

QA



MANAGEMENT OF RISK

Learner Guide



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'Uncertainty that really matters to you'

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1. Introduction and welcome

Welcome to your 'Management of Risk: Creating and Protecting Value (M_o_R®4). This chapter will introduce you to some of the key concepts explored throughout our interactive training event.

In this chapter, you'll start thinking about Risk Management within the context of the M_o_R®4 framework. Our course materials will guide you through the most important points. When you are familiar with these concepts, you'll be able to apply them to your organization.

1.1 What is the management of risk: creating and protecting value (M_o_R®4) qualification?

The M_o_R®4 Practitioner Examination is intended to assess whether you can demonstrate sufficient ability to understand, apply, and tailor the M_o_R® framework (as described in the syllabus) to be awarded the M_o_R®4 Practitioner qualification.

A successful Practitioner should, with suitable direction, know how to apply the M_o_R framework, but may need support to apply it to some situations. Their individual risk management expertise, the complexity of the environment, and the support provided for the use of M_o_R in that environment will all be factors that impacts what the practitioner can achieve.

1.2 Who is this qualification for?

The M_o_R®4 Practitioner qualification is intended for:

- Programme or project management professionals, for example, programme managers; project managers; PMO support; PMO analysts; project risk managers; and portfolio management staff
- Professionals enabling or supporting effective risk management, for example, business change managers; business analysts; production, delivery and operations managers; service designers/architects; management consultants
- Risk professionals requiring a best practice approach to risk management, applicable across sectors and projects, for example, senior risk managers; corporate risk managers; risk managers; IT risk managers; assistant risk managers; heads of risk management; and risk analysts



1.3 What is assessed?

The M_o_R®4 Practitioner Examination is intended to assess whether the candidate can demonstrate sufficient ability to understand, apply, and tailor the M_o_R framework (as described in the syllabus) to be awarded the M_o_R®4 Practitioner qualification. A successful Practitioner candidate should, with suitable direction, know how to apply the M_o_R framework, but may need support to apply it to some situations. Their individual risk management expertise, the complexity of the environment, and the support provided for the use of M_o_R in that environment will all be factors that impact what the practitioner can achieve.

1.4 How is it assessed?

M_o_R®4 is a single exam at practitioner level, which will improve your learning journey. The new exam draws on one of the four case studies contained in the core guidance and ensures a practical integration between the guidance and the assessment. This looks to ensure a joined-up experience for all learners.

Material allowed	M_o_R®4 manual	This is an 'open book' examination. The Management of Risk 4th Edition publication is permitted. No materials other than this publication and the examination materials may be used in the examination.
Exam duration	2 hours 15 minutes	NOTE: Candidates taking the exam in a language that is not their native or working language may be awarded 25% extra time, i.e., 150 minutes in total.
Number of marks	65 marks	Each Matching question has 3 question items to be matched. There are 18 Matching question items, in addition to 47 Standard Classic questions, therefore there are 65 question items in the exam in total.
Pass mark	33 marks	50% or higher
Level of thinking	Bloom's levels 2, 3 & 4	"Bloom's level" describes the type of thinking needed to answer the question. For Bloom's 2 questions, the candidate needs to show understanding of these concepts. For Bloom's level 3 questions, the candidate needs to apply their knowledge to a situation. For Bloom's 4 questions, the candidate needs to analyze the information provided and reason whether a course of action is effective/appropriate.
Exam format	Scenario from the	The candidate should read the 'scenarios' in the 'about this guide' section of the M_o_R®4 manual,



	manual, & Question booklet	which will give background information about the context that the questions apply to. The exam paper will indicate which scenario is relevant to the paper. Only one scenario will be used per exam paper.
Question types	Standard Classic & Matching	The questions are all 'multiple choice'. There is a short description of a situation, and then a question. For the 'Standard Classic' questions (1 mark), candidates are presented with a question and four answer options (A, B, C, D). For the 'Matching' questions (3 marks), candidates are presented with 3 pieces of information and are required to choose an answer for each from a list of 5 or 6 answer options (A, B, C, D, E, F).

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1.5 Your learning

The M_o_R®4 syllabus has four learning outcomes with 29 assessment criteria, and this is what your learning covers. For a detailed look at the syllabus, go to reference section.

Please note that this workbook supplements (never replaces) the M_o_R®4 'Creating and protecting value' and must be read in conjunction with this guide.

Your learning will consist of a mixture of core theory, exercises, and mock exam questions. Through completing your learning in full, you will give yourself the best chance of passing the M_o_R®4 exam.

1.6 Are there any course prerequisites and what is the expiry date?

There are no prerequisites for M_o_R®4, and the certification is valid for three years.

1.7 Does M_o_R®4 fit within AXELOS® ProPath™ certification scheme?

Absolutely yes! M_o_R®4 sits within AXELOS ProPath, a certification scheme which brings together the world's leading project, programme, and portfolio management best practice certifications, for the breadth of skills needed to deliver meaningful organizational change.

Professionals certified in best practice that provide the skills to master the pace of change, are fast becoming indispensable; providing organizations with the crucial best practice skills they need to reduce costs, increase efficiencies, and make sound investments for the future.



Management of Risk Edition 4

AXELOS ProPath has been designed to help you do exactly that: providing a progressive development structure of best practice certifications that are specifically geared towards delivering meaningful change, in a changing world.

M_o_R®4 is a core certification in the new AXELOS ProPath Certification Scheme, a key element within the AXELOS ProPath Project Expert and AXELOS ProPath Agile Project Expert designation routes.



2. Introduction to the M_o_R®4 framework

The topics covered in this module include:

- 2.1 Super brief history of risk
- 2.2 Meet the four different scenarios
- 2.3 Purpose of the risk framework
- 2.4 Definition of some key risk terms
- 2.5 Benefits of risk management
- 2.6 Corporate governance and Enterprise Risk Management (ERM)
- 2.7 It's all about perspective (six of them)
- 2.8 Risk specialisms
- 2.9 Challenges to applying risk management (the 12 D's)
- 2.10 M_o_R®4 integrated risk management model



2.1 Super brief history of risk

The Oxford English Dictionary (OED) cites the earliest use of the word in English (in the spelling of 'risque' from its French original, 'risqué') as of 1621, and the spelling as 'risk' from 1655. While including several other definitions, the OED 3rd edition defines risk as:

'(Exposure to) the possibility of loss, injury, or other adverse or unwelcome circumstance; a chance or situation involving such a possibility.'

Fast forward through time, for example, environmental disasters, high-profile collapses of a number of major organizations had led to increased focus on corporate governance and internal controls. (Turnbull Guidance).

The very first edition of Management of Risk (MoR) was published in 2002 in response to UK government guidance on corporate governance and internal control. Over time as expected, MoR has evolved and the latest released edition encapsulates best practice based on creating and protecting value within each organization.

As you know, risk is inherent in everything you do. At any point in history, when people managed businesses or entire countries, there were people employed to manage risk with the tools that they had at the time. So, when the environment changes, so must our organization, so must you. If you do not realise the full and true value of risk management, the question now is, why and what can we do to facilitate this? As a risk professional, you need to take the lead and champion risk in all that you do! Please read on, to explore how you can do this.



2.2 Meet the four different scenarios

Four fictitious scenarios are used throughout the M_o_R®4 manual. Please reference the manual for more details.

Scenario	Summary
1	Logisticoto plc: an example of risk management in a multinational transportation company.
2	TaxDept: an example of risk management in a government department.
3	WorldView: an example of risk management in a global charity operating model.
4	Fintast: an example of risk management in a product-oriented start-up.

2.3 Purpose of the risk framework

The purpose of Management of Risk: Creating and Protecting Value (M_o_R®4) is to provide a framework for decision-makers to understand how uncertainty, and risk arising from that uncertainty, might impact their objectives and to use that framework to make plans to create and protect identified value.

All decisions within organizations, at strategic, portfolio, programme, project, product, and operational levels, are made in the context of risk.

Decision-makers need to find ways of finding out what is known and what is uncertain that would have an impact on objectives should the uncertainty become a reality. Some of this uncertainty may help achieve your objectives (risk opportunity – upside risk) and some of this uncertainty may hinder achieving your objectives (risk threats – downside risk). Some uncertainty might be a risk opportunity to one stakeholder yet a risk threat to another stakeholder. All uncertainty must be identified and managed throughout.

The M_o_R integrated framework is principles-led, which ensures that it is universally applicable to organizations in all sectors and with a wide range of objectives at different levels. It applies risk management across and between six different perspectives, thereby enabling decision-makers at strategic, portfolio, programme, project, product, and operational levels to work together to create and protect organizational value. Our key message here is that all 8 principles are universal (generic); self-validating (based on best practice) and empowering (ability to shape and influence risk management).



Definition: value

The perceived benefits, usefulness, and/or importance of an outcome in proportion to the resources deployed to achieve it.

There is a huge difference between value and cost. For example, my 'Classic Cars' paper recycling container would probably cost £5.00. As it was previously owned by my grandfather, the value to me is priceless.

Collectively, M_o_R®4 principles, perspectives, people, and processes work together to provide an integrated framework to support any organization that wants to make better risk-informed decisions in the context of a 'VUCA' world (Volatility, Uncertainty, complexity, ambiguity).

Definition: VUCA

The acronym VUCA (volatility, uncertainty, complexity, and ambiguity) is commonly used to refer to the dynamic and fast-changing nature of the contemporary business environment. The purpose of the VUCA label is not to explicitly define the individual terms or to describe how each affects organizational survival. Rather, the label is used as a warning that organizations must develop greater awareness of, and readiness for, the unexpected in order to survive.

With collaboration across teams that have distributed decision-making at their core, a product-focused orientation overcomes the challenges of working cross-functionally. Understanding the risks to objectives so that the organization remains resilient and relevant in its market, always applies, regardless of the operating model chosen.

The ability to identify, prioritize, and commit to proactive or reactive responses to risk is the route to resilience. Resilience is also enabled by agility. Both resilience and agility depend on a culture that supports collaboration and continual learning.

Definition: resilience

The ability of a person or an organization to deal with unplanned events and respond strongly, ideally addressing not only anything that has been lost, but turning the adversity into an opportunity for greater value to be created in future.



Definition: enterprise agility

A condition of an organization that is able to be flexible and responsive to drivers in its environment. Enterprise agility (also called 'corporate agility' or 'organizational agility') enables the organization to remain resilient.

Definition: triple bottom line

Attributed to John Elkington in 1994, the triple bottom line concept provides a focus on value, not just in terms of profit, but also in terms of people and the planet. A current and alternative way of expressing the people and planet aspects of the triple bottom line is to refer to the environmental, social, and governance (ESG) criteria.

The focus for the triple bottom line is sustainability. In other words, it is not just about measuring the bottom line (profit) but it's also about the need to commit to measuring the impact that people and planet have on what we do and how we do things.

2.4 Definition of some key risk terms

It is critical to articulate risk in a meaningful way that can be understood and managed. The major ingredients in a risk definition contains the following:

- Cause (source of the risk / known situation)
- Uncertain event (area of positive or negative uncertainty)
- Impact on objectives (considered impact on each and every objective)

Definition: risk

An uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives. Risk is a neutral concept; risks can either be threats (downside risks) or opportunities (upside risks).

Once you understand risk, through our process model, we can build up the degree of risk that each objective is exposed to. This is achieved by multiplying the 'likelihood of the threat or opportunity occurring × size of the impact on the objective'.

Definition: risk exposure

The degree to which a particular objective is 'at risk'. Risk exposure is a neutral concept; exposure can be positive or negative.

Bringing together the identification, prioritization, and responses to risks is all part of the scope of risk management. For this to be truly effective, a joined-up



approach is needed. This is referred to as 'Enterprise Risk Management' or EMR, which is covered later on in this workbook.

Definition: Risk management

The coordinated direction and control of an organization undertaken to protect and create value in the face of risk.

A common pitfall when managing risk is to confuse the relationship between things actually happening now (issues), and potential future events (risks). Although issues and risks are different, there are relationships between them. These will be explored during the course.

Definition: issue

An unplanned event that has occurred and requires management action. An issue may be a problem, a query, a change request, or a risk that has occurred.

2.5 Benefits of effective risk management

Some risk-taking is inevitable if an organization is to achieve its objectives. Taking and managing risk is the very essence of business survival and growth. Effective risk management is likely to improve performance against objectives but must be designed to meet your organizational needs, taking into account both the internal and external environments. Here is a selection of benefits that risk management would look to generate:

- Creating and protecting value for your organization
- Greater efficiency of resources
- Enhanced innovation of products and services
- Lower cost of capital
- Reduced waste (tangible and intangible)
- Improved service delivery

Building in resilience in an Agile way.

2.6 Corporate governance and Enterprise Risk Management (ERM)

A major factor influencing the drive towards more formalized approaches to risk management has been the increased focus given to corporate governance and internal controls. In this context, corporate governance refers to the system of how each organization is directed and controlled.

Management of risk is built into the governance structure, and this provides a real opportunity to ensure that this structure meets your organizational needs.



You achieve this in a measured, tailored way. As the environment change, so does the need to adopt and adapt **your** structure so that this adds value not cost. Protect the value at all times!

Definition: corporate governance

The means by which an organization is directed and controlled. At the level of the legal entity, corporate governance is focused on maintaining a sound system of internal control. By which, the directors and officers of the organization ensure that effective management systems are in place to protect assets, earning capacity, and reputation.

