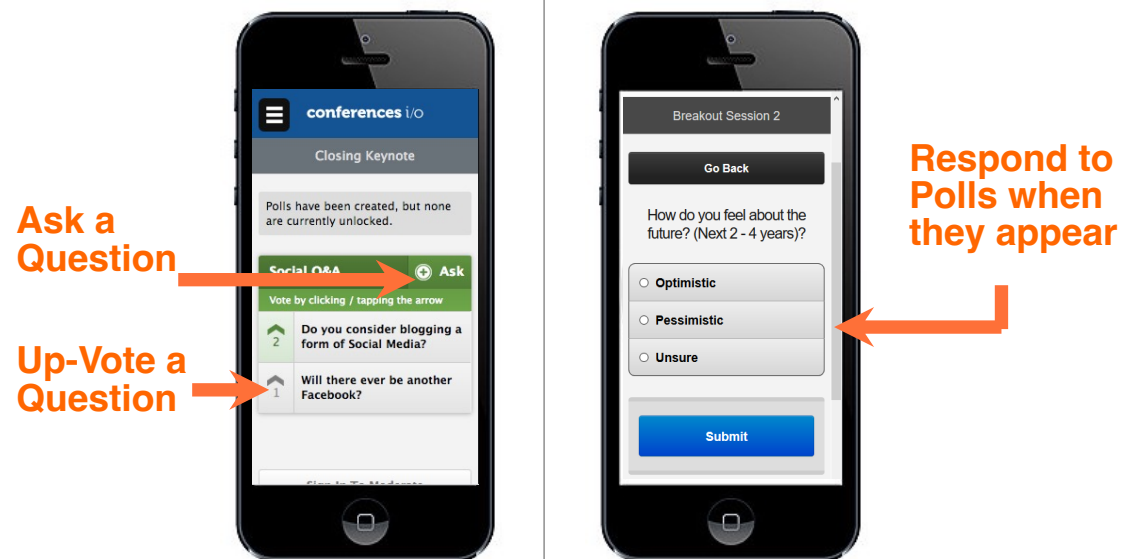
If you have a mobile device (smartphone, tablet, laptop, etc.) please take a moment now, and go to <https://taoofrisk.cnf.io>

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WEBSITE ADDRESS: **TaoOfRisk.cnf.io**



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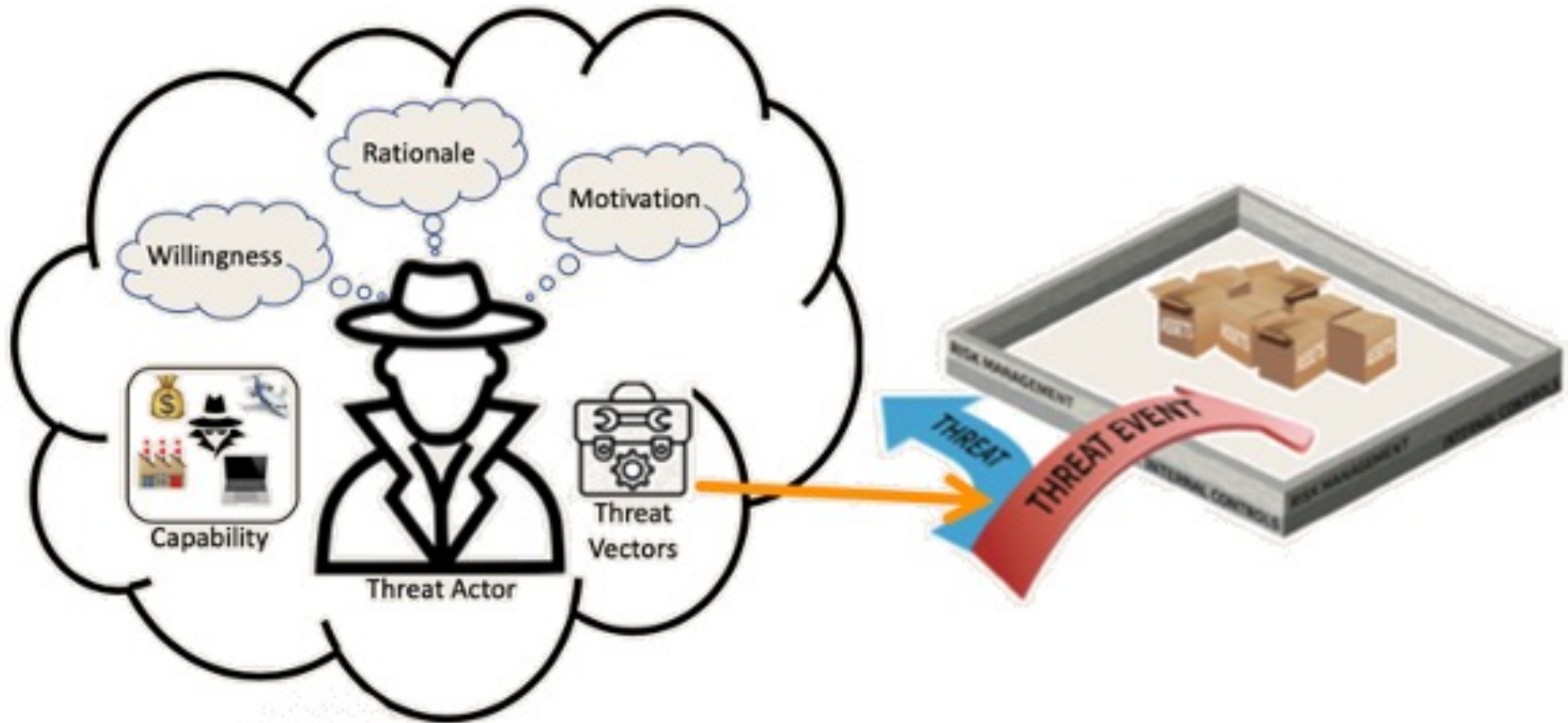
Risk Management Critical Success Factors

