



ValueBridge Advisors

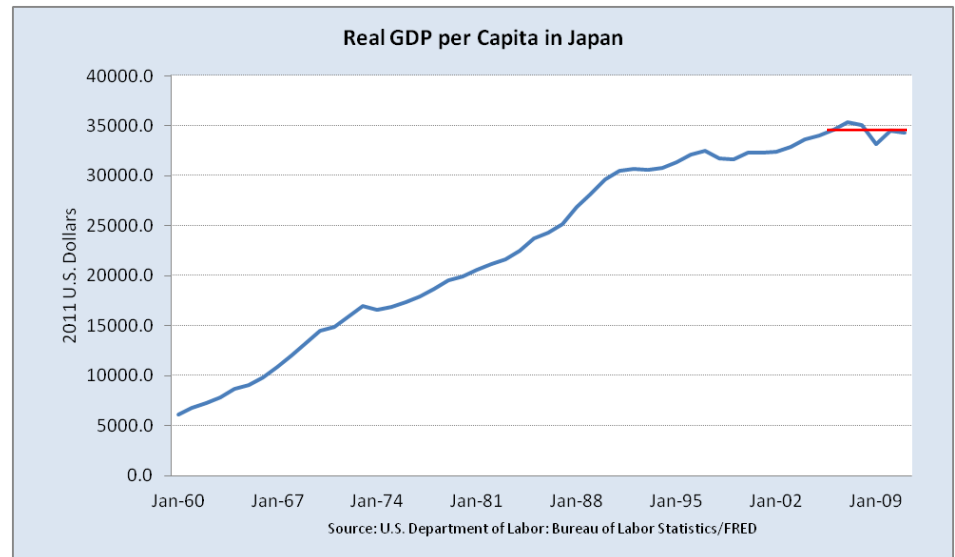
## Risk Management: Taking blinders off OR putting them on?

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<p>参加費を 下げました!! 早割 (~10/20) 会 員: 7,000円 非会員: 10,000円</p>	<p><b>ITGI Japan カンファレンス 2013</b> 2013年11月13日 灘尾ホール 参加申込受付中</p>
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# Risk to objectives – lives and livelihoods



# YOU can make a difference

- **YOUR skill**
- **YOUR creativity**
- **YOUR passion**

Save lives and livelihoods

# Through your kids' eyes -- youth sports

## Real life, real world

- **The point is to achieve goals/objectives in an environment given capabilities via a strategy**
  - Providing agility to more safely seize opportunity
  - Requires a systems view that seeks to illuminate root cause
- **Complicated and catalyzed by:**
  - Change
  - Complexity
  - Human fatigue