Corporate governance is also concerned with assurance, to provide transparency and confidence about progress towards objectives. Since 2008, the three-lines model (until 2020 called the three lines of defence) has been the internationally accepted approach to designing assurance (Institute of Internal Auditors, 2020).

The three lines of defence concept was developed by the Federation of European Risk Management Associations (FERMA) and the European Confederation of Institutes of Internal Auditors (ECIIA) for inclusion in the 8th EU Company Law Directive, Article 41. This was updated to be the three-lines model in 2020 to reflect the fact that risks are threats or opportunities, so risk-based assurance is not only about protecting value but also enabling opportunities to be seized to create value.

In the three-line model, delegated authority to manage risk and associated controls is allocated to:

- First-line management for operational, product, and/or project risks and controls
- Second-line management for functional and/or portfolio and/or programme risks and controls
- Third-line internal auditors to provide assurance to the relevant governing body that controls for risks are sufficient and effective

M_o_R directly supports the risk management and risk-based assurance elements of corporate governance by providing a principles-led risk management process that can be tailored for application at, across, and between multiple organizational perspectives. This process specifically enables the aggregation and escalation of risks to the strategic level to gain the attention and support of the responsible stakeholders of the organization.

ERM addresses the need for an integrated, joined-up approach to managing risk, not only across and within the organization, but also taking into account

the organizational environment and wider network of organizations that are integral to value creation and protection.

Definition: ERM

The culture, capabilities and practices that are affected by an organization's management and applied in strategy-setting, across the entire enterprise or legal entity. ERM identifies and manages risk to be within an organization's risk appetite and provides reasonable assurance regarding the achievement of organizational objectives.

2.7 It's all about perspective (six of them)

M_o_R is unique in explicitly considering the similarities and differences of applying risk management across the strategic, portfolio, programme, project, product, and operational perspectives. Depending on the organizational setting, all of these perspectives may be relevant, or just a sub-set.

The strategic perspective differs from the portfolio perspective as the achievement of strategic objectives will always be at risk from all the other change or operational perspectives, whereas the portfolio objectives are related to changing the organization. Please note that the six perspectives are not intended to provide an organizational hierarchy but to highlight different combinations of performing work that need to be joined-up. Illustrated in figure 1.1 below.



Figure 1.1



2.8 Risk specialisms

Risk is not confined to purely the six perspectives. Risk is inherent everywhere. There are many specialized areas that require technical expertise to ensure you have a robust system to deal with the risks they pose. These specialized risk areas include but not limited to:

- Health and safety
- Information security
- Environmental
- Conduct and reputational.

A holistic approach is needed when designing and creating the ERM for each organization. The whole of the M_o_R integrated framework is necessary for the effective management of risk. This must include all the correct links to be in place and working two-way.

2.9 Challenges of applying risk management

Application of risk management in an uncertain world is challenging. A flexible robust approach is needed and must be integrated throughout an organization and the stakeholder community. Individuals are more likely to buy into an approach if they are involved in an appropriate way. By being aware of key challenges to applying risk management, you can build in resilience to address them. This can only be a snapshot in time, but this means you have a strong starting point. M_o_R has identified 12 key challenges (referred to as the 12 D's!). These are as follows:

1. Disengaged stakeholders, leading to apathy and a tendency to 'tick the box' on risk management, rather than commit to using risk management to create and protect value.
2. Disbelief that 'this could happen to us.'
3. Desire for positive 'can-do' attitudes that effectively silence voices that perceive the situation differently.
4. Different approaches (technology, techniques, language, or process) used in different parts of the organization causing confusion and inconsistent assessments. This is also combined with an inability to aggregate risk information and understand overall exposure to risk.
5. Discussion of risk in general terms, but with insufficient focus on the context and why risk matters to the specific objectives at risk.
6. Downside thinking - limiting the ability to explore and exploit upside opportunities.
7. Data not being used to improve estimates of the chance of risks occurring, the most likely size of impact, and the interconnections between activities and risks.



8. Disconnection from decision-making; risk-information exists but cannot be practically used at the point of decisions being made.
9. Delegation of actions that do not get resourced or done.
10. Disinterest in considering multiple potential futures, with leaders preferring to commit to a single 'plan A'.
11. Dysfunctional reporting that gives a false picture.
12. Denial that risk management can be improved.

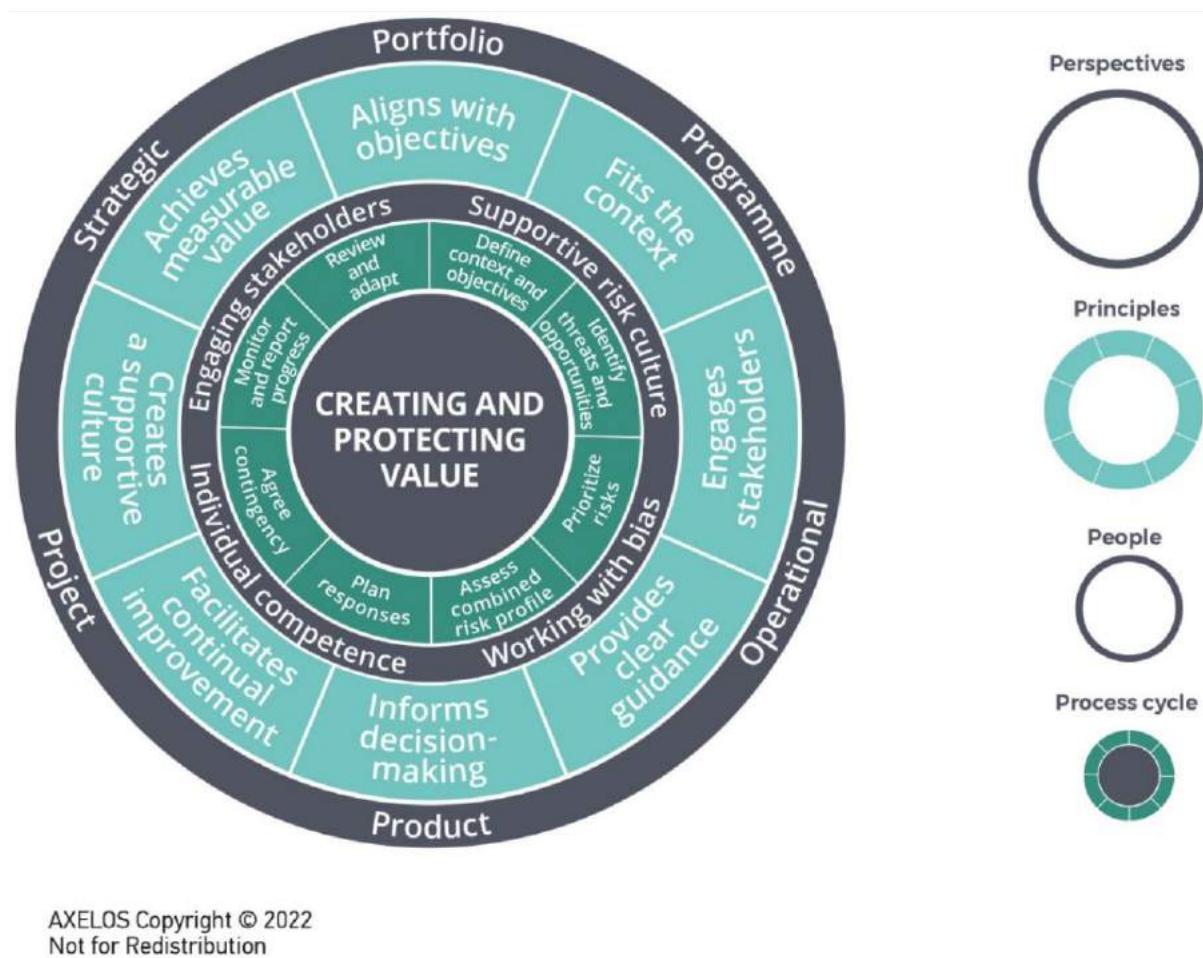
These 12 challenges can impact the effective management of risk, regardless of the organization and its chosen operating model (i.e., functional or product-oriented). This needs to be considered and built into the relevant model. The use of maturity models provides a valuable tool to benchmarking current risk management capability and maturity and for understanding how and where improvements may be achieved. This will support understanding the current status against the 12D's.

2.10 M_o_R®4 integrated risk management model

A model is a representation of a real business situation. The purpose of the M_o_R® model is to understand how you create value and protect this throughout. Value sits at the core of the M_o_R® model. Protection comes in the form of the following layers:

- Processes
- People
- Principles
- Perspectives

The strength of the M_o_R® model is not to just look at each layer in isolation but in how it locks and integrates together as a whole. See figure 1.3 below.



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Figure 1.3 The M_o_R® integrated framework



3. M_o_R®4 principles

Eight principles are universally applicable when managing risk using the M_o_R®4 integrated framework. Although each principle has value in its own right, it is the eight principles working together that provides the core structure for the wider framework and serves as a reliable and empowering guide to the essential aspects of risk management.

The topics covered in this module include:

- 3.1 What M_o_R®4 principles are and their criticality
- 3.2 Aligns with objectives
- 3.3 Fits the context
- 3.4 Engages stakeholders
- 3.5 Provides clear guidance
- 3.6 Informs decision-making
- 3.7 Facilitates continual improvement
- 3.8 Creates a supportive culture
- 3.9 Achieves measurable value



3.1 What M_o_R®4 principles are and their criticality

Principles are guiding obligations that apply continuously throughout the work you do. They are mandated, not optional. How each organization integrates all eight principles is down to you. All principles are universal, self-validating, and empowering. This is the core reason why M_o_R®4 can be applied to any organization irrespective of the perspective and objectives at risk and of the process being applied.

One of my learners asked me if the *eight* principles were similar to '**DNA**', or deoxyribonucleic acid. My learner then shared her view on DNA which was based on the 'building blocks of life.' Any blocks that are missing or not working appropriately reduces your chances of success in whatever you aim to do. To a large extent, I agree with this. DNA, like the *eight* M_o_R®4 principles will shape what you do but must permeate through all aspects of your organization. Bearing in mind that every person on the planet is unique and so of course, is your organization.

Definition: principle

A guiding obligation that is continually required to create and protect value from risk management.

The *eight* M_o_R®4 principles are as follows:

1. Aligns with objectives.
2. Fits the context.
3. Engages stakeholders.
4. Provides clear guidance.
5. Informs decision-making.
6. Facilitates continual improvement.
7. Creates a supportive culture.
8. Achieves measurable value.

The first seven principles are what we call 'enablers.' The last principle, (Achieves measurable value) is the result of implementing risk management well.

The structure of all *eight* principles contains the following:

- Key message
- Definition of said principle
- Primary outcome
- How you achieve each principle.



3.2 Aligns with objectives

Key message

M_o_R provides leadership and governance to achieve the objectives that are at risk over time.

'Uncertainty that really matters to us.' Uncertainty is inherent everywhere. Risk management is focussed on uncertainty that has the potential to impact your objectives. Again, this can be a risk upside or risk downside. This is where you target your effort.

All objectives need to be clearly defined and have key performance indicators in place to confirm how much risk is tolerable per objective.

As objectives change so must your approach to risk management. Risk is dynamic and as such you need to anticipate and respond to changes.

The primary outcome is that risks are prioritized for management action based on potential to protect or enhance value.

How you can achieve this principle:

- Provide clarity of objectives and capacity and appetite for risk to them
- Give clear governance on ownership and delegated authority per objective
- Ensure the risk management process links to change continuously

3.3 Fits the context

Key message

M_o_R provides guidance on tailoring risk management so that it is proportionate to the objectives at risk over time.

Organizations and all the goods and services they provide, don't take place inside a vacuum. Work will be influenced by both the internal and external environments (context). For risk management to be effective, you need to understand these environments and adapt accordingly. For example, how risk is managed within the armed forces will be different to other industries such as financial and software development.

This understanding of the context can only ever be a snapshot now and that is where the priority for effort is focussed. As the context changes, priorities often change too. From a value proposition, risk management needs to be 'context



appropriate', in other words, not too much (think unnecessarily bureaucracy) and not too little (control lost).

The primary outcome is that investment in risk management helps organizations make good decisions for least effort.

How you can achieve this principle:

- Introduce a risk management process that assesses both the internal and external environment
- Provide flexible leadership that adapts to the internal and external environment
- Question whether risk management work is adding value

3.4 Engages stakeholders

Key message

M_o_R engages stakeholders in an inclusive and collaborative way, recognising that people have differing perceptions of what is risky and why.

A stakeholder is any individual, group, or organization that can affect, be affected by, or perceives itself to be affected by organizational objectives. We live in a global diverse world. Stakeholders often have different wants and needs, and you need to take a measured approach to how you communicate and engage with your stakeholder community. This provides a strong opportunity to engage in a very much inclusive way through collaboration. Stakeholders will have their own perceptions on risk, sometimes conscious bias, which need to be addressed.

Throughout any kind of lifecycle, some stakeholders will come, some will go. Their thoughts, views, resource commitments, and support can and often do change. By engaging in a timely manner throughout the lifecycle will reduce the risk of misunderstandings throughout and actively encourage buy-in.

The primary outcome is that differences in perception are understood, and actions taken.

How you can achieve this principle:

- Identify and engage with stakeholders relevant to your objectives and decisions
- Embed a culture that recognises the importance of stakeholder perception of risk
- Have skilled facilitators that can explore and challenge stakeholders in a positive way



3.5 Provides clear guidance

Key message

M_o_R provides clear guidance through a comprehensive, structured approach to the management of risk that can be tailored to the specific context.