There are eight qualities associated with Taoism

- Disciplined
- Simplicity
- Flexibility
- Sensitivity
- Independent
- Focused
- Cultivated
- Joyous



Risk Management Critical Success Factors



Risk Management Critical Success Factors

Risk Event – a future event that will impact one or more organizational objectives

- NOT concerns, opinions, conditions, symptoms or event

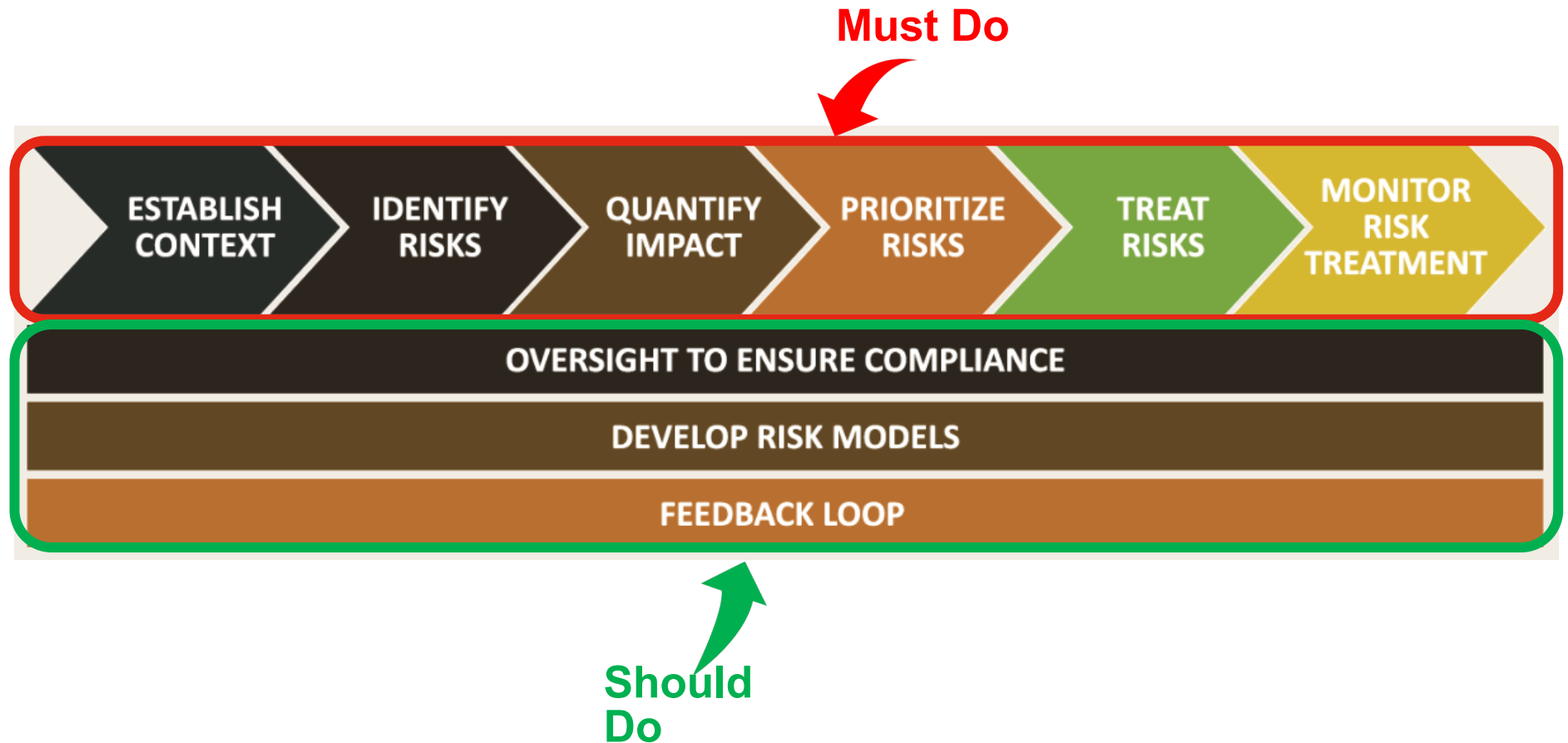
(Something happens) LEADING TO (
outcomes expressed in terms of impact on objectives)

- A hurricane makes landfall near Tampa, FL
LEADING TO a 3 week schedule delay.

IF <risk event> THEN <context><impact>

- IF <hurricane makes landfall near Tampa, FL>
THEN <the schedule>< will be delayed 3 weeks>

Discipline



Discipline – Establish the Context



Risk Appetite

Risk Tolerance

Organizational Goals



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Discipline – Establish the Context

Safety Risk

- Injuries, lives lost

Reputation Risk

- Job loss, increased premiums, jail time

Quality Risk

- Rework, scrapped material,

Schedule Risk

- Delays

Budget Risk

- \$\$

Mission Risk

- Unmet objectives



Resist the urge
to monetize all
risk!