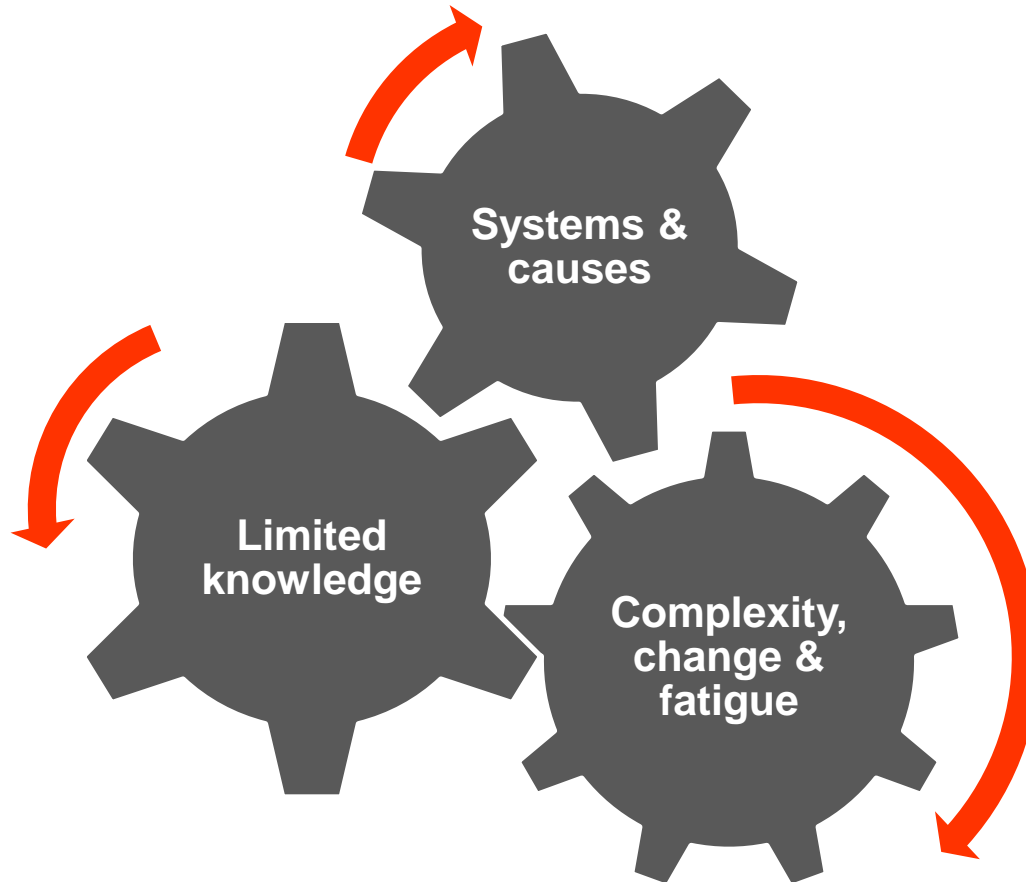
## Blinders on...

- **Appetite angst**
- **Registers**
- **Residual risk**
- **Material/Significant**
- **Emerging risk**
- **Frozen heat maps**

## Blinders off...

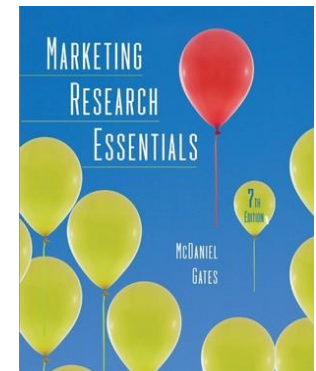
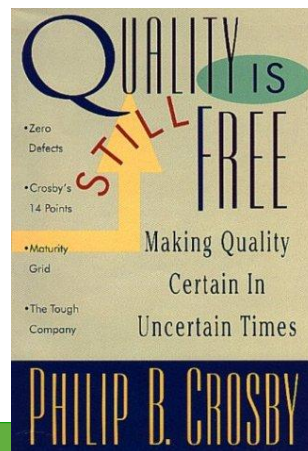
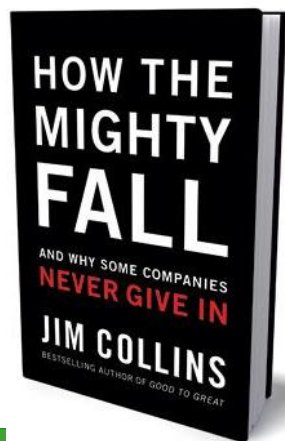
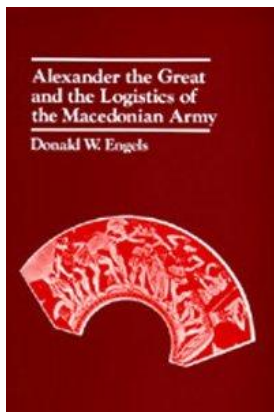
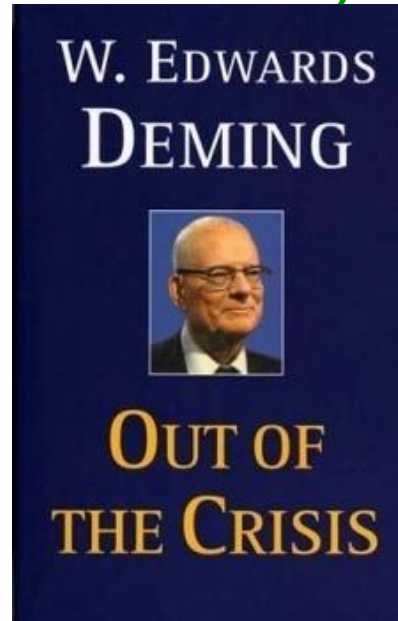
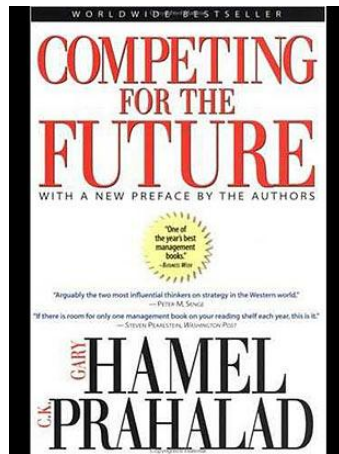
- **Performance objectives**
- **Decisions & activities**
- **Watch warnings**
- **Root cause**
- **Who knows now**
- **Glowing heat maps**