To effectively manage risk, you need to have an approach. This provides each organization with an opportunity to provide guidance on how risk will be managed. This would look to include how risk information is structured, analyzed, prioritized, and reported. Although the details will often be different, as each organization is unique, the principles and processes require embedding and integrating.

The primary outcome is that the decision-makers have confidence in risk information that informs on how to respond and proceed.

How you can achieve this principle:

- Clearly define and communicate a strategic risk management policy and process guide
- Provide clarity on how you tailor risk management
- Seek feedback from stakeholders and adjust your approach accordingly

3.6 Informs decision-making

Key message

M_o_R integrates the best available information and expertise to inform decision-making at multiple levels.

All decisions are made based on what is known (constraints, issues) and what is unknown (risk). An effective decision-making process will consider multiple options to achieve the objective. An input to this, would be the gathering of existing knowledge, if indeed this exists, as well as engaging with the stakeholder community. There is a strong reliance on this information which may contain assumptions even bias. Collectively, this information becomes the 'best' available.

Each option is assessed on the relative upsides and downsides and is then used to inform a decision. Some decisions may need a greater investment and require further work. Whatever the decision is, it is critical this is communicated in a timely manner.



The primary outcome is that the organizational decision-makers recognise the value of information provided and use this as input to making decisions.

How you can achieve this principle:

- Provide reliable risk information as input to decisions and communicate what the decision is
- Create, analyze, and challenge risk information, drawing on historical data where available
- Educate and support decision-makers, for example, how contingency can be determined and used

3.7 Facilitates continual improvement

Key message

M_o_R ensures learning from the application of risk management.

Learning is focussed on gaining knowledge and/or skills by studying, practicing, being taught, or experiencing something. Through the lens of risk management, your focus is on creating and protecting value. Proactive learning and continual improvement fully support this, whether looking at systems, processes, tools and techniques, and roles and people working together. Using maturity models will facilitate an approach to help improve aspects of an organization's risk management framework.

A joined-up approach is critical. This will help communicate and share good practices, practices to be avoided and opportunities to explore how you can do things differently. Your focus should be on improving the reliability and confidence in risk information to support decision-making.

The primary outcome is that the organization does not waste time and effort by failing to learn from mistakes or from not seeking out opportunities from good practices.

How you can achieve this principle:

- Analyze actual performance data on risk
- Engage stakeholders to understand their confidence in risk information and how this can be improved
- Support professional development in the risk professional arena



3.8 Creates a supportive culture

Key message

M_o_R embeds into the organization the conditions for people to take considered risk in the pursuit of value.

For risk management to create and protect value, an organizational culture must be created which recognises that to manage risk appropriately means taking calculated chances. Not too much, not too little.

Zero risk is neither possible nor desirable. What is needed however is to understand and decide on a tolerable level of risk that matches the appetite for risk per objective.

In this context, culture is based on the way things are done within the organization. A supportive culture is one that embeds risk management into day-to-day activities and is fully supported by senior leadership. This commitment sets the tone for risk management and influences people's perception of risk. Senior leadership recognise the value of risk information and how this supports decision-making. This hopefully leads to constructive healthy debates on risk, without fear of retribution and finger pointing. This is one aspect of a supportive culture. This is reinforced through appropriate reward and recognition for mindful risk behaviours.

The primary outcome is that the organization can attain the full value from its investment in risk management, rather than partial or negative value from incomplete implementation of risk management.

How you can achieve this principle:

- Critically focus on the people side of risk management
- Design and implement reward and recognition that motivate risk behaviours and practices
- Have constructive conversations about risk and how this adds and protects value



3.9 Achieves measurable value

Key message

M_o_R focuses on creating and protecting value.

As a result of implementing the previous seven principles well, you would expect to see a positive result and to achieve measurable value.

Using a structured approach to risk management is intended to create and protect value, however an organization measures this. Objectives, measured by Key Performance Indicators (KPI's), are likely to span multiple areas inside an organization.

Risk management is fundamental to achieving the objectives, across all these areas, since unmanaged and/or unforeseen risk can heavily influence these objectives. Some result in upsides and some downsides.

As part of your risk management framework, investments in risk management must be justified, as this is expected to provide a tangible return for the organization. Measuring return on investment can be difficult but consideration is needed. In terms of measuring risk management performance, many organizations establish process-based measures. Whilst this is a strong start, it is not enough. Performance measures need to be established. For example, reducing waste and increasing client confidence.

Measures can be tailored based on tracking specific risk management performance, for example, reduction over time from combined risk exposure to objectives.

The primary outcome is that the organization can create and protect value. This is achieved through successfully implementing all seven enabler principles.

How you can achieve this principle:

- Establish ways to objectively measure risk management performance
- Seek ways to create additional value through seizing opportunities
- Ensure this feeds into continual improvement



4. M_o_R®4 perspectives

The application of risk management within any single organization can be usefully considered through multiple 'lenses' representing the nature of the work being done and at what level in the organization. The six M_o_R perspectives describe how risk management differs in the strategic, portfolio, programme, project, product, and operational perspectives.

Effective organization-wide risk management depends on the ability to integrate risk management across the perspectives, enabling appropriate escalation, delegation, aggregation, and understanding of common causes.

Topics covered in this module include:

- 4.1 Introduction to the six perspectives
- 4.2 Integrating risk management across the six perspectives
- 4.3 Calibration of qualitative scales
- 4.4 Articulation of risk
- 4.5 Strategic perspective
- 4.6 Portfolio perspective
- 4.7 Programme perspective
- 4.8 Project perspective
- 4.9 Product perspective
- 4.10 Operational perspective



4.1 Introduction to the six perspectives

Decisions about risk will vary based on the nature of objectives. To facilitate the delivery of an organizational set of objectives, we create six perspectives or 'lenses' to integrate risk management.

Ultimately, risk management is focussed on objectives and decisions. These will be different for each of the six perspectives and as such, value created will be different, so will the protection and measures needed.

Depending on the organizational setting, all of these perspectives may be relevant or maybe a sub-set. Once agreed, this needs to be integrated as a whole.

Creating an integrated approach enables escalation, delegation, and aggregation of risk. Clarity of roles and responsibilities is essential in each perspective. This also provides visibility of common causes of risks across the perspectives so you can identify trends and collective solutions where appropriate.

4.2 Integrating risk management across the six perspectives

For risk management to enable the achievement of organizational objectives, there needs to be clarity on risks that apply at a strategic perspective. We recognise that risk will be inherent across all perspectives. To obtain the true value of risk management, an integrated risk management approach across the perspectives is critical. In this context within an organization, you need to create a mechanism whereby effective prioritization is possible within each perspective. This will enable you to escalate, delegate and/or aggregate risks. It will also allow you to identify and subsequently manage common risk themes.

So, how can you integrate risk management? The key is to agree calibration scales to determine the priority of risks across the perspectives. You can assess risks qualitatively or quantitatively.

As a minimum, a qualitative scale will contain:

- Likelihood (chance that the risk will occur)
- Impact (effect on one or more objectives)

Other qualitative scales can be chosen, for example, risk proximity (when the risk can occur) and risk velocity (how quick the objectives will be impacted if it occurred).



4.3 Calibration of qualitative scales

4.3.1 Likelihood scales

Best practice is to use a set of likelihood scales across the organization for consistency and a better understanding. Calculating likelihood is subjective, unless you have a large set of reliable data. Typically, scales tend to have between three and five different points, but the organization is responsible for determining. This could be based on descriptions, probabilities, or frequencies.

For example, probabilities

1. <20% chance
2. 20-40% chance
3. 40-60% chance
4. 60-80% chance

>80% chance

4.3.2 Impact scales

Impact scales need to be tailored or rather calibrated to the capacity and appetite for risk for each objective. A measured approach is essential.

For example, cost impact

1. <£10k
2. £10-20k
3. £20-30k
4. £30-40k
5. >£40k

4.3.3 Definitions of risk capacity, risk appetite and risk tolerance

Definition: risk capacity

The amount and type of risk that the organization is able to take in pursuit of its objectives.

Risk capacity is most related to financial capacity. It provides the maximum amount of risk an organization can be linked to, not just financial factors but other such as reputation, capital assets, and the ability to raise additional funds.



Definition: risk appetite

The amount and type of risk that the organization is willing to take in pursuit of its objectives.

Definition: risk tolerance

A measurable threshold to represent the tolerable range of outcomes for each objective 'at risk', using the same units as for measuring performance for that objective.

Risk appetite is the amount of risk the organization or part of it is willing to accept, expressed as a risk tolerance. Organizations may create a risk appetite statement, but this is mainly communication not to design a risk management system. Risk appetite can be applied to each perspective. It is considered best practice to have an integrated risk management approach that makes the hierarchy of objectives explicit and as such, defines delegated limits of authority.

Risk tolerance is a risk exposure threshold for each objective. Escalation is based on this threshold. These thresholds can be financial (safety, late delivery) and non-financial (number of defects).

Definition: Delegated limits of authority

Clarification of the responsibilities of decision-makers relating to defined objectives, including commitment of expenditure and legal undertakings.

Please note that once risk tolerance has been agreed, it needs to be communicated to the appropriate stakeholder community. If at any time you go outside the delegated limits of authority, it needs to be escalated immediately, following the agreed chain of command.

4.3.4 Other qualitative scales

You have covered likelihood and impact scales. Due consideration for other scales such as risk proximity and risk velocity will support the organization.

Definition: Risk proximity

How near (in time) that a risk might occur.

Probability considers likelihood of a risk happening, whereas risk proximity considers the timeline of when the risk can happen. This could be event driven or time driven. Proximity helps you to understand risks that are urgent but may



not focus in on risks that would be catastrophic with a timeline further in the future.

Definition: Risk velocity

How quickly the risk would have an impact on objectives should it occur.

Risk velocity considers the timeline of how quickly an objective would be impacted. This provides you with an indication of how much time you have before the risk has an intolerable effect on the objective.

Suggested approach to calculate risk velocity.

(Probability + velocity) x impact = risk score

Suggested scales

Scale	Descriptor	Definition
5	Very high	Immediately
4	High	Few days to a few weeks
3	Medium	Few months
2	Low	Many months
1	Very low	1 year plus

Let's say our risk has a velocity of 4.

Unique identifier	Probability	Impact	Velocity	Risk score
A	4	5	4	40
B	4	5	1	25



Probability and impact for both risks are the same, but velocity is much different and will likely occur much sooner.

4.3.5 Escalation and delegation

Using the pre-agreed calibration scales, once a risk is assessed at a specific perspective you need to confirm if this is within delegated limits of authority or not. Consultation is needed with the perspective impacted on whether to formally escalate this risk for ownership and management. It may be deemed that a risk is delegated from one perspective to another. At all times, this is about ensuring you identify the most appropriate perspective to deal with the risk, whether this is via escalation or delegation.

Definition: risk owner

The person who is assigned to take responsibility for responding to a risk to the satisfaction of the relevant governance board.

Definition: risk action owner

The person who is the nominated owner of agreed actions to respond to a risk. Also known as the risk actionee.

The risk owner is accountable for all aspects of the risk. Where the risk owner has the delegated authority at a perspective, management of this risk stays here.

Some organizations also establish a role called a risk action owner (risk actionee). This role reports into and takes guidance from the risk owner.

4.3.6 Aggregation

Aggregation is focused on understanding the most significant risks to the higher perspective, considering the other perspectives. For example, aggregate all project risks pertaining to the programme. You will explore this in more detail in Chapter 9: 'Assess combined risk profile'. You may decide to aggregate based on risk type such as health and safety or growth.

4.4 Articulation of risk

It is difficult to manage risk if you don't articulate the risk in a meaningful way.

There are different ways to articulate risk:

- Risk cause: describes the source of the risk
- Risk event: describes the area of uncertainty in terms of threats and opportunity



- Risk effect: describes the impact on each objective should the risk event occur

Alternatively:

- Objective: protect the storage of customer and staff data with zero regulatory breaches
- Cause: because staff are working from home
- Risk: there is a risk that controls that were effective in the office environment cannot be upheld
- Impact: resulting in data breaches

4.5 Strategic perspective

Definition: strategy

A broad approach or course of action defined by an organization for achieving its objectives.

This perspective will cover the following critical areas:

- Purpose (strategic)
- Typical roles involved (strategic)
- Related practices and controls (strategic)

4.5.1 Purpose (strategic)

The purpose of risk management in the strategic perspective is to add value to the achievement of overall organizational objectives. The objectives at risk are those of concern to the board/trustees/investors of the organization and the senior management team (executive management) and would typically be associated with ensuring overall organizational effectiveness and resilience. In a fast-moving context, enterprise agility is essential for enabling resilience.

The organizational capacity and appetite for risk is defined within the strategic perspective and communicated across the organization so that decision-makers at all levels understand how much risk can be tolerated as they pursue objectives.

Risk management in the strategic perspective ensures signals of change in the external context are identified and managed alongside risks to the existing change and operational objectives.



4.5.2 Typical roles involved (strategic)

Roles will vary from one organization to another. Typically, you would expect to see:

Board members (trustees, non-executive directors)

Ultimately responsible for establishing risk appetite and taking risk, within the appetite, to deliver strategy and create value.

Board committee roles (including chair of the audit and risk committee)

Responsible for ensuring the risk framework is effective in identifying and controlling the risks with greatest significance to strategic objectives.

