

# THE RISK AGENDA

## Risk Mapping and Risk Registers

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### The Challenge

- How do you know your risk registers are right?
- How do you know your risk models are fit for purpose?
- How do you know your risk management plan is optimal?

For all but the simplest organisations or projects it is very difficult to know how to develop your risk register so as to draw out the key issues without getting bogged down in huge amounts of detail. The reason for this is that the organisation or project is actually a highly complex system and you are very dependent on the judgement of the experts, guided by the risk analysts, to reduce this complexity in the best way. Inevitably there are pragmatic constraints as well and you will end up with a register you can work with. But you will not have any proof that this is the 'right' register, so your confidence in the whole expensive process is reduced.

Current practice in risk management, as evidenced in even the latest standards, does not recognise, still less address these challenges.

At The Risk Agenda we have thought about this for many years. We have worked with many clients to develop risk registers and risk management plans. The work continues, but we believe that a key role is played by what we call risk mapping.

Risk mapping is an approach to illustrating the risk associated with an organisation, project or other system in a way which enables you to understand it better: what's important, what's not, and whether the risk picture is comprehensive.

Risk mapping is primarily qualitative and its benefits are:

- to improve your understanding of the risk profile and your ability to communicate about it
- to force you to think through rigorously the nature and impact of the risks that have been identified
- to improve your risk models by building an intermediate link between the risk register and the model
- to improve your risk register by basing it on a more transparent and accurate understanding of the system.

As the chart shows, the risk map can be developed from a risk register developed at a workshop. The output of workshops is often a quite sophisticated guide to the system being analysed, picking out the hot spots and key risks and leaving those aspects that are less important in the unexplored high level fuzz. But it also tends to be subjective, vague and poorly articulated. The objective of risk mapping is to firm this up and support a description of risk which is thoroughly thought through.

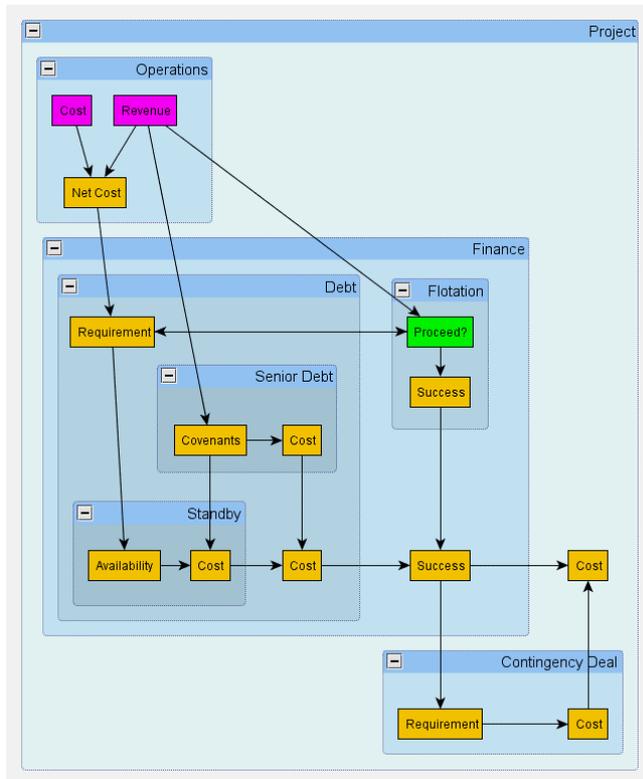


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The understanding encapsulated in the risk map can then be used to generate the risk model - the quantified analysis of the risk, including the proposed risk control measures and any other options for which decision are required.

And the risk map can also be used both to produce a more systematic version of the risk register for use in continuing risk management.



As an example, the chart on the left shows a simple risk map for a proposed deal. The risk register for this contained several risks but we can see they reduce to two fundamental risk events. Based on this we can develop an improved risk model and risk register.

We call it an approach rather than a technique because at the moment it is a way of looking at a system which is supported by a range of ideas and tools. As our experience grows we hope to be able to provide more definitive guidance on the way to map your risks. For more details see our risk mapping page.

For more details on how we do this visit our website at [www.riskagenda.com](http://www.riskagenda.com) and see our *Resources* page. Alternatively contact us directly. We will be delighted to discuss this and tell you more about our approach.

## The Risk Agenda

The Risk Agenda is a consulting firm specialising in risk. Our purpose is to improve the way organisations deal with an uncertain future

- by contributing to the advancement of good practice
- by helping organisations adopt this good practice
- by working with them on their specific risk challenges.

## Contact

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