RISK MANAGEMENT PLANS

UNDERSTANDING AND PLANNING FOR THE DIFFERENT TYPES OF RISK

WHAT IS RISK MANAGEMENT?

Risk management helps you make better decisions for your organisation. When you practice risk management, you try to reduce things that may have a negative impact on your organisation. You also look for opportunities that can have a positive impact.

It allows you to identify the different types of risk and when events in your organisation will allow you to dictate the opportunities from the uncertainties.

HOW CAN I MANAGE RISK IN MY ORGANISATION?

Begin by finding out about risk management practices and how you can use them in your organisation. You should also talk to others involved in your organisation (including your employees, your members and vol-unteers) to work out the best way to manage risk in your organisation.

Before you can reduce risk in your organisation, work out what your risks are and which ones are most urgent.

Follow these steps to identify, analyse and evaluate your organisation risks:

Identify - note the risks your organisation may face – think about what could go wrong and how and why it could happen.

Analyse - work out the level of risk and which ones are most urgent – assess the damage that the risk would cause and the likelihood of the risk occurring.

Evaluate – compare the risk against set risk criteria (the level and nature of risks that are acceptable or unacceptable to your organisation) to decide what action to take.

TYPES OF RISKS

It's a good idea to understand the different types of risks your business may face so you can recognise and plan ahead for them.

Risks can be:
- opportunity-based – risk from choosing one option over other options
- uncertainty-based – risk from uncertain or unknown events such as natural disasters or loss of suppliers
- hazard-based – risk from dangerous materials or actions.

RISKS THAT YOU MUST MANAGE

You are required by law to manage some risks. For example, you must manage or reduce the risk of:
- accidents and injury by making your workplace safe under work health and safety (WHS) laws
- customer complaints by treating customers fairly under Australian Consumer Law
- injury or harm to employees by having workers' compensation insurance
- damaging the environment by meeting the environmental laws that apply to you.

WHY MANAGE RISK?

By managing risk properly, you can reduce the impact of unexpected events on your organisation.

Managing risk can help you to:
- improve your relationships with cus-tomers, suppliers, employees and the community, by understanding and managing their expectations
- improve staff confidence in a safe

work environment, by having workers' compensation insurance and work health and safety (WHS) policies
- keep your organisation open during natural or economic disasters, by having an emergency management plan
- reduce your compliance and insurance costs, by having a lower risk of damages.

You won't always have enough information, knowledge or resources to manage every risk.

A good risk management plan will allow you to change your approach if it isn't working or if you come across an unexpected risk.

FOCUS ON WHAT MATTERS MOST

Before you create a risk management plan, think about which areas of your organisation it will refer to.

For example, you might only be interested in hazard-based risks. Some of the internal and external things to think about when creating your plan are:

- social, cultural, political and regional issues
- economic, technology and competitive trends
- government policies and law
- your organisation's aims, policies and strategies.

COMMIT TO REDUCING RISK

Committing to quality risk management can help you create a stable organisation that prepares for unexpected events.

As an organisation owner, it's a good idea to:
- make sure your organisation's aims link to your risk management plan
- clearly describe your risk management plan to everyone in your organisation
- show support for risk management
- set up a way of measuring the success of your risk management plan
- regularly check that your way of measuring is giving you useful information
- make it clear who's responsible for what
- provide enough resources at all levels of your organisation
- ask for feedback from everyone in your organisation, including customers and suppliers
- use feedback to update your plan
- explain risk management to new employees and in training programs.

CONSULT WITH STAKEHOLDERS

Your risk management plan will be more specific and useful if you ask for feedback from the people, businesses or organisations you deal with.

Consulting with stakeholders will help you to:
- work out what your organisation considers as high and low risk
- get support for your risk management plan
- bring together different views and areas of expertise
- keep your risk framework up to date
- respond to unexpected risks.

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MAKE YOUR PLAN

Once you've gathered all the information, state the level and nature of risks that are acceptable or unacceptable in the workplace.

Risk criteria set a standard you can use to assess risks to your organisation.

A good risk treatment plan should have information on:
• each risk type and the level of risk to your organisation
• suggested strategies to treat each risk
• timeframes for each strategy
• who's responsible for specific parts of the plan
• resources required such as money, staff and external help
• future action such as regular checking and updating of risks, if needed.

RESOURCES

Australian Government Business webpage: https://www.business.gov.au/risk-management/risk-assessment-and-planning

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