Executive management

Responsible for establishing the necessary risk culture and owning risks and controls across operational, change, and strategic perspectives.

Chief risk officer (CRO) or equivalent (group head of risk, strategic risk manager, etc.)

Responsible to executive management and the board/trustees for design and operation of an effective risk process. In many organizations this role is held at executive level by the chief financial officer (CFO) or by the general counsel/head of legal with a risk specialist role reporting into the executive.

Compliance manager

Responsible for ensuring that the organization understands the legal and regulatory context and that decisions about the degree of compliance fit with the risk appetite defined by the board.



4.5.3 Related practices and controls (strategic)

Risk policy and process

Creating a single policy, mandatory process, and tailorable guidance to be used across the organization.

Assurance

Defining of how the three-lines model will be applied across the perspectives to enable risk-based assurance, providing confidence to stakeholders that objectives will be met.

Scenario planning

Creating and evaluating multiple possible futures at strategic level.

Insurance

Planning and negotiating organization-wide cover for insurable risks.

Compliance

Influencing and monitoring the regulatory environment for the organization and planning effective controls for compliance-related risks.

Internal control environment

Defining of the organization-wide internal controls for common risks, including the definition and authorization of policies and the definition and assurance of the segregation of duties.

Please note that M_o_R®4 provides guidance on risk management per se but what it does not do is provide how to deal with specific risks. Expertise must be sought.



4.6 Portfolio perspective

Definition: Portfolio

The totality of an organization's investment (or segment thereof) in the changes required to achieve its strategic objective.

This perspective will cover the following critical areas:

- Purpose (portfolio)
- Typical roles involved (portfolio)
- Related practices and controls (portfolio)

4.6.1 Purpose (portfolio)

The purpose of risk management in the portfolio perspective is to add value to the achievement of the overall objectives of the portfolio. Whether they be the change objectives in a functionally oriented organization, or the product development and management objectives in a product-oriented one.

The objectives at risk are those of concern to the senior management team (executive management) in ensuring that the organization is able to demonstrate enterprise agility. Meaning the ability to identify emergent change and implement those changes necessary for continued relevance and competitive advantage.

For a change portfolio, the objectives will be a sub-set of the overall organizational objectives. The capacity and appetite for risk to these objectives will be delegated from the strategic perspective.

Risk management in the portfolio perspective supports overall organizational objectives by ensuring that scarce resources are balanced between change and operational activities. Effective portfolio management ensures that new investments in change can be delivered and that lower-priority investments are stopped or re-planned. In a product-oriented organization, the portfolio perspective is vital in prioritizing the combined backlog with balancing the investment in work on multiple products and services, championed by multiple product owners.

Given that the achievement of the change portfolio objectives is closely related to the overall organizational objectives, some organizations will choose not to separate the strategic and portfolio perspectives.



4.6.2 Typical roles involved (portfolio)

Roles will vary from one organization to another. Typically, you would expect to see:

Business change director or portfolio director

Responsible for overall coordination and governance of the change portfolio, including ensuring risk management is effective.

Executive sponsors (typically members of the senior management team)

Responsible for sponsoring programmes and/or projects and owning risks where authority cannot be delegated to other team members.

Portfolio manager

Responsible, in support of the business change director, for day-to-day leadership of the portfolio, and therefore the efficacy of application of risk management across the portfolio.

Portfolio office lead

Responsible for supporting change activities across the organization, including running the risk process, ensuring risk information is available to support decisions, and (potentially) provision of neutral risk facilitators.

Portfolio direction group or chair of investment committee

Responsible for ensuring the organization makes good decisions about investments in change. This is often, but not always, fulfilled by the CFO.



4.6.3 Related practices and controls (portfolio)

Decision-making processes

Beyond individual programme or project business cases, evaluating potential investments in additional change initiatives, looking at portfolio fit, and balancing overall risk and return.

Portfolio risk culture

Establishing the risk culture for the portfolio, as a sub-set of overall risk culture; in particular, ensuring collaborative working between projects and programmes to facilitate good conversations about risk.

Aggregation to portfolio level

Ensuring the exposure of common risks within projects and programmes is understood at aggregate level.

Change portfolio escalation and delegation

Ensuring calibration of impact scales used in projects and programmes enables effective escalation and delegation so ownership of risk is aligned with delegated levels of authority.

Portfolio-level controls

Identifying common causes of change-related risks and implementing controls that directly target causes.

Please note that M_o_R®4 provides guidance on risk management per se but what it does not do, is provide how to deal with specific risks. Expertise must be sought.



4.7 Programme perspective

Definition: programme

A temporary structure designed to lead multiple interrelated projects and other work in order to progressively achieve outcomes of benefit for one or more organizations.

This perspective will cover the following critical areas:

- Purpose (programme)
- Typical roles involved (programme)
- Related practices and controls (programme)



4.7.1 Purpose (programme)

The purpose of risk management in the programme perspective is to add value to the achievement of outcomes of benefit from change.

The objectives at risk are those of concern to the senior management team (executive management) of the organization in terms of ensuring that it is able to progress incrementally to the desired future state. They decide how best to move forward towards the target operating model tranche-by-tranche. Structuring programmes to move towards the desired future state incrementally is inherently a risk-informed approach. At the end of each tranche of investment, the organization should be in a safe place to stop, or to adjust in the light of new information (facts and risks).

The objectives at risk for a programme will be a sub-set of the overall organizational and change portfolio objectives. The capacity and appetite for risk to these objectives will be delegated from the portfolio perspective, or where the portfolio level does not exist, the strategic perspective.

Risk management in the programme perspective supports the overall organizational objectives by ensuring that progression to the desired future state is done incrementally, with each tranche of activity justified in terms of the balance of benefit, cost, and risk.



4.7.2 Typical roles involved (programme)

Roles will vary from one organization to another. Typically, you would expect to see:

Senior responsible owner (SRO), or equivalent (programme sponsor)

Responsible for the successful delivery of the outcomes of the programme, and therefore the risks to achieving those outcomes.

Programme manager

Responsible, in support of the SRO, for day-to-day leadership of the programme, and therefore the efficacy of application of risk management across the programme.

Business change manager

Responsible, in support of the SRO, for managing risks to day-to-day adoption of new capabilities in support of the realisation of outcomes of benefit.

Programme office lead

Responsible for managing delivery and capacity controls for the programme, including the administration and support of the risk process (in conjunction with the portfolio office lead where one exists).

Risk specialist

Responsible for supporting the programme manager and business change manager to apply fit-for-purpose risk management to programme activities, including, but not limited to, facilitation, analysis, and reporting.



4.7.3 Related practices and controls (programme)

Programme business case

Ensuring risk is explicitly considered in the business case, modelling the impact of risks on both benefits and costs.

Planning progressive delivery

Ensuring risk is explicitly considered when deciding the size and pace of each incremental tranche.

Aggregation to programme level

Ensuring the exposure of common risks within constituent projects and other work within the programme is understood at aggregate level. Where the programme is part of a portfolio, this work will be part of the overall aggregation to portfolio level.

Escalation and delegation

Ensuring that the calibration of impact scales used in projects enables effective escalation and delegation so that ownership of risk is aligned with delegated levels of authority. Where the programme is part of a portfolio, this work will be part of the overall integration of risk to portfolio level.

Programme level controls

Identifying common causes of project-level risks and implementing controls that directly target causes. Where the programme is part of a portfolio, this will be part of the work to establish portfolio-level controls

Please note that M_o_R®4 provides guidance on risk management per se but what it does not do, is provide how to deal with specific risks. Expertise must be sought.



4.8 Project perspective

Definition: project

A temporary organization that is created for the purpose of delivering one or more business products according to an agreed business case.

This perspective will cover the following critical areas:

- Purpose (project)
- Typical roles involved (project)
- Related practices and controls (project)

4.8.1 Purpose (project)

The purpose of risk management in the project perspective is to add value to the achievement of outputs and capabilities where the project is part of a programme or portfolio and to the outcomes of benefit if the project is a standalone change initiative.

The objectives at risk are those of concern to the project executive (sponsor) or the SRO of a programme in terms of ensuring that the organization is able to deliver the project scope to the right quality, on time, and within budget.

For a project that is not part of a programme, the objectives at risk will be a sub-set of the overall organizational and/or change portfolio objectives. The capacity and appetite for risk to these objectives, expressed as tolerances, will be delegated from the portfolio perspective or, where the portfolio level does not exist, the strategic perspective.

For a project that is part of a programme, the objectives at risk will be a sub-set of the programme objectives; the capacity and appetite for risk to these objectives will be delegated from the programme perspective.

Projects can be delivered using multiple modes of delivery (iterative, linear, or hybrid) or using continual improvement approaches. Note that continual improvement is included as a project mode of delivery because the project perspective is concerned with risks to the outputs, capabilities, and benefits from change. In reality, continual improvement is relevant to any activity in an organization but is positioned in the project perspective because continual improvement is always concerned with beneficial change.



Definition: multimodal delivery

The selection of methods of delivering the work that are appropriate to the task, the team, the individuals (including customers, stakeholders, leaders, and workers), and the context.

The choice of mode of delivery will influence the focus of risk management to some degree as demonstrated in the following sections.

- Linear/sequential project delivery mode
- Iterative/agile project delivery mode
- Hybrid project delivery mode
- Continual improvement
- Risk management across multiple modes of project delivery

4.8.2 Linear/sequential project delivery mode

Definition: Linear/sequential project delivery mode

A project delivery mode that aims to complete the delivery of outputs within a single pass through a set of distinct phases, completed in sequence.

This project delivery mode works well when scope and quality can be defined at the start, so our focus is on delivery, varying both cost and time. You need to understand this baseline so risks can be identified, prioritized, and managed.

4.8.3 Iterative/agile project delivery mode

Definition: iterative/agile project delivery mode

A project delivery mode that repeats aspects of the design or delivery with the objective of managing any uncertainty of scope by allowing outputs to evolve as learning and discovery take place.

The choice of an iterative project delivery mode (for example, using Agile ways of working) requires working within fixed timeboxes from which scope and quality emerge. This is a good choice when scope and quality cannot be defined clearly at the start and the organization can support an approach whereby the solution (and associated timescales and costs) emerges over time. For Agile ways of working to be effective, dedicated, and empowered, teams must have the delegated authority to make decisions, so risks are captured and managed swiftly and at the appropriate level. Customer focus and collaboration within the team ensures that there is wide input to understanding risks and making decisions accordingly.



When an iterative/agile project delivery mode is the correct choice because the organization can support the emergence of the solution over time, this can be seen as a risk-reduction approach for the organization as early feedback is provided on frequent releases. However, this does not negate the need for integrated risk management.

4.8.4 Hybrid project delivery mode

Definition: hybrid project delivery mode

A project delivery mode that combines a linear/sequential delivery mode for some phases or activities with an iterative/agile delivery mode for others.

Hybrid approaches are increasingly seen as a pragmatic way of delivering projects in a collaborative, yet controlled way. For example, designing a solution using Agile ways of working before integrating that design into a larger solution that is delivered, tested, and commissioned sequentially.

4.8.5 Continual improvement

Definition: continual improvement

A delivery mode used for improvement work that enables an organization to identify waste or redundancy in a process, product, service, or system. The work to eliminate this creates releases of additional value.

This requires a focus on understanding risks and making risk-based decisions regularly to pursue the improvement or change objectives.

Using this mode of delivery, the risk conversation is less about the risks to delivering the project objectives, and more about the risks to the organization as a whole, to which the product, service, process, or system is a solution.

4.8.6 Risk management across multiple modes of project delivery

Different risk management techniques may be used in each mode of delivery and options are detailed in the process chapters (Chapters 6–13).

The correct choice of mode of delivery enables the organization to deliver new capabilities as reliably as possible. The incorrect choice of mode of delivery, however, can introduce risk to the project as can ineffective implementation of the correct mode. For example, Agile ways of working might be implemented without being integrated with wider organizational governance. Or a linear delivery mode might be adopted when there is significant uncertainty of scope and quality and so customers do not get an opportunity to engage with the solution.



4.8.7 Typical roles involved (project)

Roles vary from one organization to another. Typically, you would expect to see:

Project executive or equivalent (project sponsor or project SRO)

Responsible for the successful delivery of the outputs and capabilities of the project and therefore the risks to achieving them.

Project manager

Responsible, in support of the project executive, for day-to-day leadership of the project, and therefore the efficacy of application of risk management across the project.

Project office lead

Responsible for managing delivery and capacity controls for the project, including the administration and support of the risk process (in conjunction with the relevant programme and/or portfolio office lead where these exist).

Risk specialist

Responsible for supporting the project manager to apply fit-for-purpose risk management to project activities, including, but not limited to, facilitation, analysis, and reporting.

Agile coach or team manager

Responsible (depending on the mode of delivery) for ensuring that the delivery teams apply appropriate techniques and practices to their work and consider risks to the effective delivery of the timebox or work package objectives.



4.8.8 Related practices and controls (project)

Estimating

Considering specific risk events and estimating variability when estimating effort and cost for project activities.

Project business case

Ensuring risk is explicitly considered in the business case, modelling the impact of risks on both benefits and costs.

Agreeing financial contingency

Establishing a suitable risk budget, management reserve, and protocols for releasing this for use on the project.

Project decision gates or stage boundaries

Ensuring decisions are risk-informed.

Project-level controls

Establishing effective controls at project level with particular focus on preventing the introduction of secondary organizational risks as a result of how projects are managed.

