How does Goldilocks find out about the bears?

Risk processes and techniques: what practitioners are using

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What is this thing called risk?

Origins of risk
Definitions from academic literature
  • Probabilities & expected values
  • Events/consequences & uncertainties
Definitions from standards, codes and guidance documents
  • ISO31000, COSO ERM, PMBoK, IRGC, FAO/WHO/WHOAH

Risk is the “effect of uncertainty on objectives”
  • Takes account of uncertainty in
    • Consequences
    • Likelihood/probability of consequences

Agree definition with decision-makers before starting
What is this thing called risk assessment?

Sources
- Academic are idiosyncratic!
- ISO31000, COSO ERM, PMBoK, IRGC, FAO/WHO/WOAH

Definitions - the same problem (but worse)
- ISO31000 is risk identification, analysis and evaluation
- WTO gives two different definitions
- IRGC groups characterisation and tolerability together
Risk management process from ISO 31000

Establish the context
  * external
  * internal
  * risk management

Establish risk criteria

Risk identification

Risk analysis
  * no controls
  * with controls
  Likelihood of consequences

Risk evaluation

Accept?
  Yes
  No

Risk treatment

IRGC
WTO, WOAH, FAO, IPPC
COSO ERM (limited)

IRGC
WTO, WOAH, FAO, IPPC

IRGC (hazard identification)
WTO, WOAH, FAO, IPPC (hazard)
COSO ERM
PMBBoK

IRGC (risk estimation)
WTO, WOAH, FAO, IPPC (risk assessment)
COSO ERM (risk assessment)
PMBBoK (qualitative & quantitative)

IRGC (tolerability & acceptability)

IRGC (tolerability & acceptability)

IRGC (risk reduction)
WTO, WOAH, FAO, IPPC (risk management)
COSO ERM (risk response)
PMBBoK (risk responses)
What is an effective risk assessment?

No one set of agreed criteria

Best set structured on ISO31000 covers:

- planning the risk assessment
- establish the context, develop criteria
- communication and consultation (continuous)
- risk identification
- risk analysis
- risk evaluation
- risk treatment (many options)
- monitoring and review
Survey - processes and techniques

Dominant risk techniques

- professional judgement
- context, C&C, identify, analyse, evaluate, treatments
- 5x5 matrix
- qualitative and quantitative
- but the research evidence … (see my website)
- uncertainty included
  - frequently 29%
  - always 27%
  - occasionally 26%

Risk management processes

- in-house and ISO31000 dominate
Summary and conclusions

Risk assessors, decision-makers and stakeholders don’t speak the same language

Overlaps and under-laps?
The “evaporating cloud” to achieve harmony?

Corporate
Manufacturer
Self-regulation
Exporter
Regulators
Research
Importer
Standards bodies
Next steps

Analyse survey data
Four case studies

- one to date shows poor process and poor outcome

<table>
<thead>
<tr>
<th>Good process</th>
<th>Poor process</th>
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<tbody>
<tr>
<td>Good outcome</td>
<td>Bad luck</td>
</tr>
<tr>
<td>Poor outcome</td>
<td>Good luck</td>
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Developed by Risk Management Ltd
And the ending for Goldilocks?
Escape?
New best friends?
Or, eaten by the bears!

How much did she understand about the bears risks?
The Three Bears

SORT OF

Written by Yvonne Morrison
Illustrated by Donovan Bixley

Scholastic