Managing Risks – A New Framework

Svana Helen Björnsdóttir
CEO of Stiki
President of the Federation of Icelandic Industries (SI)
To manage risk means to coordinate activities - to direct and control an organization with regard to risk.
Not only a compliance issue

Rules-based risk management will not reduce either the likelihood or the impact of many severe disasters
Risk Management Framework

Set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organization.
HOW?

How can organizations identify and prepare for non-preventable risks that arise externally to their strategy and operations?
Rules or Dialogue?

- Understand the qualitative distinctions among the types of risks that organizations face
- Match risk management approach to the nature of threats
- Risk categories:
  - preventable risks
  - strategy risks
  - and external risks
Risk Management Framework should*

- Increase the likelihood of achieving objectives
- Encourage proactive management
- Be aware of the need to identify and treat risk throughout the organization
- Improve the identification of opportunities and threats
- Comply with relevant legal and regulatory requirements and international norms

* ISO 31000:2009 Risk management – Principles and guidelines
Risk Management Framework should

- Improve mandatory and voluntary reporting
- Improve governance
- Improve stakeholder confidence and trust
- Establish a reliable basis for decision making and planning
- Improve controls
- Effectively allocate and use resources for risk treatment
Risk Management Framework should

• Improve operational effectiveness and efficiency
• Enhance health and safety performance, as well as environmental protection
• Improve loss prevention and incident management
• Minimize losses
• Improve organizational learning
• Improve organizational resilience
Principles for effective Risk Management

• Creates and protects value
• Integral part of all organizational processes
• Part of decision making
• Explicitly addresses uncertainty
• Systematic, structured and timely
• Based on the best available information
• Tailored
Principles for effective Risk Management

• Takes human and cultural factors into account
• Transparent and inclusive
• Dynamic, iterative and responsive to change
• Facilitates continual improvement of the organization
Framework

Principles → Mandate and commitment → Design of framework for managing risk → Continual improvement of the framework → Implementing risk management → Monitoring and review of the framework
The Challenge
Further information

svana@stiki.eu
www.stiki.eu

www.riskmanagementstudio.com