Please note that M_o_R®4 provides guidance on risk management per se but what it does not do, is provide how to deal with specific risks. Expertise must be sought out.



4.9 Product perspective

Definition: product

An output of a design and development process that is delivered to create value for the organization and/or end-user. Products can be physical assets or services.

This perspective will cover the following critical areas:

- Purpose (product)
- Typical roles involved (product)
- Related practices and controls (product)

4.9.1 Purpose (product)

The purpose of risk management in the product perspective is to ensure that product development and management decisions are continually focused on customer needs and on providing frequent releases of value to the market.

The objectives at risk are those of concern to the senior management team (executive management) in terms of ensuring that the organization is delivering relevant products and services in an iterative and incremental way in a fast-moving market. The objectives will be a sub-set of the overall organizational objectives, and the capacity and appetite for risk to these objectives will be delegated from the portfolio perspective or from the strategic perspective where the portfolio level does not exist.

Risk management in the product perspective supports overall organizational objectives by enabling innovation and ensuring that the risks that cannot be resolved within a product team are visible so that the backlog of work can be re-prioritized to reflect strategic priorities.



4.9.2 Typical roles involved (product)

Roles will vary from one organization to another. Typically, you would expect to see:

Product owner/manager

Responsible for the success of a product in the market and therefore the risks to achieving the specific success criteria that contribute to the organizational objectives.

Product director/chief product officer

Responsible for all products and therefore the risks to achieving the organizational strategy.

Functional representatives

Responsible for a particular functional contribution as part of the product team; for example, for ensuring regulatory, people, or operational requirements and constraints are considered in product decisions.

Product developers

Responsible for technical innovation relevant to the product and sector.

Agile coach

Responsible for championing agile ways of working and ensuring that blockages to effective Agile working are highlighted and addressed.



4.9.3 Related practices and controls (product)

Horizon scanning

Ensuring a detailed and up-to-date understanding of disruptive trends and emerging risks.

Prioritization of work within each timebox

Ensuring the team is focused on the priority work and removing actual and potential blockages to progress.

Aggregation

Ensuring similar risks across multiple product teams are understood and aggregated.

Escalation

Ensuring risks that cannot be resolved within the product team are escalated, including those identified during horizon scanning.

Retrospectives

Ensuring a focus on learning after each timebox, including the efficacy of risk management.

Please note that M_o_R®4 provides guidance on risk management per se but what it does not do, is provide how to deal with specific risks. Expertise must be sought.



4.10 Operational perspective

Definition: operational

The routine running and management of an activity, product, or service.

This perspective will cover the following critical areas:

- Purpose (operations)
- Typical roles involved (operations)
- Related practices and controls (operations)

4.10.1 Purpose (operations)

The purpose of risk management in the operational perspective is to add value to the achievement of reliable and efficient operational outputs.

The objectives at risk are those of concern to the senior management team (executive management) of the organization in terms of ensuring that it is able to perform 'business as usual' activities as planned. This includes being resilient in the face of unplanned/unexpected situations, ideally not only addressing anything that has been lost, but turning the adversity into opportunity for greater value to be created in future.

The objectives at risk for operations will be a sub-set of the overall organizational objectives and the capacity and appetite for risk to these objectives will be delegated from the strategic perspective.

Risk management in the operational perspective supports the overall organizational objectives by ensuring that the products and services are delivered when required and to the right standards, while upholding all statutory requirements and commitments to staff in terms of health, safety, and wellbeing.

4.10.2 Typical roles involved (operations)

Roles will vary from one organization to another. Typically, you would expect to see:

Operational leaders

Responsible for the reliable and efficient delivery of products and services and therefore the risks to achieving such delivery.



Operational managers

Responsible, in support of the operational leader, for day-to-day leadership of an operation, and therefore the efficacy of application of risk management within that operation.

Risk process expert

Responsible for providing expert support as needed to operational managers and leaders. This may be to facilitate risk sessions, support specialist techniques, or ensure reporting is accurate.

Risk specialist

Responsible for supporting particularly risky areas of the business; for example, health and safety, data privacy, or business continuity.

Insurance manager

Responsible for progressing insurance claims and monitoring the adequacy of insurance cover.



4.10.3 Related practices and controls (operations)

Failure modes

Understanding the underlying reasons why an operation may fail and establishing controls to strengthen reliability.

Optimal process efficiency

Understanding when a process could be 'too lean', leading to fragility/lack of resilience, and ensuring that sufficient contingency or redundancy is provided.

Disaster recovery

Identifying critical operations and putting in place specific plans to recover from catastrophic failures. The language of business continuity planning, or 'failover', is often used interchangeably with disaster recovery. Each is concerned with restoring operations safely as quickly as possible.

Insurance valuations

Providing specific information to inform the extent of insurance and the cost of cover.

Segregation of duties

Setting up controls to prevent error and fraud whereby at least two individuals are responsible for separate parts of critical tasks. For example, approving and paying a supplier invoice. Also known as separation of duties

Please note that M_o_R®4 provides guidance on risk management per se but what it does not do, is provide how to deal with specific risks. For this, subject matter expertise must be sought.



5. M_o_R®4 people

People aspects cannot be managed if there is an insufficient understanding of stakeholders and/or an inability to engage them so they can make their best contribution. Enabling team members and stakeholders to contribute relies on an understanding of how individuals and groups are biased when considering the future.

Addressing this can be achieved by skilled facilitation, but individuals can also do a lot to develop their own competences by addressing attitudes, knowledge, skills, and experience. Overall, however, effective risk management relies on a supportive risk culture, with leadership, collaboration, support, and rewards aligned.

Topics covered in this module include:

- 5.1 Overview of people considerations
- 5.2 Engaging stakeholders
- 5.3 Working with decision bias
- 5.4 Building individual competence
- 5.5 Shaping a supportive culture
- 5.6 Overcoming common challenges



5.1 Overview of people considerations

Risk relies on people, as individuals and in groups, to work with foresight. Given that it is people making the judgements and taking the actions, risk management can never be successful if people considerations are ignored.

The M_o_R®4 principles of engaging stakeholders and creating a supportive culture are directly relevant to the people considerations in risk management. Each person may have a differing view of what is risky, and why, so engaging those people and understanding their views is vital. As people see risk differently, it can be difficult to achieve a common commitment to risk management across an organization. Nevertheless, the value that can be created by effective risk management compels leaders to create a supportive risk culture.

5.2 Engaging stakeholders

Definitions: stakeholder

Any individual, group, or organization that can affect, be affected by, or perceives itself to be affected by, organizational objectives.

Definitions: stakeholder engagement

A way of exercising influence and achieving positive outcomes through effective management of relationships.

Analyzing and engaging stakeholders is a key activity in the 'define context and objectives' process (Chapter 6). Stakeholder analysis identifies stakeholders and then prioritizes the level and type of engagement for each of the individuals and groups.

Facilitation (meaning 'to make easy') plays a critical role in risk management. It provides a neutral challenge to the people involved, to help them consider different perspectives and points of view and therefore reducing the effect of decision bias. Effective risk facilitators understand the risk process and the available techniques.

People's views may mean negatively pre-judging with an alternative point of view and/or only seeking out input from others that confirms their starting position. A skilled facilitator will need to use their skills to positively challenge and consider alternative options and points of view. For example, the facilitator will need to ensure you have a 'safe' supportive culture in place and that all are encouraged to participate and challenge where appropriate.



5.3 Working with decision bias

Definition: decision bias

The inherent tendency for people to adopt mental short cuts (heuristics) or faulty thinking processes (cognitive biases) to process situations and make decisions.

Decision bias allows the brain to efficiently make thousands of decisions every day. Such decisions are made by the mind deploying a combination of:

- Heuristics - mental short cuts
- Cognitive bias - inbuilt ways of thinking that alter perception

Can you relate to any of the following?

- You prefer to act quickly rather than taking your time
- You take your perception to be the objective truth, sometimes with little or no doubt
- You prefer what's closer over what's further away

The mind uses heuristics to make rapid sense of situations by comparing the current situation with previous ones using cognitive biases. Examples include optimism bias (a mind-set that drives people to discount downside risk on the assumption that things are likely to go well for them) or loss aversion (a mind-set that values the avoidance of loss rather than making a gain).

Decision bias influences not only individual perceptions, but also groups. Groupthink is a well-known heuristic that makes people value social cohesion in a group more than expressing an alternative point of view or reaching the right decision. Decisions made often look to preserve the status quo rather than take challenging opinions into account. In a previous life, I have found this can be toxic to teams and can often stifle innovation and make people feel pressured to conform. This moves you away from the principles of Agile methodology, for example collaboration.

Neutral facilitators are required as very often decision makers can be too close to the situation. Facilitators can be internal or external but either way require necessary skillsets.

5.4 Building individual competence

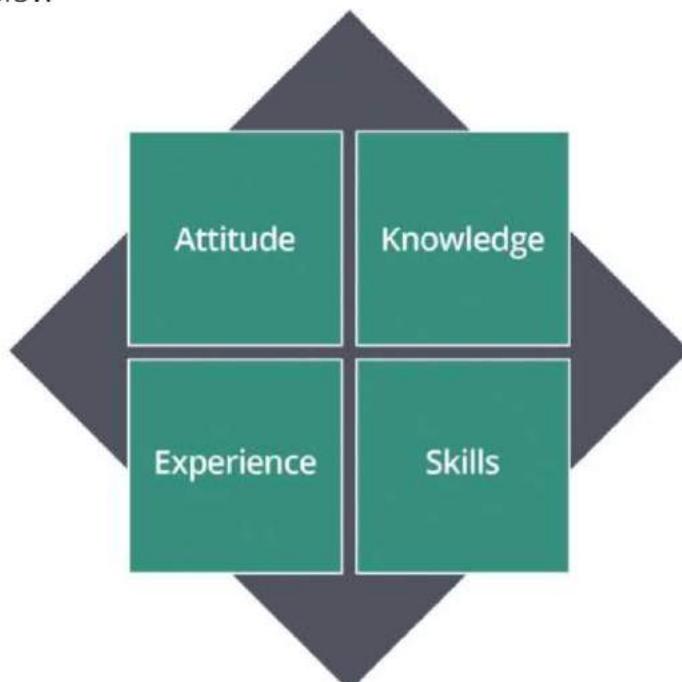
Definition: competence

The ability to do something successfully.

Competence can be applied to everything but to be successful requires a combination of attitudes, knowledge, skills, and experience.

- Attitudes are ways of thinking or feeling about a given situation
- Knowledge is building up a theoretical understanding of a situation
- Skills provide the ability to do something and need to be practiced
- Experience means you can practically do something and is developed over time

See figure 4.1 below



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Figure 4.1

Competence development improves the match between the strategic objectives of an organization and the competencies of its employees. As objectives often change, the need to realign competencies is increased. Without this, an organization may find that existing competencies are no longer fit for purpose.

5.5 Shaping a supportive culture

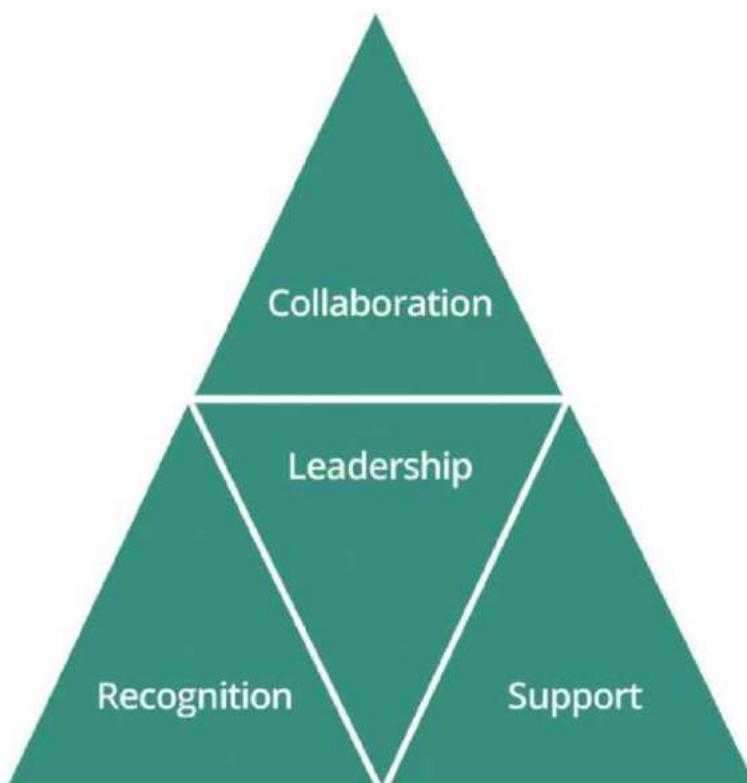
Definition: risk culture

The patterns of day-to-day, risk-based, decision-making behaviours shared by a group of people with a common purpose.

Risk culture is one aspect of an organization's culture. To help create and protect value, all four aspects must be addressed throughout:

- Leadership
- Collaboration
- Support
- Recognition

See figure 4.2 below.



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Figure 4.2

Leadership refers to how you motivate and direct people to achieve the objectives. Leaders need to display a positive commitment to risk management and ensure this is fully supported.



Collaboration helps you build relationships and share information and understanding. Collaboration improves the way your team works together and solves problem. This leads to more innovation, efficient processes, increased success, and improved communication. Through listening to and learning from team members, you can help each other reach your objectives.