Simplicity

Establish the Context

- Risk Appetite and Risk Tolerance
- Safety, Reputation, Quality, Schedule, Budget & Mission Risk

Identify Risk

- Risk IS something that will affect organizational objectives
- Risk IS NOT a concern, opinion, condition, symptom or event
- Use IF-THEN construct to document risk events

Quantify impact

- Quantify impact in terms of risk context and organizational objectives

Prioritize Risk

- In the context of organizational objectives



Simplicity

Treat Risk

- Accept, Avoid, Transfer, Mitigate
- Accept – Don't Ignore!

Monitor Risk Treatment

- Don't spend more than the impact

Oversight

- Monitor risk treatment, residual risk, secondary risk and internal controls

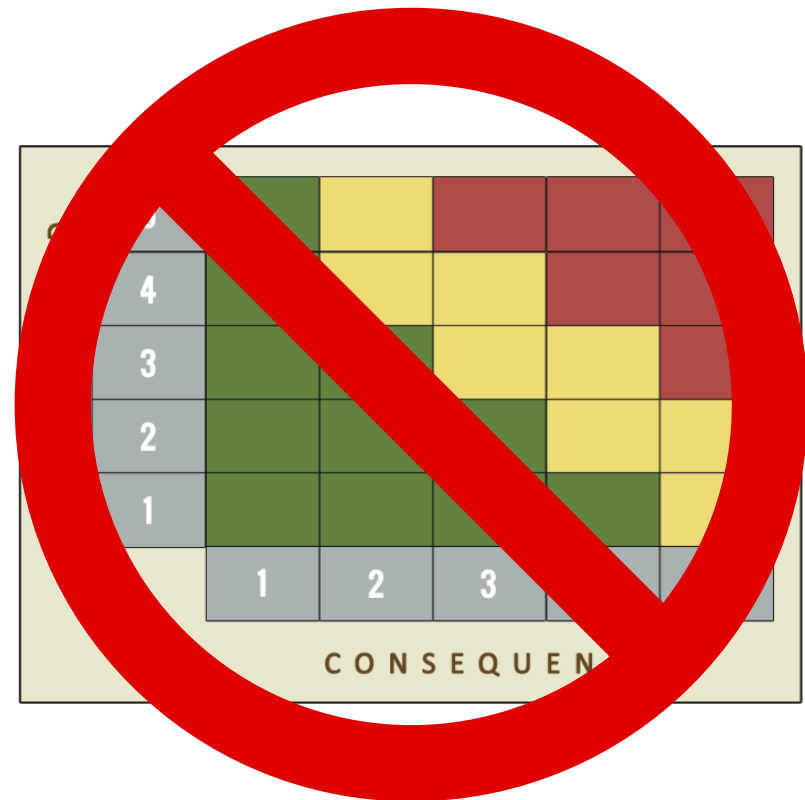
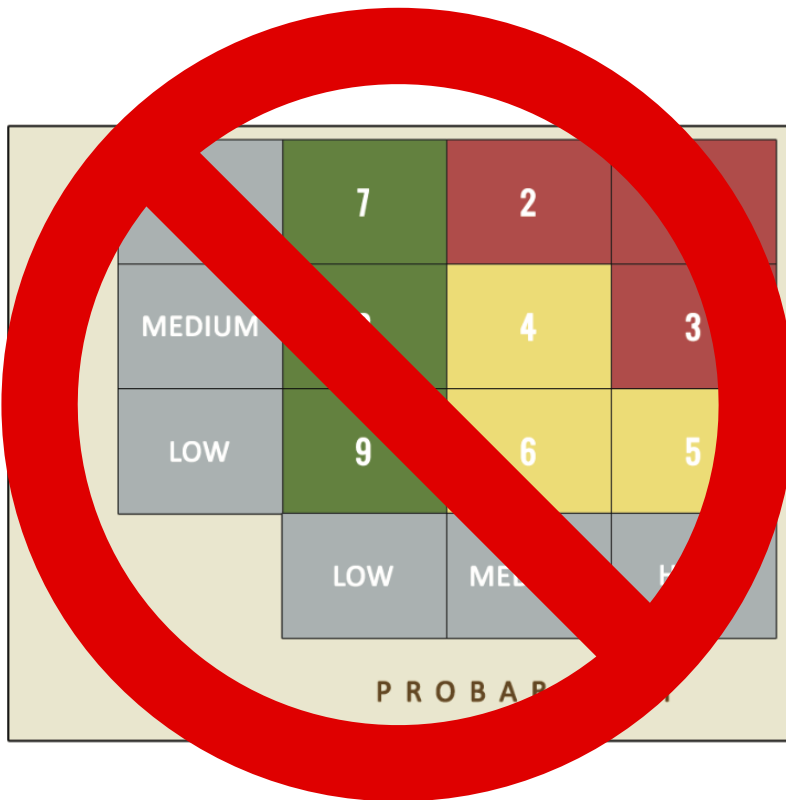
Develop Risk Models