## Our world ...



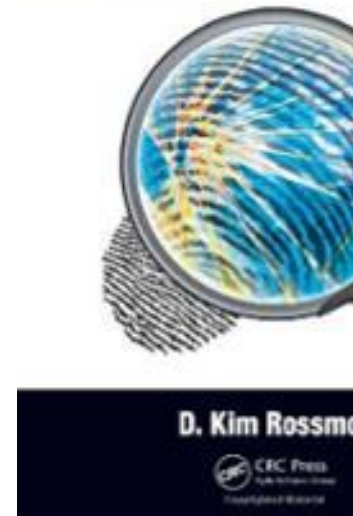
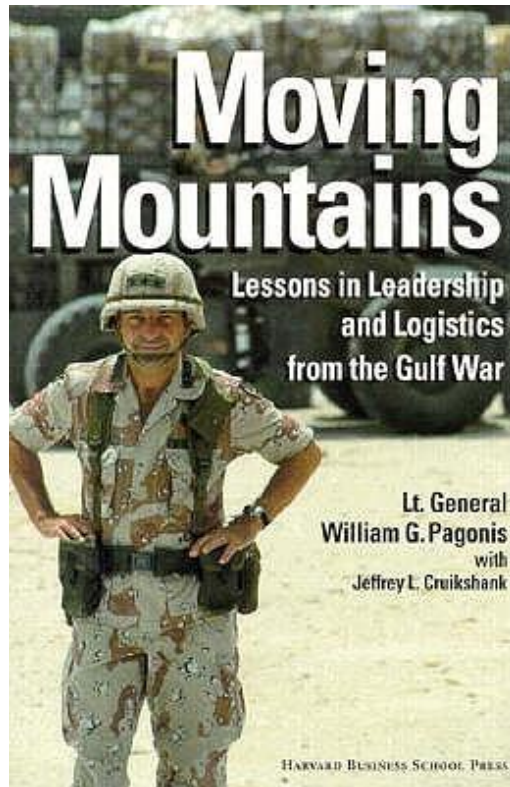
Requires....

# Managing risk in real life -- systems





## Life and death – proven and practical



## Another practical step in proven history

- Aviation
- Chemical
- Manufacturing
- Medical
- Technology
- Telecommunications
- Board member perspectives
- More...