Support is key to embedding risk management. This can be achieved through on-going learning and development. Through having a neutral facilitator will fully support the decision-making process.

Recognition and reward systems based on motivating appropriate risk behaviours is sought, rather than those based on punishment. When people understand the benefits and acceptable behaviours of 'good risk management' they are more likely to embrace this. The formality and/or informality of reward and recognition is down to each organization to tailor what fits best. Your focus here is that recognition needs to reward good management and not, good luck!

5.6 Overcoming common challenges

In Chapter 2, you covered 12 common challenges in application. In terms of suggestions on how to overcome these, please see table below.

Table 4.1 Overcoming common challenges in application

Common challenge	Addressed by
Disengaged stakeholders leading to apathy and a tendency to 'tick the box' on risk management, rather than commit to using risk management to create and protect value.	<ul style="list-style-type: none">Embedding a culture that recognises that the perceptions of people is a major influencing factor of effective risk managementSupporting the continued professional development of people involved in any aspect of the risk management processExplicitly focusing on the people-related aspects of risk management when implementing processes across the perspectivesDesigning reward and recognition systems that motivate risk rather than issue/crisis management
Disbelief that 'this could happen to you'.	<ul style="list-style-type: none">Access to skilled facilitators who have the ability to engage and



	gravitas to challenge stakeholders as required
Desire for positive 'can-do' attitudes that effectively silence voices that perceive the situation differently.	<ul style="list-style-type: none">Encouraging conversation about risk as a positive and value-creating behaviour
The remaining nine challenges are overcome through appropriate application of the processes (Chapters 6–13).	
Different approaches (technology, techniques, language, or process) used in different parts of the organization causing confusion and inconsistent assessments, combined with an inability to aggregate risk information and understand overall exposure to risk. Discussion of risk in general terms, but with insufficient focus on the context and why risk matters to the specific objectives at risk.	<ul style="list-style-type: none">A strategic risk management policy and process guide that is clearly defined and communicated and can be implemented across the organizationClear criteria about what aspects of the risk management process can be tailoredLeaders being clear about objectives and the capacity and appetite for risk to those objectivesA risk management process that explicitly identifies and engages the stakeholders relevant to the objective and associated decisionsA risk management process that explicitly assesses the external and internal contexts (Chapter 6)
Downside thinking, limiting the ability to explore and exploit upside opportunities.	<ul style="list-style-type: none">Keeping a focus during risk identification on creating additional value through seizing opportunities, not just protecting value by avoiding threats (Chapter 7)
Data not being used to improve estimates of the chance of risks occurring, the most likely size of impact, and the interconnections between activities and risks.	<ul style="list-style-type: none">Investment in analysis to create the risk information required, drawing from historic data where relevant and deploying relevant expertise to shape and challenge the data (Chapter 8)
Disconnection from decision-making; risk information exists but cannot be practically used at the point of decisions being made.	<ul style="list-style-type: none">Clear communication of the importance of the decision and therefore the extent and reliability of risk information required



	<ul style="list-style-type: none">Engaging stakeholders to understand the limits of their confidence in risk information and how this can be improved (Chapter 9)
Delegation of actions that do not get resourced or done.	<ul style="list-style-type: none">Governance specifying ownership and delegated authority for each objectiveContinual focus on whether risk management actions and activities are designed to add value (Chapter 10)
Disinterest in considering multiple potential futures with leaders preferring to commit to a single 'plan A'.	<ul style="list-style-type: none">Educating and supporting decision-makers so they are discerning customers for risk information, including understanding how contingency is determined and should be used (Chapter 11)
Dysfunctional reporting that gives a false picture.	<ul style="list-style-type: none">Analyzing actual performance data, including information about risks that were identified, assessed, and controlled (or not)Establishing methods to objectively judge the performance of risk management (Chapter 12)
Denial that risk management can be improved.	<ul style="list-style-type: none">Refining how value from risk management is judged over time to enable continual improvementKeeping processes relevant by seeking feedback on current practices from stakeholders and adjusting to fit any changes in the external and internal contextsLeadership that is flexible and willing to adjust so that risk management is fit for the contextA risk management process that is continually applied to reflect changes to objectives over time (Chapter 13)



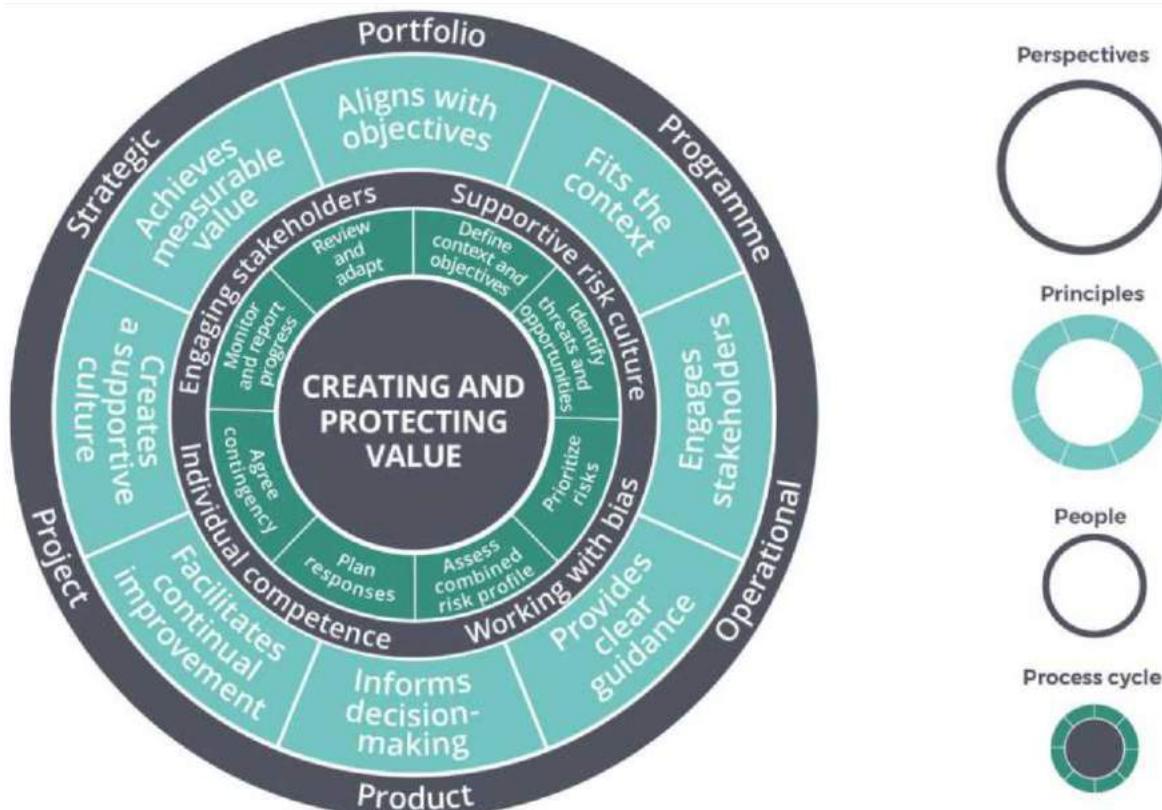
6. M_o_R®4 process cycle – an introduction

This chapter provides a summary of the process cycle and identifies the templated structure for each process in the cycle.

Topics covered in this module include:

- 6.1 Definition of process and process cycle
- 6.2 Template structure per process

6.1 Definition of process and process cycle



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Figure 5.1 The M_o_R®4 process cycle

Definition: process

A structured set of activities that defines the sequence of actions and the inputs and outputs required to achieve a specific objective.

Not everyone is adept at baking, for example not everyone can make a sumptuous Victoria sponge cake. To help you embark on this baking-journey, you need to understand what we are trying to achieve and why (objectives and purpose). You need to know the actual steps involved to take inputs such as milk, butter, and sugar and turn them into outputs like the cake filling. Feeling hungry? Our recipe: the techniques used to create the cake such as a how to whisk, the documents use to support the cake creation, and the roles involved to do this (based on required competencies). This collectively forms our recipe or in the words of M_o_R®4, 'process.'



When making a Victoria sponge cake, you may tend to run through the steps once per cake, in a linear fashion. However, in M_o_R®4, you can often run through the steps many times in the form of a process cycle. Often referred to as an iterative process.

Definition: process cycle

A continuous sequence of processes, starting with the 'define context and objectives' process, and repeated as necessary to ensure that the organization has an up-to-date view of the risks it faces in order to support effective decision-making.

M_o_R®4 process cycle contains 8 processes starting off with 'Define context and objectives.' Please note that all tailoring aspects are created and agreed here too.

- Define context and objectives (Chapter 6)
- Identify threats and opportunities (Chapter 7)
- Prioritize risks (Chapter 8)
- Assess combined risk profile (Chapter 9)
- Plan responses (Chapter 10)
- Agree contingency (Chapter 11)
- Monitor and report progress (Chapter 12)
- Review and adapt (Chapter 13).

6.2 Template structure per process

Each of the eight processes has the following structure:

Contents	Think...
The purpose and objective of the process.	'Why' & 'What'
The activities involved and the information flow to transform inputs to outputs.	'Sequence'
Techniques that are commonly used within that process.	'How'
Roles involved in the process according to each perspective.	'Who'



7. M_o_R®4 define context and objectives

This chapter provides a summary of this first process. It must be read in conjunction with chapter 6 of the AXELOS guide.

Topics covered in this module include:

- 7.1 Purpose
- 7.2 Objective
- 7.3 Activities
- 7.4 Techniques
- 7.5 Supporting document
- 7.6 Key roles focus



7.1 Purpose

The purpose of this process is to understand both internal and external contexts, relevant stakeholder/their views, and all of the objectives at risk.

7.2 Objective

To ensure we:

- Create and communicate a risk management policy and process guide
- Identify what can be tailored
- Identify stakeholders
- Clarity on both internal and external context (environment)
- Define clear objectives and confirm capacity and appetite for risk to them

7.3 Activities

List of activities (breakdown covered during the course):

- Analyze context
- Analyze and engage stakeholders
- Agree objectives at risk and how these will be measured
- Define risk tolerances
- Describe risk appetite (optional)
- Develop perspective-level risk approaches as necessary

7.4 Techniques

Techniques commonly used within this process:

- PESTLE analysis
- SWOT analysis
- Horizon scanning
- Stakeholder analysis
- Quality function deployment (to assess relative priorities of objectives)
- Balanced scorecard or other performance measurement framework
- Benefits mapping

**Summary of the M_o_R® techniques:**

Technique	What is it?	Why is it important?
PESTLE analysis	PESTLE analysis helps to capture understanding of the external and/or internal context by using the following prompts: political, economic, sociological, technological, legal, and environmental.	To create a common understanding of the external context.
SWOT analysis	A SWOT analysis is a technique for focusing an individual's or a group's attention on strengths, weaknesses, opportunities, or threats.	To create a common understanding of the internal and external context.
Horizon scanning	Looking at 'tomorrow's world today'.	To focus the team's attention on signals of change in the context. To identify early signs of potentially important developments to better prepare and inform decision-making.
Stakeholder analysis	Identifies stakeholders and understand how they are affected by and how they influence the work.	Ensure that priority stakeholders are identified so they can be engaged throughout the process cycle.
Quality function deployment	To determine the relative priorities of competing objectives.	To understand the relative priorities of the objectives at risk.
Balanced scorecard or other performance measurement framework	Identify what is important and measure against it.	To integrate risk management with performance management to support decision-making.
Benefits mapping	To understand the expected benefits and how these will contribute to and align with corporate objectives.	To identify objectives at risk and the priority based on benefits.



7.5 Supporting document

The title of each document can be tailored but the purpose and high-level content must be addressed.

Table 6.2 Documents that support the define context and objectives process

Document	Purpose	High-level content
Organizational strategy and objectives	Describes strategic objectives of the organization and therefore what is 'at risk'	Summary of external and internal contexts Mission, vision, and/or values Organizational objectives Risk appetite statements (optional) Risk tolerances as measurable thresholds
Strategic risk management policy	Describes the organization's commitment to risk management and the non-negotiable aspects of how risk management is applied	What risk means for the organization and what value is expected The intent for the risk culture and therefore the role of leaders in shaping the culture How people across the organization are intended to be involved Links with the strategic risk management process guide (and any procedures) Links with any other specialist policies that are related to risk management in general, such as a health and safety policy
Strategic risk management process guide	Describes how risk management processes are to be carried out in the organization. This can be seen as an organizational tailoring of M_o_R	Processes (using own terminology as required) Roles and responsibilities Calibrated qualitative scales Techniques to be used Technology to support the processes Communication methods
Perspective-level risk approach (optional)	Describes how the strategic risk management process guide is tailored for the perspective in question. This document will be named differently depending on the situation; for example, the programme risk approach, or the project risk approach	Processes (using own terminology as required) Roles and responsibilities Calibrated qualitative scales Techniques to be used Technology to support the processes Communication methods
Stakeholder map	Describes the relative priority of stakeholders	Stakeholder names (individuals or groups) Assessment of power/influence Assessment of interest Assessment of attitude Relationships with other stakeholders



7.6 Key roles focus

RACI defines the involvement within the process.

