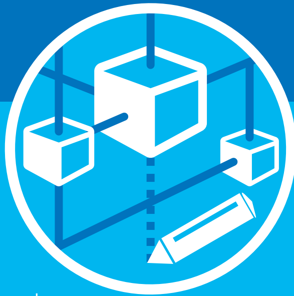
Top 5 Tips

Developing a Risk Management Framework



1. **Know Your Audience.** At its heart an organisation's risk framework is a set of guiding principles for how to identify and manage uncertainty. So when designing your framework consider to what level you want the management of uncertainty to extend, under the principles you set out. Remember other business processes such a project management capture risk.

2. **First Principles.** In designing / deciding how to describe risk it's worth going back to first principles. What does your organisation exist to do and in achieving this, what is important?

3. **KISS.** Keep it simple - no one will thank you for developing a framework they cannot understand or interact with. When describing your framework, use language those at the extremities of its reach can understand.

4. **Flexibility.** Under the KISS principle taking a 'one-size fits all' approach is attractive and will certainly work in small organisations. In larger organisations consider allowing its constituent parts to understand uncertainty at their level - give them the headlines and let them define the impact criteria aligned to their appetite for risk. The key is simple but easily understood escalation / reporting rules.

5. **Best fit.** Whatever shape or size of framework you design it has to fit the size and culture of the organisation. A highly regulated organisation will want a framework that describes the management of uncertainty in detail, whilst an organisation that seeks innovative approaches and fast-paced solutions may work better in a more flexible structure.

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