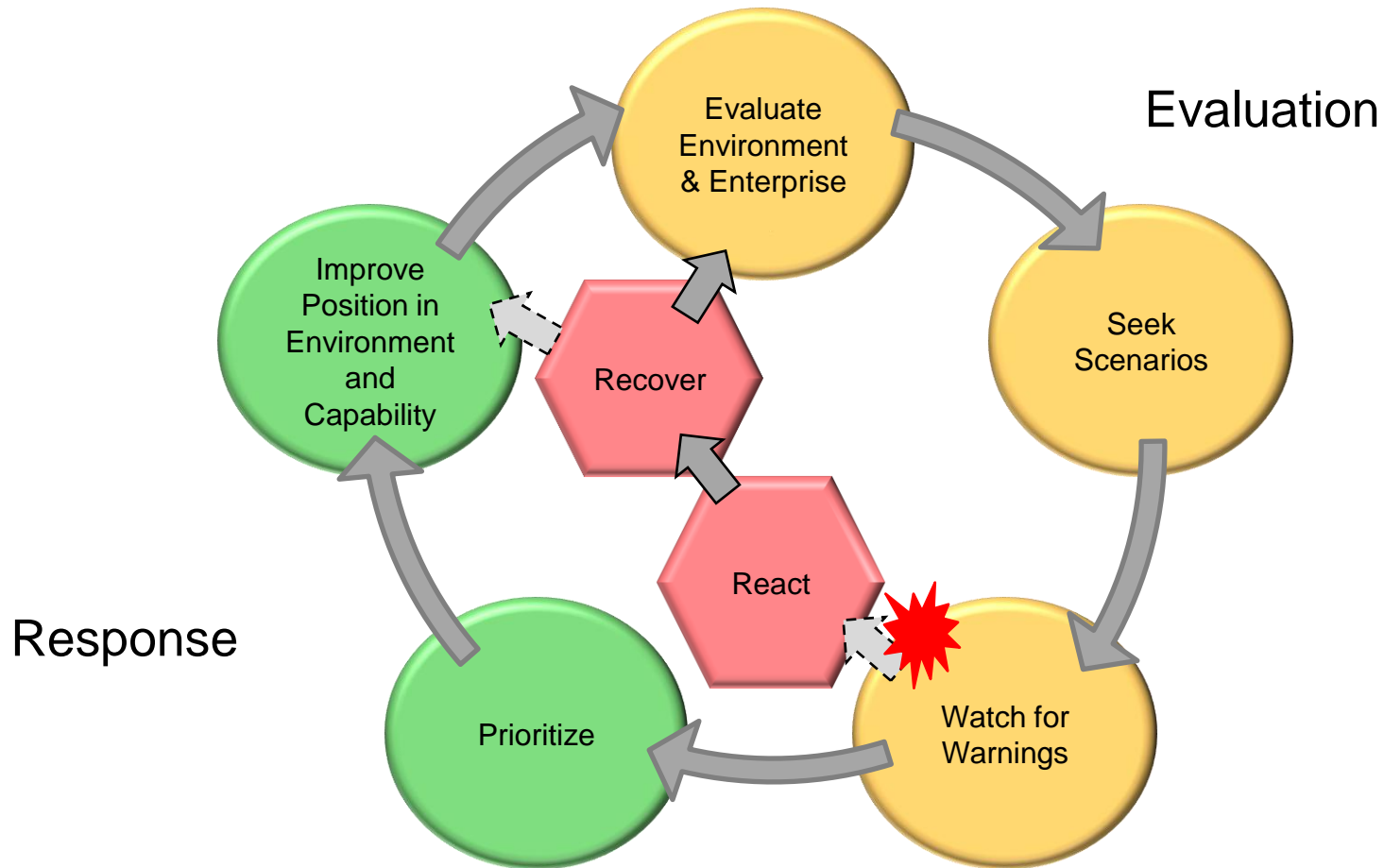


## Touchstones

- **The best risk management is about *managing risk to business performance* against specific *outcomes or objectives*.**
- **Changing situations may bring gain or loss**
- **Risk management is not a paperwork exercise for compliance**
- **Risk management should *improve agility*, making it safer to move in a changing environment**

