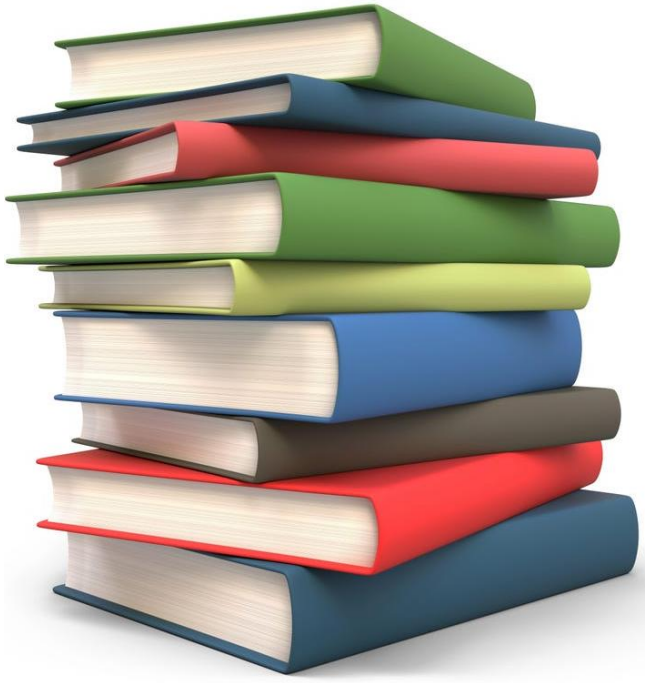
MANAGING BUSINESS RISKS

Week 4 – Inovasi & Kewirausahaan

Topik Materi
1. Business Market Understanding
2. Creative Problem Solving and Design Thinking as Fundamentals in Innovation*
3. Generating Idea and Opportunity Recognition
4. Business Risk
5. Technology Based Business (Technopreneur)*
6. Legal and Business Ethic Principles
7. Sharing Session (business practitioners)
UTS : Ujian Tertulis
8. Writing Business Plan Part 1
9. Writing Business Plan Part 2
10. Writing Business Plan Part 3
11. Business Model Canvasing part 1
12. Business Model Canvasing part 2
13. Funding for Business
14. BMC Presentation (Video)
UAS : Business Plan Presentation



What is Risk?

https://www.youtube.com/watch?v=RjGBJk30rDc

"A chance or probability of loss."

Old ISO definition

THE IDEA OF RISK

"The effect of uncertainty on objectives."

ISO 31000:2009

"The modern definition of risk recognizes that risk is not only about threats, but about **opportunities** as well.