R = Responsible ('does the work')

A = Accountable ('for the success of the work')

C = Consult ('2-way communication')

I = Inform ('1-way communication')

Table 6.3 Mapping of key roles to perspectives for the define context and objectives process

	Strategic	Portfolio	Programme	Project	Product	Operational
Board members/trustees	A					
Executive management/change sponsors	R	A	A	A		A
Portfolio manager		R				
Programme manager			R			
Project manager				R		
Product owner/manager					R	
Operational manager						R
Portfolio, programme or project management office (PMO)	C	C	C	C		
Risk specialists	C	C	C	C		C
Risk owners	I	I	I	I		I
Risk action owners	I	I	I	I		I
Other stakeholders	C	C	C	C		C

R = Responsible; A = Accountable; C = Consulted; I = Informed |



8. M_o_R®4 identify threats and opportunities

This chapter provides a summary of this first process. It must be read in conjunction with chapter 7 of the AXELOS guide.

Topics covered in this module include:

- 8.1 Purpose
- 8.2 Objective
- 8.3 Activities
- 8.4 Techniques
- 8.5 Supporting document
- 8.6 Key roles focus



8.1 Purpose

The purpose of this process is to ensure that stakeholders share their perceptions of risks to the objectives, including the risk cause. This will include both risk threats and risk opportunities.

8.2 Objective

To ensure you:

- Identify the known risks
- Consider both threats and opportunities
- Agree risk ownership
- Articulate risk as to properly understand the risk (cause/event/effect)
- Specify clear ownership and delegated limits of authority, as per governance

8.3 Activities

List of activities below (breakdown covered during the course):

- Identify opportunities
- Identify threats
- Agree risk owners
- Describe risk

8.4 Techniques

Techniques commonly used within this process:

- Individual idea generation
- Group idea generation
- Prompt lists
- Checklists
- Assumption analysis
- Constraint analysis
- Johari window
- Pre-mortem analysis
- Failure mode effect analysis (FMEA)

**Summary of the M_o_R® techniques:**

Technique	What is it?	Why is it important?
Individual idea generation	Identify risk through individual, often 121.	Free from peer pressure and any other pressures, promotes openness.
Group idea generation	Identify risk through multiple people. Needs effective facilitation.	Tends to create volume of risk and can go into creative areas.
Prompt lists	Identify risk individually or in a group using category headings. For example, PESTLE, SWOT, or risk breakdown structure.	Good risk structure helps generate volume and looks to avoid overlooking key areas.
Checklists	Captures previous risk experience and tested against each objective.	Apply learning from previous similar situations and helps accelerate risk identification.
Assumption analysis	Assumptions are things that you think are correct but might not be. Opportunity to test if they are true and also how stable are they. If not, what is the impact to objectives? This can then identify risk.	Opportunity to list assumptions and test each of them to identify risk.
Constraint analysis	A constraint is something that is fixed and either must happen or must not happen. If you were to relax any of these constraints, what is the impact?	Challenges constraints to identify potential risk opportunities.
Johari window	Helps you understand your relationships with yourselves and others as you interact with them. You can identify things that are known, unknown and a mixture of both. Based on this	Explore areas that are unknown to an individual or the group.



	information you can identify risk.	
Pre-mortem analysis	Identify risk looking ahead on the timeline when the objectives were to be completed. What could have helped you and what could have hindered you?	Focusing on pre-mortem on a good result identifies risk opportunities. Focus on pre-mortem on a bad result identifies risk threats. Looks to the future, free from any bias.
Failure mode effect analysis	Often used in engineering, identifies problems and their impact. This can be on any process and/or system to identify why it might not work.	Can be tailored to an entire system and then allows a real deep risk identification process to be performed.

8.5 Supporting document

The title of each document can be tailored but the purpose and high-level content must be addressed.

Table 7.2 Documents that support the identify threats and opportunities process

Document	Purpose	High-level content
Risk register (completed to the end of this process)	To record those uncertain events that would impact on one of objectives	Unique identifier Date identified Risk description (cause, risk event, impact on objective) Risk owner Risk type or category (where a risk taxonomy has been used as a prompt list)
Issue register (where one exists)	To record issues and the impact on objectives if not managed. Useful to consider if issues cause new risks	Unique identifier Issue description Impact on objectives if not resolved Issue owner Actions to resolve (ideally costed) Relevant dates
Decision register (where one exists)	To record decisions made at governance boards, providing an audit trail of decisions and their underpinning rationale. Useful to consider if decisions cause new risks	Unique identifier Decision description Options considered Choice made and rationale Decision owner Relevant dates



8.6 Key roles focus

RACI defines the involvement within the process.

R = Responsible ('does the work')

A = Accountable ('for the success of the work')

C = Consult ('2-way communication')

I = Inform ('1-way communication')

Table 7.3 Mapping of key roles to perspectives for the identify threats and opportunities process

	Strategic	Portfolio	Programme	Project	Product	Operational
Board members/trustees	A					
Executive management/ change sponsors	R	A/R	A/R	AR		A/R
Portfolio manager		R				
Programme manager			R			
Project manager				R		
Product owner/manager					R	
Operational manager						R
Portfolio, programme or project management office (PMO)		C	C	C		
Risk specialists	C	C	C	C		C
Risk owners	I	I	I	I		I
Risk action owners	I	I	I	I		I
Other stakeholders	C	C	C	C		C

R = Responsible; A = Accountable; C = Consulted; I = Informed



9. M_o_R®4 prioritise risks

This chapter provides a summary of this first process. It must be read in conjunction with chapter 8 of the AXELOS guide.

Topics covered in this module include:

- 9.1 Purpose
- 9.2 Objective
- 9.3 Activities
- 9.4 Techniques
- 9.5 Supporting document
- 9.6 Key roles focus



9.1 Purpose

The purpose of this process is to understand the most important risks. To achieve this, prioritization is needed using the scales as already discussed. For example, likelihood and impact and may also include proximity and/or velocity.

9.2 Objective

To ensure you know:

- The likelihood and impact are assessed in a consistent way
- Risk owners take 'real' responsibility for all aspects of the risk
- Risk owners monitor risk exposure as it changes through measurement

9.3 Activities

List of activities below (breakdown covered during the course):

- Assess likelihood
- Assess impact
- Assess proximity and/or velocity
- Identify leading indicators
- Calculate expected value

9.4 Techniques

Techniques commonly used within this process:

- Individual assessment
- Group assessment
- Risk matrix



Summary of the M_o_R® techniques:

Technique	What is it?	Why is it important?
Individual assessment	Using the risk assessment scales, individually assess the risk.	Looks to remove any group bias when assessing risk.
Group assessment	Using the risk assessment scales, group assess the risk.	Quickens the assessment step and considers stakeholder views.
Risk matrix	Provides a strong visual of the risks usually in one place.	Helps the decision-makers see all the risks and the priority.

9.5 Supporting documents

The title of each document can be tailored but the purpose and high-level content must be addressed.

Table 8.2 Documents that support the prioritize risks process

Document	Purpose	High-level content
Risk register (completed to the end of this process)	To show the prioritization of each identified risk	Unique identifier Date identified Risk description Risk owner Assessment of likelihood (current/net and potentially inherent/gross) Assessment of impact (current/net and potentially inherent/gross) Assessment of proximity (optional) Assessment of velocity (optional) Current/net risk score (optional; inherent/gross risk score)
Risk matrix	To provide a visual representation of the prioritized risks within a perspective	Likelihood scale (previously agreed) Impact scale (previously agreed) Risk thresholds Assessment of proximity (optional) Assessment of velocity (optional)



9.6 Key roles focus

RACI defines the involvement within the process.

R = Responsible ('does the work')

A = Accountable ('for the success of the work')

C = Consult ('2-way communication')

I = Inform ('1-way communication')

Table 8.3 Mapping of key roles to perspectives for the prioritize risks process

	Strategic	Portfolio	Programme	Project	Product	Operational
Board members/trustees	A					
Executive management/ change sponsors	C	A	A	A		A
Portfolio manager		C				
Programme manager			C			
Project manager				C		
Product owner/manager					C	
Operational manager						C
Portfolio, programme or project management office (PMO)		C	C	C		
Risk specialists	C	C	C	C		C
Risk owners	R	R	R	R		R
Risk action owners	C	C	C	C		C
Other stakeholders	C	C	C	C		C

R = Responsible; A = Accountable; C = Consulted; I = Informed



10. M_o_R®4 assess combined risk profile

This chapter provides a summary of this first process. It must be read in conjunction with chapter 9 of the AXELOS guide.

Topics covered in this module include:

- 10.1 Purpose
- 10.2 Objective
- 10.3 Activities
- 10.4 Techniques
- 10.5 Supporting document
- 10.6 Key roles focus



10.1 Purpose

The purpose of this process is to understand the extent of overall risk to a specific objective. This will provide the decision-maker with a level of confidence in delivering each objective.

10.2 Objective

To ensure you:

- Understand all risks associated with each objective
- Can defend the level of confidence in achieving a specific objective, if and when challenged
- Understand the realistic level of confidence in achieving the objective

10.3 Activities

List of activities below (breakdown covered during the course):

- Aggregate risks to the level of the decision
- Model relationships between risks and assess combined impact on objective

10.4 Techniques

Techniques commonly used within this process:

- Decision trees
- Sensitivity analysis
- Probabilistic risk analysis
- Risk connectivity analysis
- Scenario analysis

**Summary of the M_o_R® techniques:**

Technique	What is it?	Why is it important?
Decision trees	Compares multiple options with different risk profile. You calculate the value or rather 'expected value' and make a decision. For example, when deciding on which risk response(s) to take. Focus is on specific risks.	Helps to choose between multiple options. Balanced picture looking at risk versus reward per option.
Sensitivity analysis	Technique that looks at how varying one input in a model alters the outcome. Asks the question 'what if'. Focus is on estimating variability.	Understand the influence of inputs which needs to be managed appropriately.
Probabilistic risk analysis	A model looks to represent a real business situation. Risk modelling looks at a process where outcomes are explained by inputs. A risk model is then built so you can analyze the effect of uncertainty on objectives. For example, Monte Carlo. Focus is on representing uncertain situations.	Provides a comprehensive view of a likely outcome of an investment for decision-making (including the size of contingency funding).
Risk connectivity analysis	Identify that some links are linked or connected. This technique explores the strength of the link and the speed of impact.	Provides a visual on how risks are connected and helps inform decision-making.
Scenario analysis	Technique looks to take risks (often top two) with the highest risk exposure and then creates four reasonable scenarios that could occur.	Enables us to reach agreement on the most reasonable scenarios that could happen based on these priority risks. Open mind!



10.5 Supporting documents

The title of each document can be tailored but the purpose and high-level content must be addressed.

Table 9.2 Documents that support the assess combined risk profile process

Document	Purpose	High-level content
Combined risk profile reports	To show the overall risk of achieving a particular objective, or to compare multiple options with different risk profiles	Generic content: specifics dependent on the technique used
		The objective at risk
		The risks associated with the objective
		Forecasts for multiple potential outcomes
		Discussion points for decision-makers

10.6 Key roles focus

RACI defines the involvement within the process.

R = Responsible ('does the work')

A = Accountable ('for the success of the work')

C = Consult ('2-way communication')

I = Inform ('1-way communication')

Table 9.3 Mapping of key roles to perspectives for the assess combined risk profile process

	Strategic	Portfolio	Programme	Project	Product	Operational
Board members/trustees	A					
Executive management/change sponsors	R	A	A	A		A
Portfolio manager		R				
Programme manager			R			
Project manager				R		
Product owner/manager					R	
Operational manager						R
Portfolio, programme or project management office (PMO)		C	C	C		
Risk specialists	C	C	C	C		C
Risk owners	C	C	C	C		C
Risk action owners	I	I	I	I		I
Other stakeholders	I	I	I	I		I

R = Responsible; A = Accountable; C = Consulted; I = Informed



11. M_o_R® 4 plan responses

This chapter provides a summary of this first process. It must be read in conjunction with chapter 10 of the AXELOS guide.

Topics covered in this module include:

- 11.1 Purpose
- 11.2 Objective
- 11.3 Activities
- 11.4 Techniques
- 11.5 Supporting document
- 11.6 Key roles focus



11.1 Purpose

The purpose of this process is to validate the effectiveness of existing controls and to agree relevant plans to ideally reduce or remove threats and to maximize opportunities. Your aim here is to increase the success of achieving the objectives at risk. You explore the most cost-effective and cost-efficient way of keeping exposure within agreed tolerance limits.

11.2 Objective

To ensure you:

- Have clear ownership and delegated limits in place
- Understand existing controls and strengthen where needed
- Create appropriate proactive and reactive responses
- Analyze any changes to the risk exposure

11.3 Activities

List of activities below (breakdown covered during the course):

- Identify and assess effectiveness of relevant existing controls
- Identify and cost-justify additional proactive responses
- Identify and cost-justify additional reactive responses
- Identify any secondary risks
- Appoint risk action owner (if required)

11.4 Techniques

Techniques commonly used within this process:

- Generic risk responses
- Bow-tie diagrams
- Swiss cheese model

**Summary of the M_o_R® techniques:**

Technique	What is it?	Why is it important?
Generic risk responses	Risks that are important and/or urgent enough to invest in must be responded in the optimal way. Risk responses can be prepared, and a decision made on how to proceed. Please see Table 10.2 below.	Considers different ways to deal with the risk and provides information to allow the decision maker to agree the optimal way forward. Also has the benefit of identifying secondary risks (risk linked to a risk response).
Bow-tie diagrams	Many risks can have the same risk cause. The bow tie technique brings together the uncertainty of risk in the middle, risk causes on one side along with existing controls/actions and the effects on the other along with the reactive responses/controls.	Provides a one-stop shop for information so easier to read/understand. This can be assessed to understand if sufficient control is in place or not.
Swiss cheese model	Technique looks at a series of controls that have been put in place to manage risk to an objective. Often, each control has a weakness. However, if these weaknesses all line up, this could lead to catastrophic failure.	Analyzes and then challenges that the collective controls that are in place are deemed satisfactory for the level of risk exposure. This can give you the opportunity to have better controls in place and in some cases removal or reduction.