- Collective learning

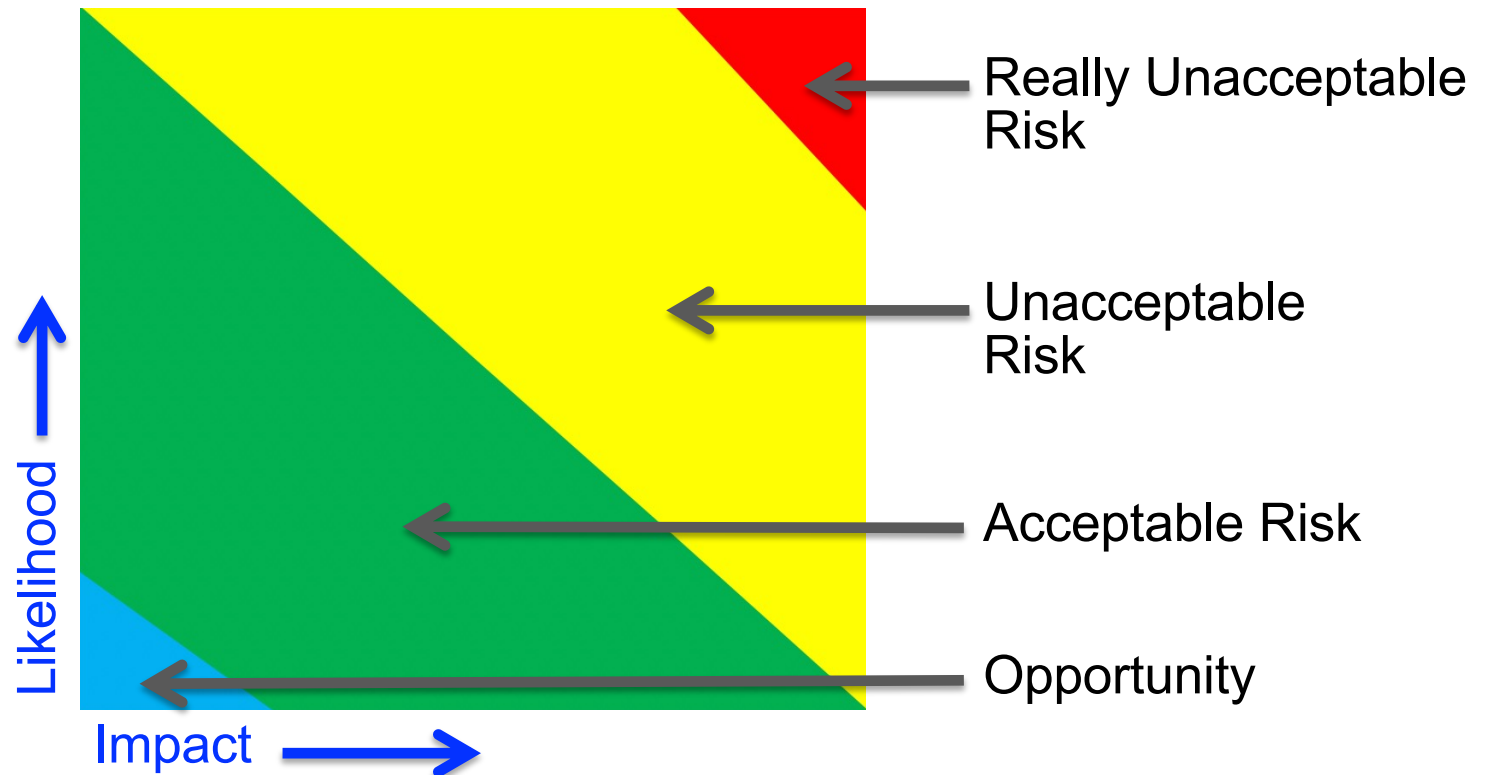
Feedback loop



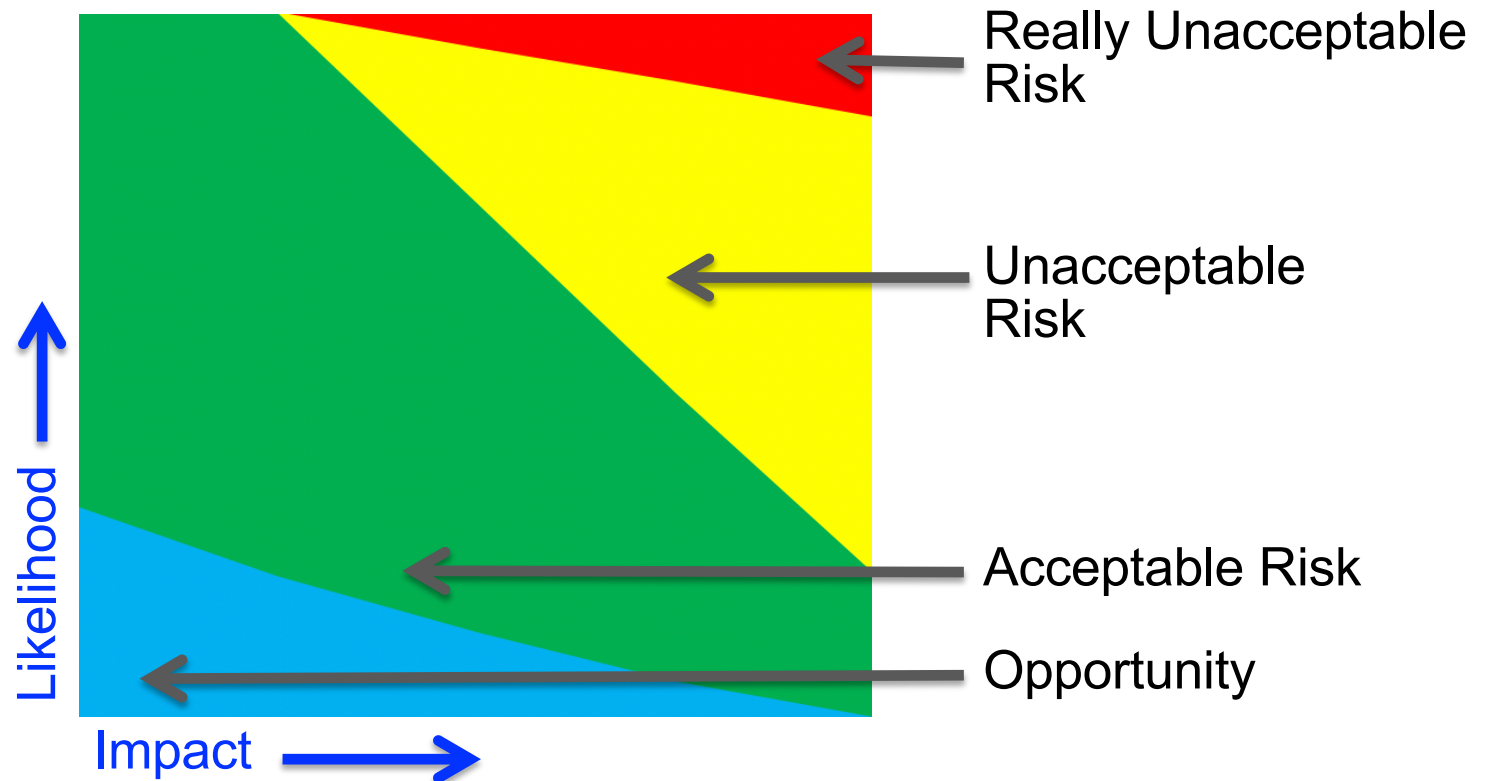
Establish the Context – Risk Appetite



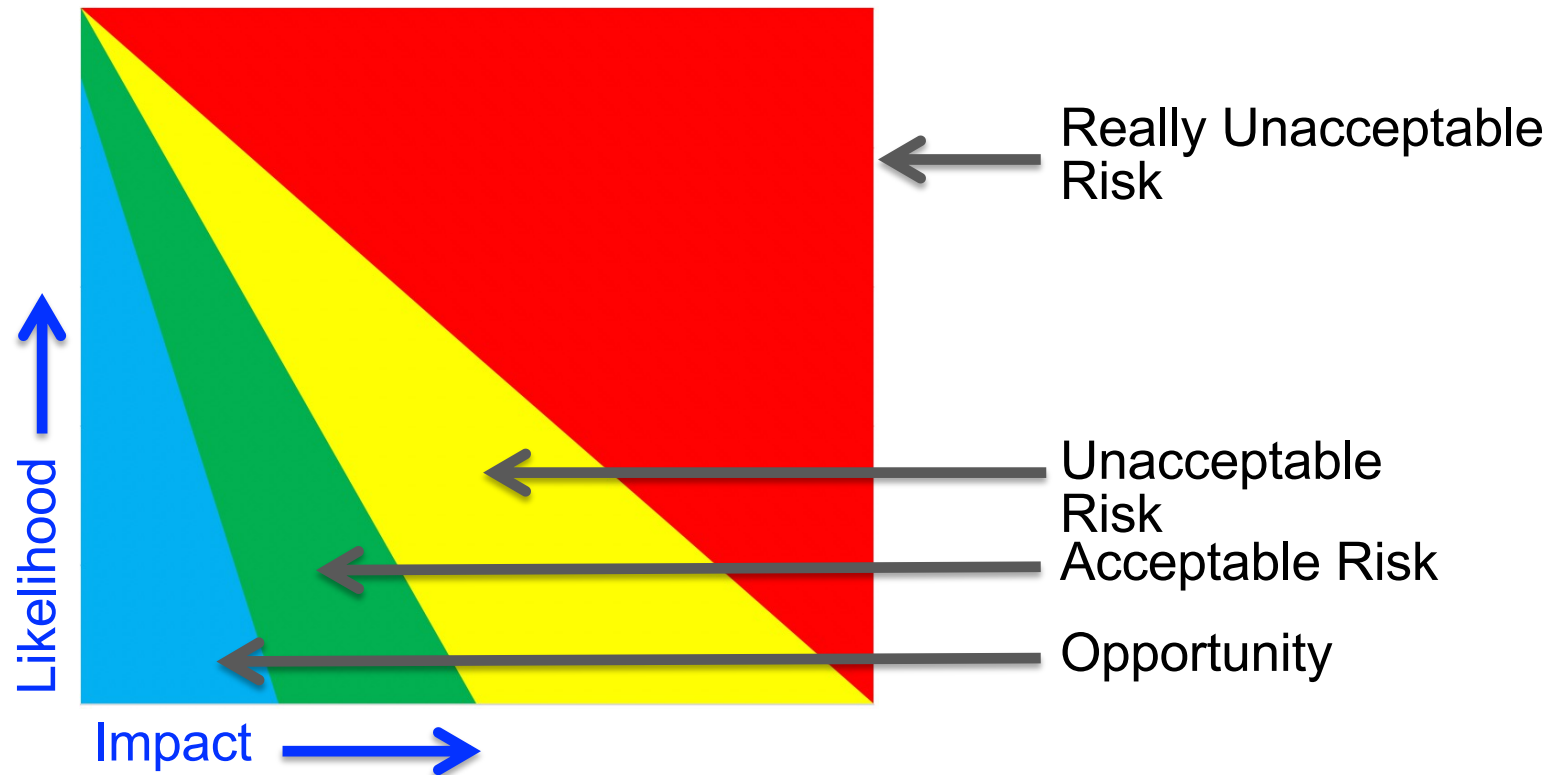
Establish the Context – Risk Appetite



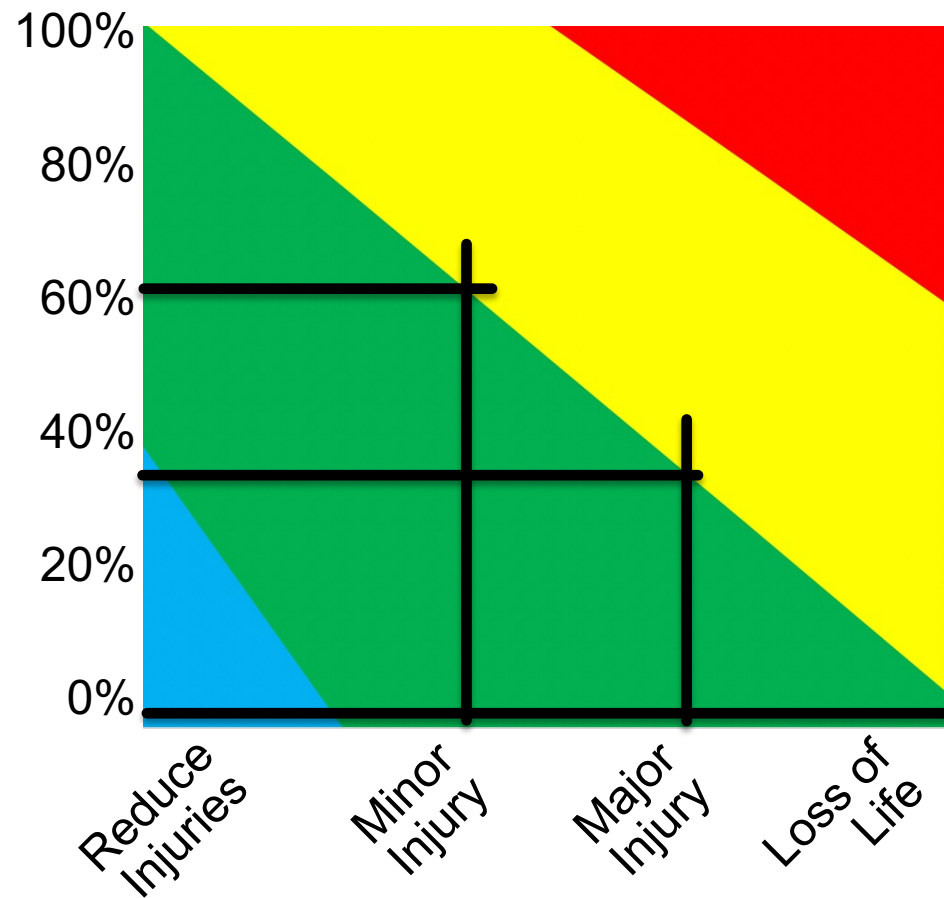
Establish the Context – Risk Appetite