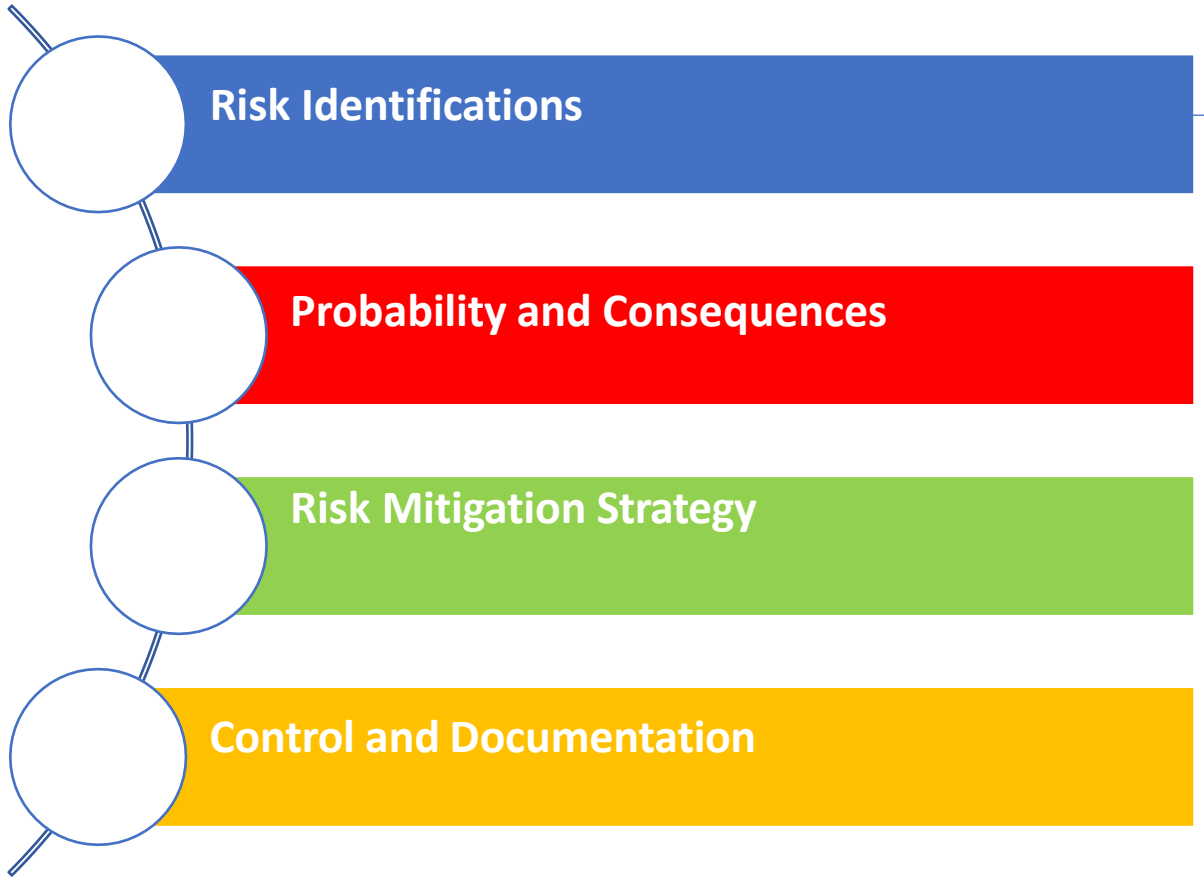
Key Risk Indicators | BSC Designer

Definition of Risk Management

Risk management can be defined as the **art** and **science** of **identifying**, **analyzing**, and **responding** to risk factors throughout the life of a project and in the best interest of its objectives

Business/project risks can be defined as **any possible event** that can **negatively affect** the viability of a project

