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When to use Risk Management software

As evidenced by the proliferation of software providers in the risk management field, risk management-specific software solutions are becoming much more widely used.



Risk management software tools can indeed streamline the process of managing risk registers, treatment plans, risk reporting etc. However, to ensure the successful integration of a software solution into your business operations, it's important not to jump too quickly into the choice and implementation of a software tool.

Critically, consideration should be given to leaving the decision regarding software until later in the risk management process, rather than making software selection the first step in developing or implementing a risk management program. QRMC recommends that the decision to incorporate a software tool should be part of the overarching risk management process, to ensure that the software is aligned with organisational requirements, instead of the risk management process being aligned to constraints imposed by the software.

QRMC advocates the following process:

1. Develop the risk management program using existing mechanisms and software currently in use by the organisation (e.g. MS Office / Apple iWork / OpenOffice applications)
2. Implement and maintain the risk management program in this form at least until the first review period is drawing to a close

3. During this time, consider and test the ways in which the risk management program needs to integrate with other business management and reporting systems
4. Also observe the requirements of staff interacting with the risk management program, their operational and technical needs and constraints
5. Make a considered determination as to whether additional resources, such as specialised software, are required to facilitate management of the risk program
6. Utilise the identified system and personnel interactions and requirements to assist in the development of a scoping brief for risk management software if required
7. Call for tenders based on the identified operational requirements of the risk management program and consider only those software tools with the flexibility to be (a) customised to suit your organisation's specific needs (b) adjusted in the future as the risk management context evolves and matures.

This approach confers the following benefits:

1. Maximisation of staff comprehension of the principles and processes of risk management as they develop and implement the risk management program directly, rather than following the steps of a pre-programmed software interface and receiving training mainly in the use of the software rather than the application of risk management
2. Ensuring that all aspects of the risk management process receive due attention (as many risk management software tools prioritise risk analysis and pay little or no attention to other aspects of the process such as setting the context)
3. Minimisation of the risk of outlaying funds on a software tool which proves to be incompatible with organisational needs
4. Minimisation of transition difficulties due to clearly identifying the management system integration and reporting requirements prior to commissioning the software.

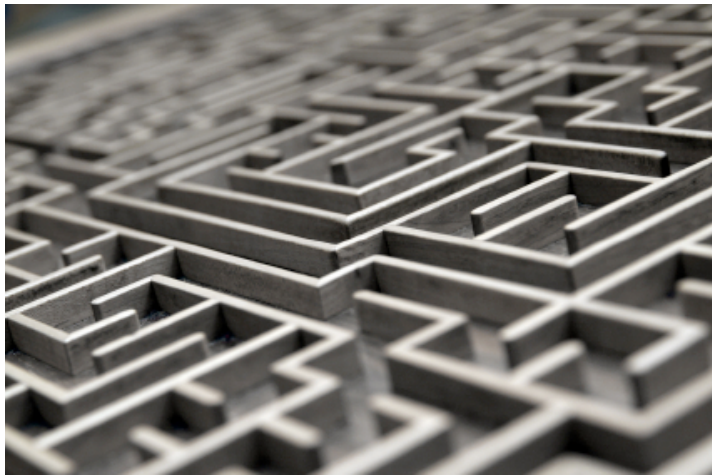
Should you decide that risk management software is required as part of your risk management program, [QRMC](#) can assist you to develop a functional specification for software requirements, analyse information on available products, and assist you to select the tool best suited to your needs.

The importance of business objectives in providing direction to risk management

While consulting with a large range of organisations across the private and public sectors, QRMC has frequently found that insufficient attention is paid to the clear articulation of business objectives.

A surprising number of organisations, large and small, don't clearly express their business objectives but have only an amorphous "vision statement" or similar.

However, clear and unambiguous business objective statements are a key requirement to guide business operations and provide direction, in all activities and particularly in the risk management program.



Without clear business objectives, the organisation:

- does not have a raison d'être (reason for existence)
- does not know what it's trying to achieve
- cannot measure success or failure

- cannot tie the various business management system activities to business goals
- cannot make strategic decisions in the management of the business.

The lack of well-articulated business objectives has particular impact on the process of risk identification. A risk is "the effect of uncertainty on objectives" (ISO31000:2009). An identified risk should be expressed as a brief description of the risk including detail of the immediate consequence(s), being the impact of risk activation on one or more business objectives.

For example, most businesses would be likely to have as an objective something along the lines of "To operate in a financially sustainable manner". With this business objective in mind, risks can be identified which may impact upon it, such as: "Failure to secure sufficient work contracts to sustain financial viability, resulting in profit reduction in the short term or closure of business in the long term".

The articulation of the business objective allows the risk identification process both to capture critical risks which need to be managed, and to clearly understand the impact of the risk - the "so what".

Critically considering and documenting your businesses key objectives is a valuable exercise which can inform all other management activities. [QRMC](#) can assist with this process or help you to usefully integrate the stated business objectives throughout your management systems.

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