tomorrow's company

Introduction

This 'tool-kit' accompanies the report – **'The boardroom and risk'** – which focuses on the changing nature of the risk landscape and what boards can do to help ensure that they are more resilient to these risks.

Most companies have well developed processes for identifying and managing risks. But there are some risks that are harder to see… including those that can arise from the boardroom itself.

Recent research has highlighted that not only are these risks hard to identify but they can be catastrophic in their nature and in some cases lead to failure.

The questions in this 'tool-kit' build on the enablers identified in 'Roads to Resilience'. They are aimed at helping boards have conversations that dig deeper into their own actions, and into the organisation, to illuminate the range of risks they may be facing and consider about how best to manage them.

The other guides in this series from the Good Governance Forum, which discuss 'The case for the Board Mandate' and 'Improving the quality of boardroom conversations', may also be helpful in creating a roadmap to risk resilience.

Leadership and governance

- How clear are we about our appetite for risk and how often do we revisit it? Does it set out a framework for what risks we do and don't want to take?

- When was the last time we stopped doing something because it was considered beyond our risk appetite?

- What do we need to know more about in terms of what is happening in our external operating environment? How effective are we at looking for the weak signals and trends? In what ways can we ensure we think the unthinkable?

- To what extent do we truly understand what underpins our reputation with each of our critical stakeholders? What are the risks of reputational damage?

- Where have there been changes in the risks facing the business in the last twelve months and how did we react?

- How do we ensure that we devote sufficient time to discussing risk and strategy? How can we ensure that 'obvious' questions are aired and valued?

- In what ways are we setting the tone for the management of risk throughout the organisation? How do we champion the risk agenda throughout the organisation?

Notes

People and culture

- In what ways do we ensure that the behaviours of our people and the decisions made are in line with our stated values?

- To what extent are we rewarding risk awareness through our remuneration and incentive structures?

- How do we ensure that we have a strong line of sight to our people at the front line?

- What systems are in place to enable anyone in the organisation to flag a concern/potential risk? To what extent do we encourage and tolerate challenge and debate within the board as well as throughout the organisation? How do we treat the bringers of uncomfortable news? Are they respected and rewarded or ignored?

- How often does the board talk about the importance of risk and reputation in staff communications?

- How is the effectiveness of risk training and awareness programmes measured and reported on?

Notes

Business structure

- To what degree might any organisational complexity compromise our ability to identify and manage risk? Is our picture of risk too complicated?

- What are the critical issues that we need to have end-to-end line of sight for within the organisation?

- How do we make sure that risk management responsibilities and authorities have been clearly assigned throughout the organisation?

- What systems and structures do we have in place to identify and mitigate risks arising from our key relationships as well as from within the organisation?

- In what ways do we assure ourselves that risk management practices and processes are working well at every level of the organisation? How often are they reviewed?

- In what ways do we ensure that the information we receive is constantly renewed and refreshed? Are we seeing the same types of information presented at every board meeting? Is it clear what has changed since the last set of papers?

Notes

Strategy, tactics and operations

- How clear is the link between the risks identified and the strategy and operational plans? Would a more robust approach to managing risk open up strategic opportunities previously considered too risky?

- What are the risks inherent in our business model?

- In what ways do we oversee and ensure that any delegation of risk matters to a sub-committee is appropriate and effective?

- How often do we review the risk agenda for the board/sub-committee? Where a sub-committee exists – when did each of us last attend a meeting?

- What processes are in place to handle operational disasters? Do we know who will take a leadership position in a crisis?

Notes

Thoughts about your company's approach to risk