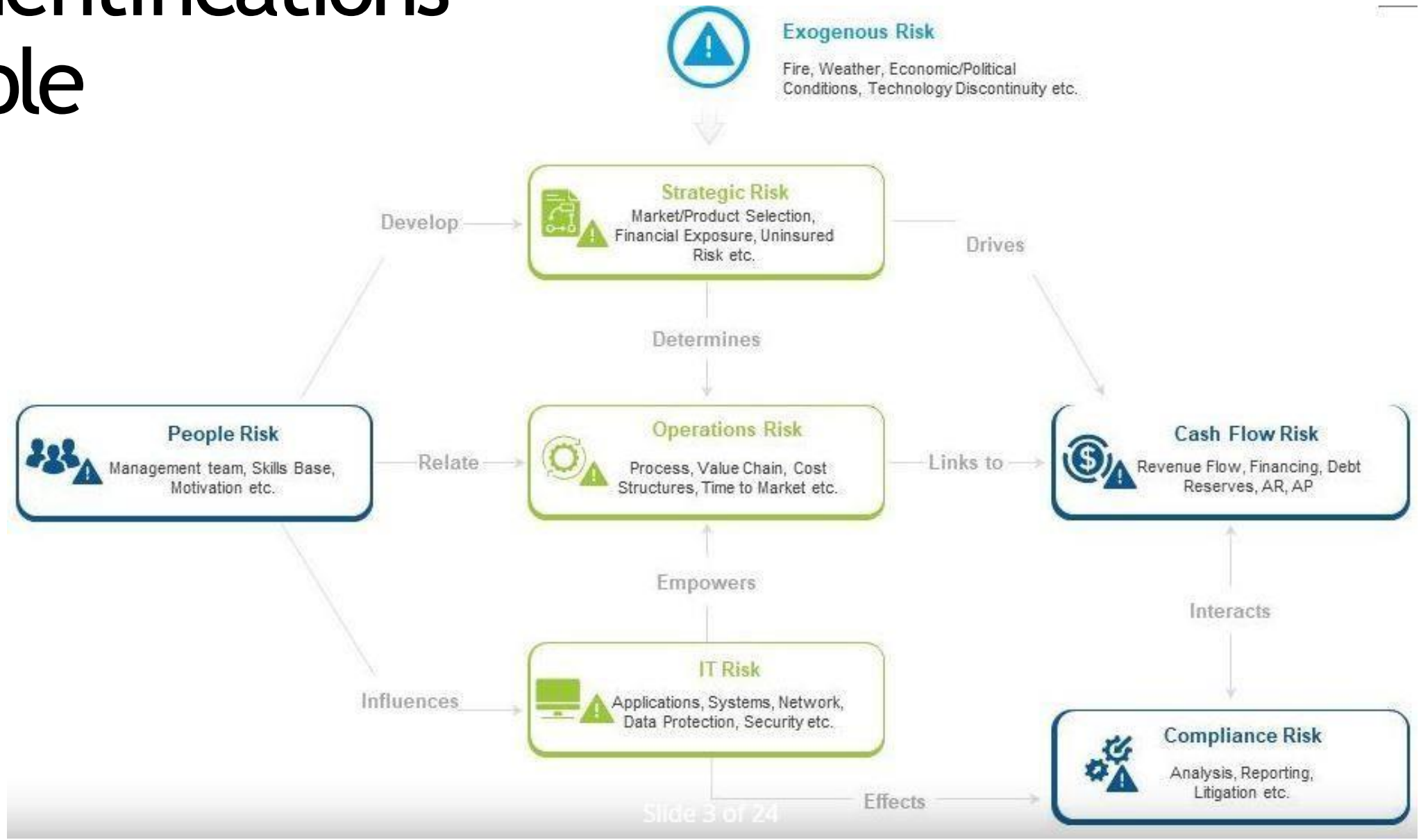
Process of Risk Management



- What is likely to happen?
- What can be done?
- What are the warning signs?
- What are the likely outcomes?

Risk identification can be performed using various factors i.e. **brainstorming meetings**, **expert opinion**, **historical data/information/experiences**, and **multiple (or team based) assessments**