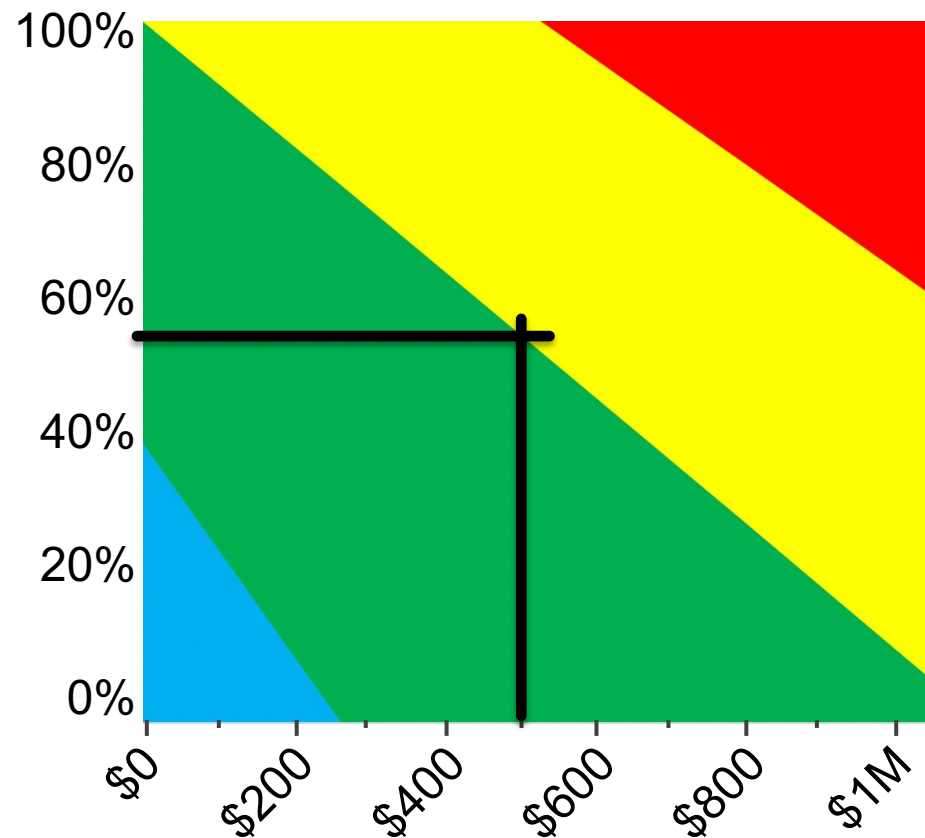
Establish the Context – Risk Appetite



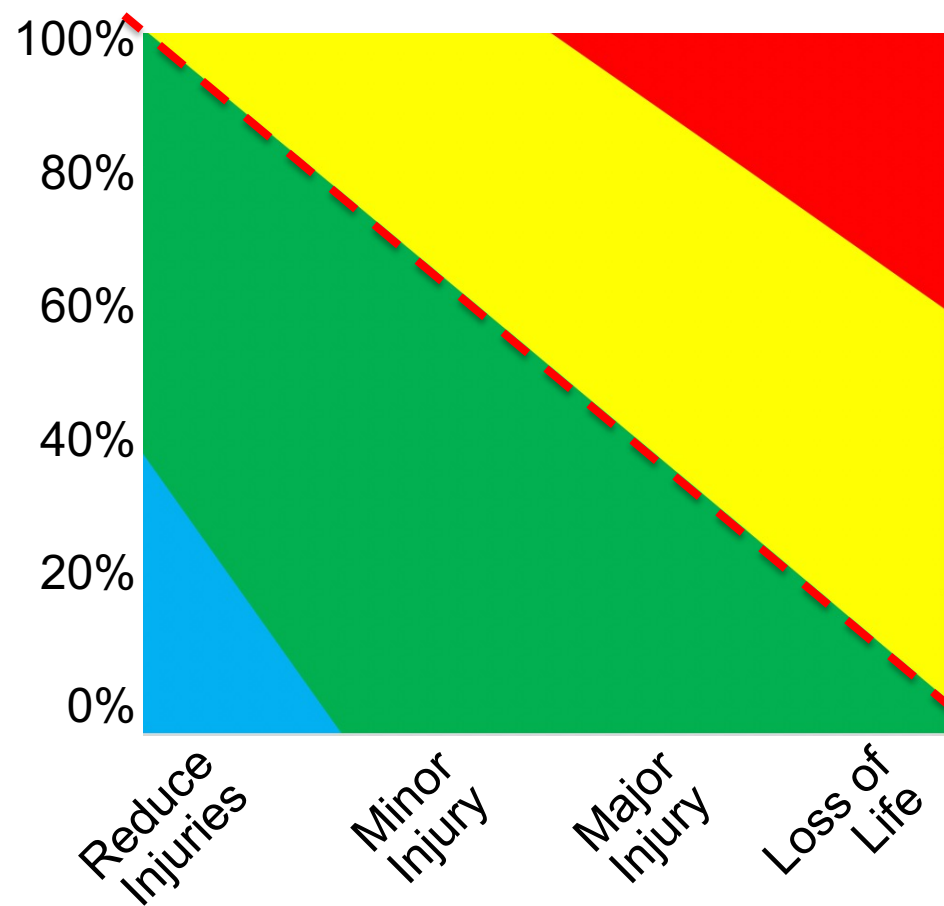
Quantify Risk Impact – Safety Risk



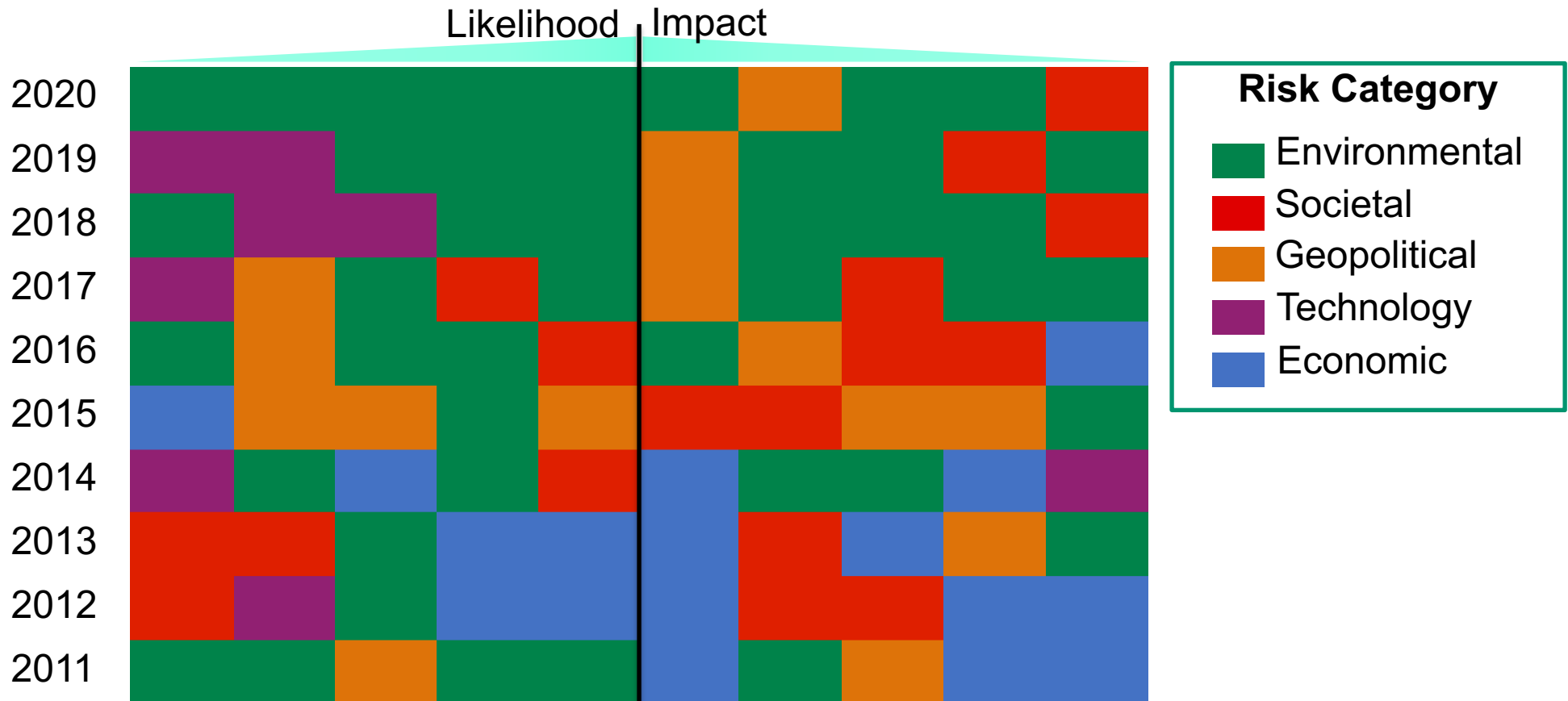
Quantify Risk Impact – Budget Risk



Risk Tolerance



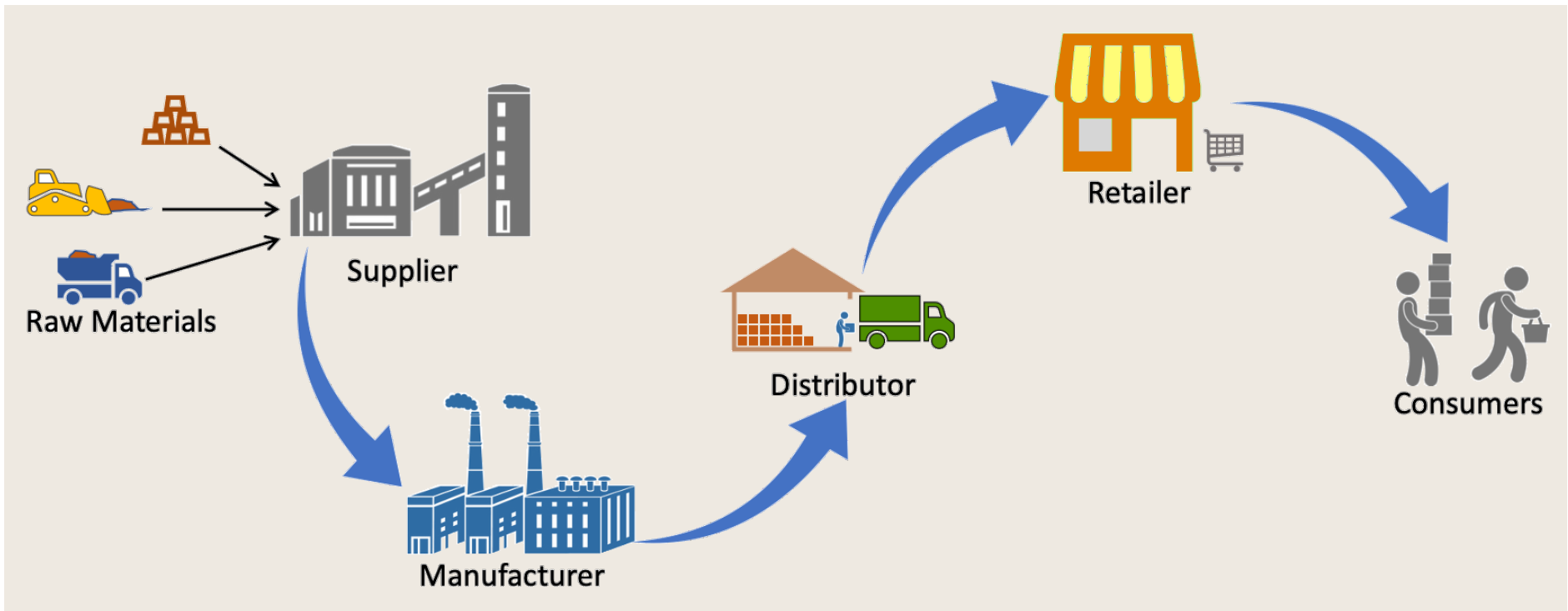
Current Risk Environment



Source: World Economic Forum Global Risk Reports 2016
- 2020



Current Risk Environment



Today



Industry Best Practices

ISACA Risk IT

- Risk Universe, Appetite and Tolerance Risk Awareness, Communication and Reporting Expressing and Describing Risk, Risk Scenarios

ISO 31000

- Risk management principles and fundamentals

ISO 31010

- 31 risk assessment techniques

ISO 16085

- Systems and software engineering risk management

OMB Circular A-123

- Leverages COSO, Orange Book on Risk Management and GAO Green Book



Summary

Know your risk environment

Keep it simple, don't over-complicate it

Follow a disciplined approach

Align with organizational goals and objectives

- mission first, don't get distracted



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Social Q&A for ISACA Maryland Chapter Virtual Conference



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Thank You!

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