Source: The Operational Risk Handbook, Harriman House, London 2011

# Common sense cycle for the real world



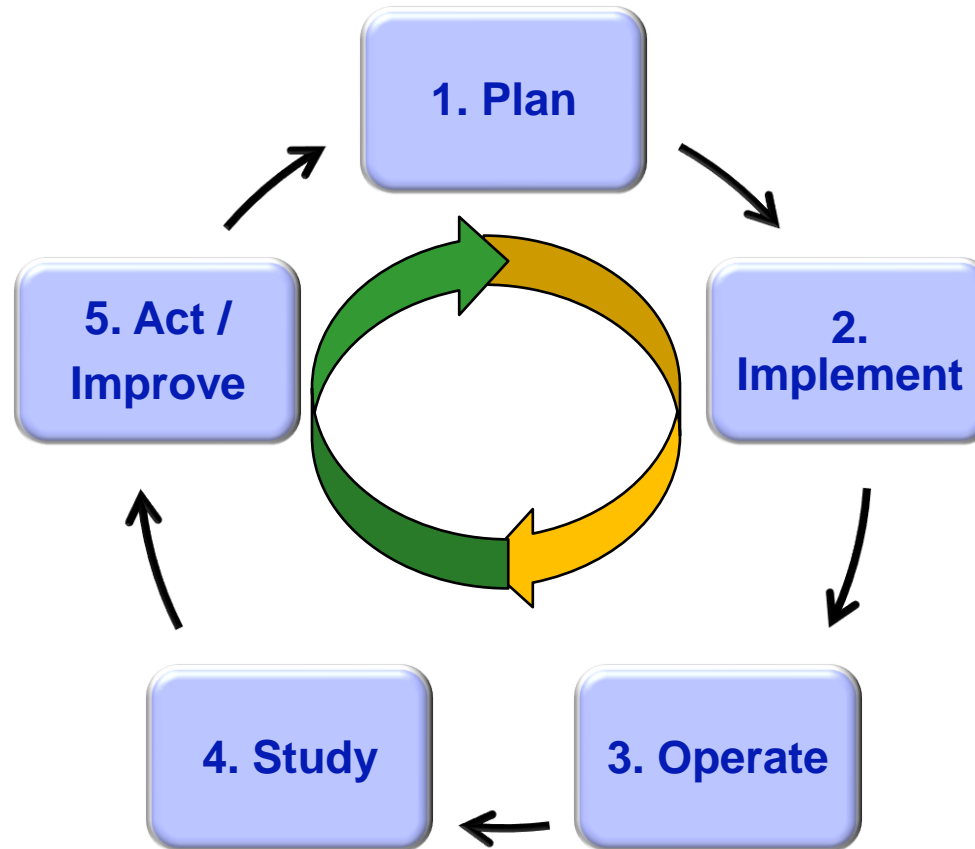
Source: The Operational Risk Handbook, Harriman House, London 2011

## Key characteristics of the cycle

- **Systems approach – multiple causes**
  - Difference between system and situation-specific cause
- **Sensitive to time and options**
- **Focuses on business**
  - Environment, capabilities and objectives
- **Engages organization / crosses silos**

Simple shift to performance perspective  
has practical power

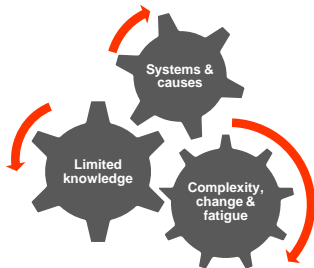
# Steps to success in program and active cycles



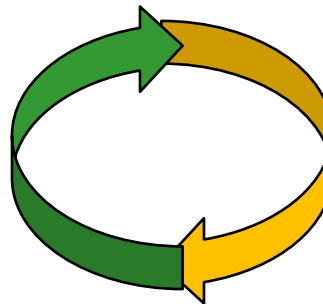
Credit: Adapted from Walter A. Shewhart / W. Edwards Deming cycle

# 3 steps toward management of risk

## 1. Understand the nature of risk



## 2. Simple process to manage risk



## 3. Implementation and continual improvement



## COBIT concepts encourage this approach

- **Business goals and objectives**
- **Management practices**
- **Process improvement**
- **Performance outcomes**
- **Managing risk to objectives**
- **Creating business value from IT**



YOU can make a difference

Save lives and livelihoods

## Continue your learning...

- For analysis, updates, teaching, networking and humor; join the news list, email to [Brian@valuebridgeadvisors.com](mailto:Brian@valuebridgeadvisors.com)
- Resource library  
[www.valuebridgeadvisors.com/Writing.html](http://www.valuebridgeadvisors.com/Writing.html)
  - IT Risk Leader resources
  - IT Leaders resources
- Twitter @Brian\_Barnier
- The Operational Risk Handbook for Financial Companies, Harriman House, London, 2011.