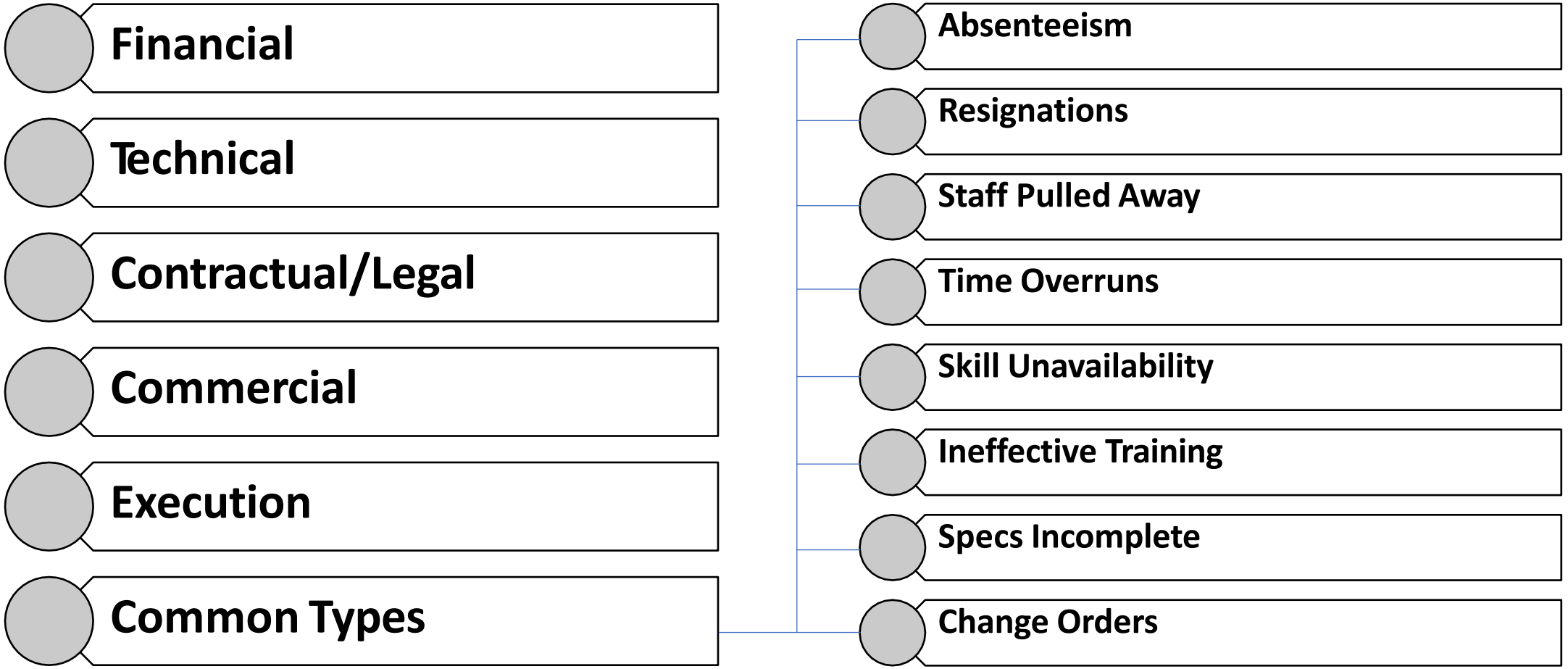
Risk Identifications Example



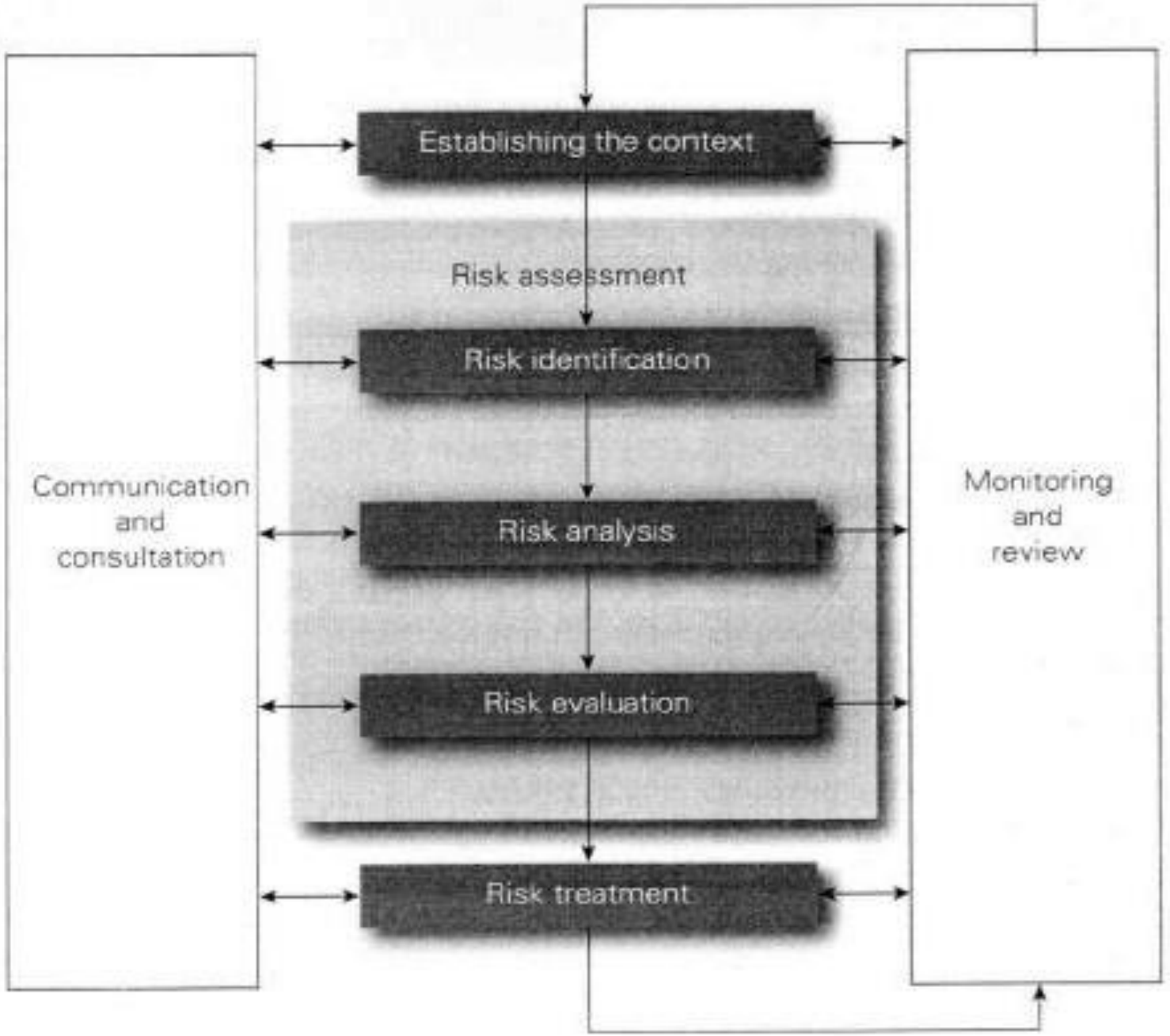
Risk Identifications Example (cont'd)

