

## Risk

"Personal disruption is the vehicle through which success and economic growth travels"

— Nicky Verd, Disrupt Yourself Or be Disrupted"

### Gaining the Management Board's Trust With Risk Management

The management board is the captain of the ship. Management boards exist to ensure the organisation is going in the right direction. The capacity of any organisation to manage risks and make the right decisions indicates its survivability and growth in the years to come. Successful executives know and understand that an effective risk management system is integral to a business day-to-day operations. By acknowledging the presence of risks both internal and external to the organisation and being able to act on them decisively and critically can help reduce, if not totally avoid, any considerable damage or loss.

Risk management also involves dealing with present risks and creating mitigating actions as proactive responses to lower the negative impacts.

Businesses with a clear understanding of risk and a clear approach in dealing with it own a greater advantage than those who refuse to invest in risk management processes.

### Risk management and decision-making relationship

In order to fully support the board's decision-making process, the risk management system should be built upon the following questions:

Is your business reputation affected by this decision?

Are there any operational, hazard, strategic, or financial risk exposure coming from this decision?

If any of those risks are involved with the decision, are there any existing mitigation strategies in place?

Are there any jurisdictional considerations involved with the decision?

Are there any conflicts of interest involved with the decision?

In all situations, the risk management system supports the board in making an informed decision and assuring full confidence in that decision.

### The Roles of Management Boards in Risk Management.

Although risks come in different forms and businesses might face diverse types of risks, the roles of the management board should be established to prepare for challenging economic times and rapidly changing markets.

In many studies and workshops conducted to clearly define the role of top management boards in risk management, the following are the most common and recurring themes:

- Primarily being responsible for determining the company's attitude towards risk and approach to risk.
- Ensuring that a common culture of risk management is instilled throughout the organisation.
- Effectively managing flows of information to and from the board.

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- Identifying risks that are inherent in the nature of the company's business model.
- Monitoring risks the organisation is exposed to and identifying key risks that could undermine its current strategies, reputation, or long-term viability.
- Overseeing risk management strategies and functions, as well as mitigating processes and controls.
- Ensuring the company has an effective risk management system.

### Proactive Risk Management Reporting to the Management Board

As opposed to reactive reporting, where information on risks are only communicated after or while they occur, proactive reporting puts businesses in a better position to deal with risks.

Through proactive reporting, the organisation can reap the following benefits:

- Acquiring timely information on emerging risks and their development.
- Allocating ample time for the formulation of risk management approaches and strategies.
- Maintaining the high-accuracy rate of reporting.

### Transparent Communication in Risk Management

A risk management strategy can only be as effective as its communication system. The key to an efficient risk management approach is seamless communication among concerned personnel and management boards.

The effective flow of decision details and information within an organisation creates easier risk assessment and accommodation processes, with little to no delays and faster, more accurate implementation.

### How risk management software fosters transparent communication

Advances in technology have made risk management software highly capable of a variety of functions that help risk managers perform better at their job.

Today's risk management software is designed to ultimately help risk managers efficiently manage risk data, information and details on risk approaches. A reliable risk management system can greatly help any organisation reach its optimum risk appetite and massively reduce its risks' impacts.

**Source:** RIMAN, Wikipedia, NCWS, Christine Ferrell

### RIMAN Upcoming Programme

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