	How long can you do without?	Impact of doing without?	Vulnerabilities?	Contingency in-case of disaster?
Equipment (IT Only)	5 Days	After 5 days no way to schedule production or track orders	No UPS/Generator, MD hardware, SPOF SME	Use Paper Reports for 5 Days then go manual for as many Members as possible.
Facility	0 Days	No production, Potential for bankruptcy, Il Non-existent	Metal building, Flood zone, Maintenance, No perimeter Security, Door lock broken	Look for warehouse space, Attempt to salvage equipment & Restart operation, File Bankruptcy
Personnel	0 Days	Degraded operations, Low service levels	Too many SPOF	Best effort shifting of available Staff, Temps
Raw Materials	30 Days before new deliveries	None until on hard exhausted	Single supplier relationship	Search for alternatives supplier
Transportation System	30 Days in 2 Days out	No suppliers, No deliveries	Location, Design of entrance	None
Utilities	0 Hrs/Power 0 Hhrs/Water	Extrusion shuts down, Lines cleaned, Waste collected & prepared for grinder, IT non-existent	Single power feed, No generator or Backup water supply	None
Vendors(Sourcing)	4 Hrs	No call center	Mercy of vendor	Being In-house

Types (and Cluster) of Business Risks



Risk Management Process from ISO 31000



What is ISO

ISO is an independent, non-governmental international organization with a membership of 164 national standards bodies.
Through its members, it brings together experts to share knowledge and develop voluntary, consensus-based, market relevant International Standards that support innovation and provide solutions to global challenges.

The ISO story began in 1946 when delegates from 25 countries met at the Institute of Civil Engineers in London and decided to create a new international organization 'to facilitate the international coordination and unification of industrial standards'. On 23 February 1947 the new organization, ISO, officially began operations.
Since then, we have published over 22487 International Standards covering almost all aspects of technology and manufacturing.
Today we have members from 164 countries and 786 technical committees and subcommittees to take care of standards development. More than 135 people work full time for ISO's Central Secretariat in Geneva, Switzerland.

Examples of ISO

ISO 31000 Risk management
Manage the risks that could jeopardize your company's performance with this ISO standard.

ISO 50001 Energy management
ISO's standard for helping organizations manage their energy performance.

ISO 45001 Occupational health and safety
Reduce workplace risks and make sure that everyone gets home safely with ISO 45001.

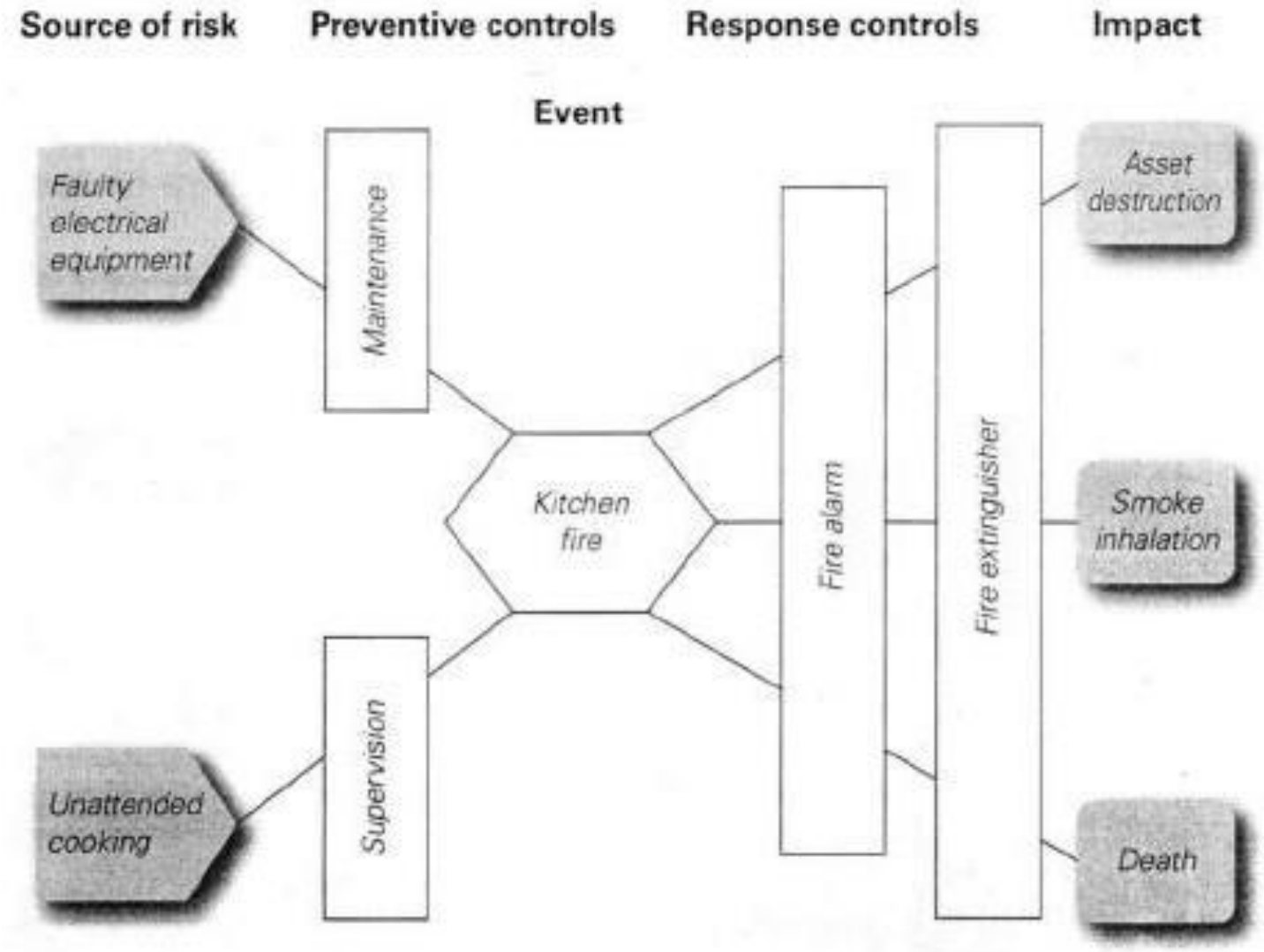
ISO/IEC 27001 Information security management
Security for any kind of digital information, the ISO/IEC 27000 family of standards is designed for any size of organization.

ISO 26000 Social responsibility
Help your organization to operate in a socially responsible way with this standard.

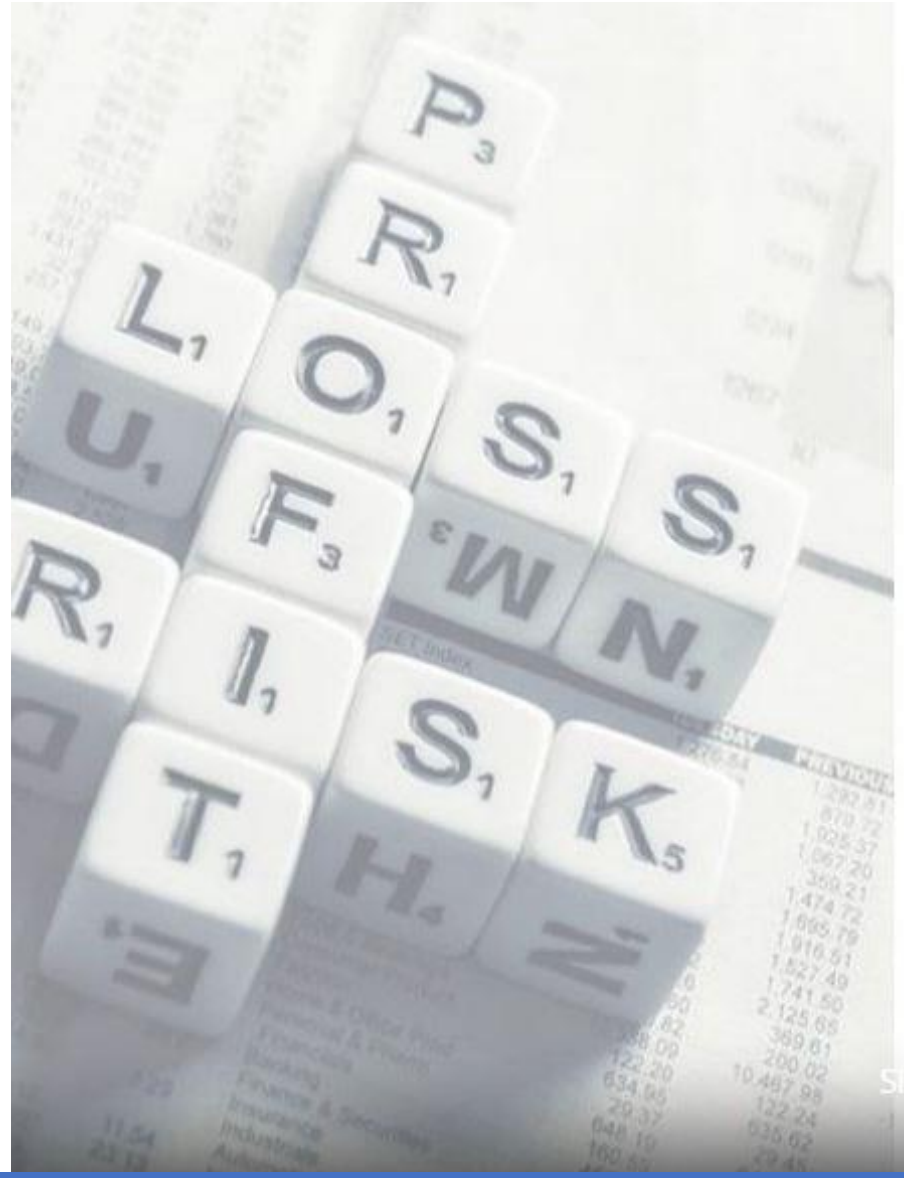
ISO 13216 ISOFIX child seats for cars
ISOFIX child seats for cars with ISO 13216.

Using the Bow tie for Risk Management

Using the Bow Tie



Risk Assessment Example



What is the hazard?
Faculty electrical equipment

Who might be harmed and how?
Employees and visitors may be injured when using electrical equipment through electrical shock

What are you doing to manage this hazard?
All electrical equipment is PAT tested to ensure it meets health & safety standards.

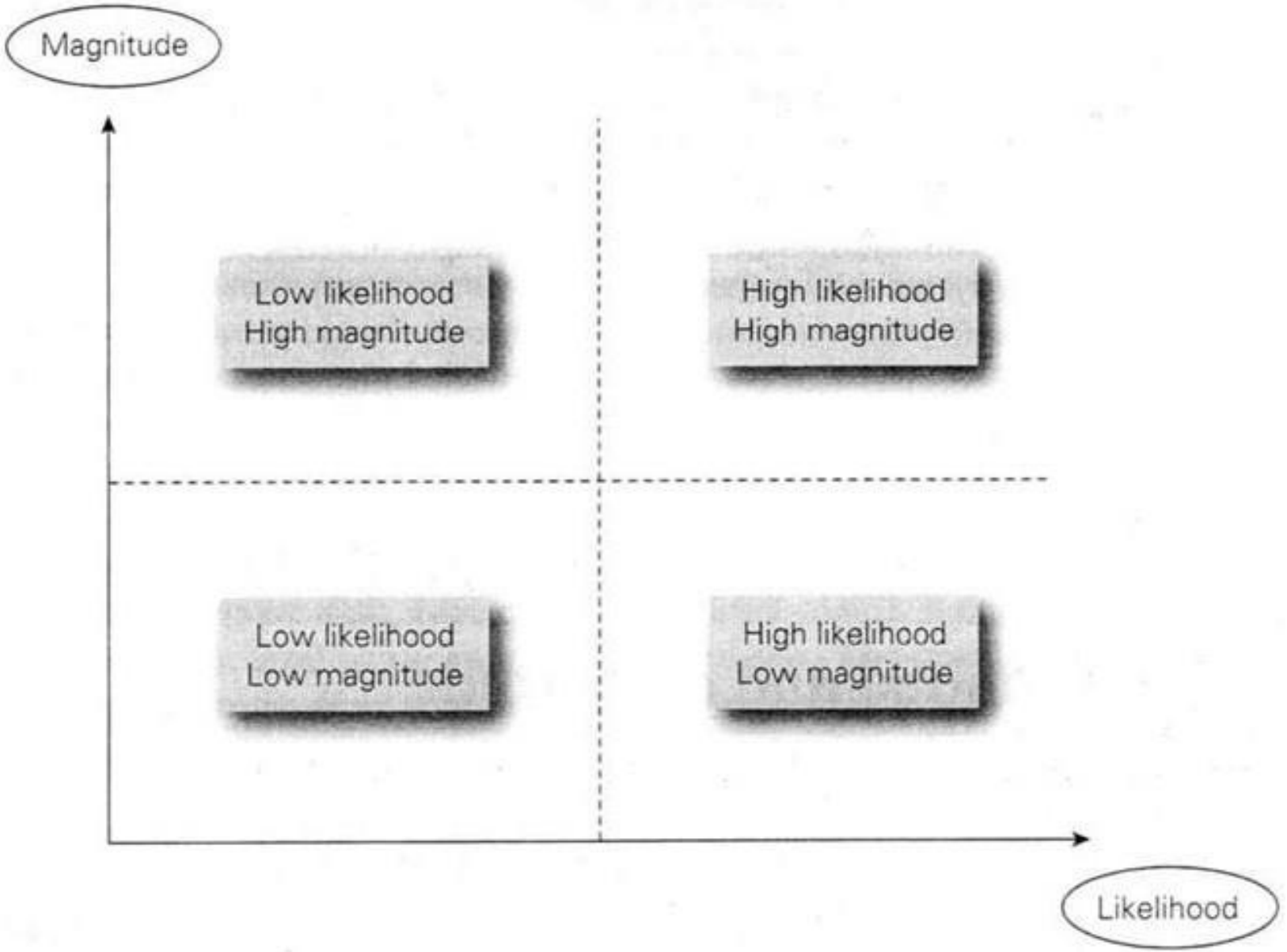
What else could you do to manage this hazard?
All faulty equipment should be clearly identified as such until it is fixed. A procedure for notify maintenance about issues will be implemented.

Who will do this?
All employees, maintenance to monitor.

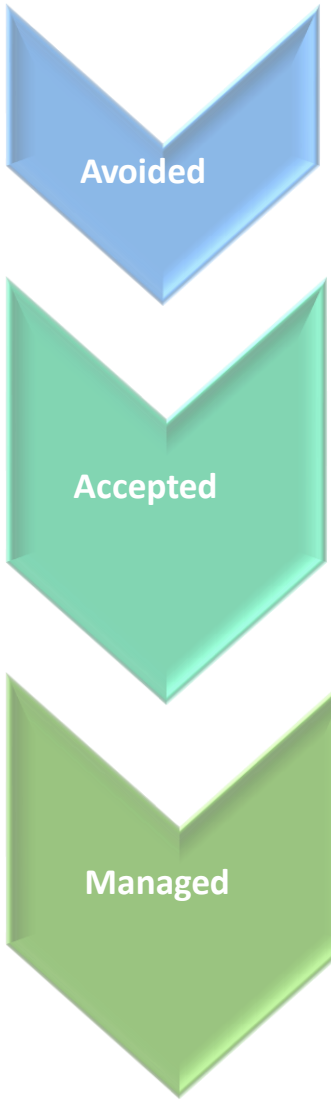
When will it be done?
Dec14, 2018

Date completed?
Dec14, 2018

RISK MATRIX


Magnitude
Low likelihood
High magnitude
High likelihood
High magnitude
Low likelihood
Low magnitude
High likelihood
Low magnitude
Likelihood

How to manage risk



- If the risk is still under consideration to be taken, for example because it does not fall into the category of risks that can still be tolerated by the company or because the possibility of risk is far greater than the expected benefits

- If the risk is at the economical level

- If the existing risks can be controlled by good governance.

Risk Mitigation Example

Identified Risk	Category	Mitigation Plan
Miscommunication with sponsor/ client regarding project requirement and expectations	Client Management	Update client more frequently along the way with project progress
Server is down which causes project to be slightly delayed due to application not able to load	Server	Perform periodical check on server status
Popular web browsers or bootstrap may get an update that will discontinue support for features used in our development as we using responsive bootstrap. This will lead to changes in development plan and will delay our progress	Technical	Monitor any updates on popular web browser and / or bootstrap and make sure all UI design works as intended on updated web browsers or responsive bootstrap

Critical Risk:

UNDERSTANDING THE CRITICAL DRIVERS TO YOUR SUCCESS

- Important for you to understand these critical risks because they most often are directly related to assumptions that will drive your venture's success or failure.

- For example, a common critical risk is market acceptance. Will your target customers really buy your product in the quantity and price you expect? If they do, then your top line revenue projections will likely hold true, but if not, your business could be in serious trouble.

Critical Risk:

Major Categories

- Market Interest & Growth Potential
- Competitor Actions & Retaliation
- Time & Cost to Development
- Operating Expenses
- Availability and Timing of Financing

Go to **www.menti.com** and use the code **8303 6747**

Diskusi Kelompok

- Via channel teams

- Diskusikan
  1) Identifikasi risiko;
  2) Kategorinya;
  3) Kemungkinan terjadinya dan konsekuensinya;
  4) Rencana mitigasinya.

THANK YOU