Generic plan responses

Table 10.2 Generic risk response options

Response options	Use
Avoid a threat	This option is about making the uncertain situation certain by removing the risk. This can often be achieved by removing the cause of a threat, or by implementing the cause of an opportunity. This option may be adopted for no extra cost by changing the way the work is planned. More often, though, costs will be incurred in order to remove all residual risk for threats and opportunities. Where costs are incurred they must be justified, i.e. the cost of response is warranted to make the situation certain.
Exploit an opportunity	
Reduce a threat	This option chooses definite action now to change the probability and/or the impact of the risk. The term 'mitigate' is relevant when discussing reduction of a threat, i.e. making the threat less likely to occur and/or reducing the impact if it did. Enhancing an opportunity is the reverse process, i.e. making the opportunity more likely to occur and/or increasing the impact if it did. Again, because this option commits the organization to costs for reduction/ enhancement now, response costs must be justified in terms of the change to residual risk.
Enhance an opportunity	
Transfer the risk	This option aims to pass part of the risk to a third party. Insurance is the classic form of transfer, where the insurer picks up the risk cost, but the insured retains the impact on other objectives, e.g. time delay. Transfer can apply to opportunities, where a third party gains a cost benefit but the primary risk taker gains another benefit. This is not a commonly used option, whereas transfer of threats is commonly used. Once again, the cost of transfer must be justified in terms of the change to residual risk; is the premium you pay worth it? It is important to note that some elements of risk cannot be transferred, although an organization may choose to delegate the management of the risks to a third party.
Share the risk	This option is different in nature from the transfer response. It seeks for multiple parties, typically within a supply chain, to share the risk on a pain/gain share basis. Rarely can risks be entirely shared in this way; for example, the primary risk taker will always need to protect their brand and reputation, but this can be a successful way of encouraging collaboration on risk management activities, particularly in programmes and projects.

11.5 Supporting documents

The title of each document can be tailored but the purpose and high-level content must be addressed.

Table 10.3 Documents that support the plan responses process

Document	Purpose	High-level content
Risk register populated with risk responses and any secondary risks	To show the agreed responses to all identified and prioritized risks and the target risk score assuming these responses are successful	Unique identifier Date identified Risk description Risk owner Assessment of likelihood Assessment of impact Assessment of proximity (optional) Assessment of velocity (optional) Current risk score (inherent score optional) Additional proactive and/or reactive responses Target risk score Planned date to achieve target risk score Secondary risks arising with plans to address them
Individual risk response plans	To show the responses to a single risk in detail, including costs, resources for implementation and any secondary risks and their treatment	Description of the risk and the inherent, current and target assessments of likelihood and impact (and proximity and/or velocity where used) Description of current control effectiveness and plans to improve them Description of additional proactive responses with cost justification Description of additional reactive responses with cost justification Roles (risk owner and optional risk action owners) and responsibilities for implementation Plans to implement and assure effectiveness

11.7
Key
roles
focus



Management of Risk Edition 4

RACI defines the involvement within the process.

R = Responsible ('does the work')

A = Accountable ('for the success of the work')

C = Consult ('2-way communication')

I = Inform ('1-way communication')

Table 10.4 Mapping of key roles to perspectives for the plan responses process

	Strategic	Portfolio	Programme	Project	Product	Operational
Board members/trustees	A					
Executive management/change sponsors	C	A	A	A		A
Portfolio manager		C				
Programme manager			C			
Project manager				C		
Product owner/manager					C	
Operational manager						C
Portfolio, programme or project management office (PMO)		C	C	C		
Risk specialists	C	C	C	C		C
Risk owners	R	R	R	R		R
Risk action owners	C	C	C	C		C
Other stakeholders	C	C	C	C		C

R = Responsible; A = Accountable; C = Consulted; I = Informed



12. M_o_R® 4 agree contingency

This chapter provides a summary of this first process. It must be read in conjunction with chapter 11 of the AXELOS guide.

Topics covered in this module include:

- 12.1 Purpose
- 12.2 Objective
- 12.3 Activities
- 12.4 Techniques
- 12.5 Supporting document
- 12.6 Key roles focus



12.1 Purpose

Definitions: Contingency

A provision for a potential future situation.

Definitions: Financial contingency

The financial allowance that decision-makers provide to deal with identified and unidentified risks

The purpose of this process is to ensure decision-makers understand the amount of risk exposure from a combined effect of risks. This will inform a decision on how much contingency is to be carried.

12.2 Objective

To ensure:

- There is a clear link between identified risk and contingency provision
- Decision-makers are aware of any limitations from using contingency methods
- Governance around contingency is clear

12.3 Activities

List of activities below (breakdown covered during the course):

- Agree time contingency
- Agree financial contingency
- Agree business continuity plans

12.4 Techniques

Techniques commonly used within this process:

- Sizing time contingency
- Sizing financial contingency
- Business continuity planning

Summary of the M_o_R® techniques:

Technique	What is it?	Why is it important?
Sizing time contingency	Contingency of time must reflect the level of risk. This technique looks at what should be considered when calculating.	Ensure any time provision is protected and used in the right way.
Sizing financial contingency	Contingency of cost must reflect the level of risk. This technique looks at what should be considered when calculating.	Ensure any cost provision is protected and used in the right way.
Business continuity planning	This technique looks at understanding how operations would be affected by an emergency. For priority operations, separate business continuity plans are then created and used should the need arise.	Enables the organization to respond as quickly as possible with confidence.

12.5 Supporting documents

The title of each document can be tailored but the purpose and high-level content must be addressed.



Table 11.2 Documents that support the agree contingency process

Document	Purpose	High-level content
Contingent plan	To show the amount of contingency to be held (time or financial) in response to the combined effect of risks to objectives. Includes the relevant authorities for sanctioning use of the contingency	Baseline plan Method of sizing contingency Size of contingency (time, financial, resource, equipment etc.) Delegated authority responsible for contingency amount Records of contingency usage: on what and why. Depending on the organization, this information could be incorporated in the risk register, issue register or decision register, or be contained within the contingency plan
Business continuity plan	To show how an organization would respond to the occurrence of a catastrophic risk	Scope of plan Business impact analysis Plans Roles and responsibilities Learning from implementing the plan (as relevant)

12.6 Key roles focus

RACI defines the involvement within the process.

R = Responsible ('does the work')

A = Accountable ('for the success of the work')

C = Consult ('2-way communication')

I = Inform ('1-way communication')

Table 11.3 Mapping of key roles to perspectives for the agree contingency process

	Strategic	Portfolio	Programme	Project	Product	Operational
Board members/trustees	A					
Executive management/ change sponsors	C	A	A	A		A
Portfolio manager		R				
Programme manager			R			
Project manager				R		
Product owner/manager					R	
Operational manager						R
Portfolio, programme or project management office (PMO)	C	C	C			
Risk specialists	C	C	C	C		C
Risk owners	C	C	C	C		C
Risk action owners	C	C	C	C		C
Other stakeholders	C	C	C	C		C

R = Responsible; A = Accountable; C = Consulted; I = Informed



13. M_o_R® 4 monitor and report progress

This chapter provides a summary of this first process. It must be read in conjunction with chapter 12 of the AXELOS guide.

Topics covered in this module include:

- 13.1 Purpose
- 13.2 Objective
- 13.3 Activities
- 13.4 Techniques
- 13.5 Supporting document
- 13.6 Key roles focus



13.1 Purpose

The purpose of this process is to give timely and meaningful information to decision-makers about the status of risk to objectives; changes to risk exposure; current status of contingency; risks that are still relevant; and any risks that have turned into issues.

13.2 Objective

To ensure you:

- Understand the status of all risks and associated controls
- Communicate any changes to the context
- Communicate, challenge, and debate Information
- Minimize any surprises
- Present information fit for purpose

13.3 Activities

List of activities below (breakdown covered during the course):

- Monitor planned actions
- Monitor leading indicators
- Communicate progress
- Report use of contingency
- Escalate/delegate ownership of risks as appropriate

13.4 Techniques

Techniques commonly used within this process:

- Risk breakdown structure/risk taxonomy
- Cause-and-effect diagrams
- Trend reporting



Summary of the M_o_R® techniques:

Technique	What is it?	Why is it important?
Risk breakdown structure/risk taxonomy	Techniques enables risks to be aggregated per pre-agreed categories.	Enables risks to be communicated in easy-to-understand categories and provides a collective view for each one.
Cause-and-effect diagrams	Technique used to analyze causes of risk for analysis.	Facilitates lessons and identifies new risks.
Trend reporting	Technique to report relevant trends for individual risks and net effect. For example, current vs target exposures over time.	Gives confidence on how controls are working and if not as expected, promotes a decision on corrective action. This could be on emerging risk.

13.5 Supporting documents

The title of each document can be tailored but the purpose and high-level content must be addressed.

Table 12.2 Documents that support the monitor and report progress process

Document	Purpose	High-level content
Risk reports	To show the status of individual risks and/or the combined risk profile, focusing on implementation of planned actions and the use of contingency	Clear focus on the objectives at risk and tolerances Information on selected risks to inform stakeholders Progress since the last report Causes of issues Use of contingency: on what and why



13.6 Key roles focus

RACI defines the involvement within the process.

R = Responsible ('does the work')

A = Accountable ('for the success of the work')

C = Consult ('2-way communication')

I = Inform ('1-way communication')

Table 12.3 Mapping of key roles to perspectives for the monitor and report progress process

	Strategic	Portfolio	Programme	Project	Product	Operational
Board members/trustees	A					
Executive management/change sponsors	C	A/I	A/I	A/I		A/I
Portfolio manager		R				
Programme manager			R			
Project manager				R		
Product owner/manager					R	
Operational manager						R
Portfolio, programme or project management office (PMO)		C	C	C		
Risk specialists	C	C	C	C		C
Risk owners	R	R	R	R		R
Risk action owners	C	C	C	C		C
Other stakeholders	I	I	I	I		I

R = Responsible; A = Accountable; C = Consulted; I = Informed



14. M_o_R® 4 review and adapt

This chapter provides a summary of this first process. It must be read in conjunction with chapter 13 of the AXELOS guide.

Topics covered in this module include:

- 14.1 Purpose
- 14.2 Objective
- 14.3 Activities
- 14.4 Techniques
- 14.5 Supporting document
- 14.6 Key roles focus



14.1 Purpose

The purpose of this process is for stakeholders to evaluate the effectiveness of risk management. This would identify what is working well, what is not working well and what we can do differently.

14.2 Objective

To ensure you:

- Maintain the desire to create and protect
- Continually seek learning and implement it
- Align risk management to the context
- Have an audit trail from any changes to objectives/risk capacity/risk appetite are to the risk management policy and process guide

14.3 Activities

List of activities below (breakdown covered during the course):

- Commission assurance of risk content and M_o_R®4 integrated framework
- Analyze risk competence and culture
- Define adjustments to guidance as necessary

14.4 Techniques

Techniques commonly used within this process:

- Audits/health checks
- Maturity assessment



Summary of the M_o_R® techniques:

Technique	What is it?	Why is it important?
Audits/health checks	Audit looks to understand compliance and provides areas to improve often short term.	Provides reassurance of how risk is being managed across the organization (or part of it) and areas to squeeze more value.
Maturity assessment	Enables an organization or part of it to assess their current level of risk management maturity against a reference model. This will determine which level is currently being performed. Facilitates incremental maturity steps.	Enables organizations to benchmark current risk management capability and maturity with a view understand where and how to improve. Often used longer term.

14.5 Supporting documents

The title of each document can be tailored but the purpose and high-level content must be addressed.

Table 13.3 Documents that support the review and adapt process

Document	Purpose	High-level content
Risk management improvement plan	To highlight areas for improvement and how these will be managed	Evidence for improvement (e.g. recommendations from an assurance activity) Scope of improvement (who and what) Resourced and costed implementation plan Risks associated with implementation (e.g. to current processes and practices while change is occurring) How success will be judged



14.6 Key roles focus

RACI defines the involvement within the process.

R = Responsible ('does the work')

A = Accountable ('for the success of the work')

C = Consult ('2-way communication')

I = Inform ('1-way communication')

Table 13.4 Mapping of key roles to perspectives for the review and adapt process

	Strategic	Portfolio	Programme	Project	Product	Operational
Board members/trustees	A					
Executive management/change sponsors	R	A	A	A		A
Portfolio manager		R				
Programme manager			R			
Project manager				R		
Product owner/manager					R	
Operational manager						R
Portfolio, programme or project management office (PMO)		C	C	C		
Risk specialists	C	C	C	C		C
Risk owners	C	C	C	C		C
Risk action owners	C	C	C	C		C
Other stakeholders	C	C	C	C		C

R = Responsible; A = Accountable; C = Consulted; I = Informed



15. M_o_R® 4 implementing across different operating models

This chapter provides a summary of this first process. It must be read in conjunction with chapter 14 of the AXELOS guide.

Topics covered in this module include:

- 15.1 Purpose
- 15.2 Functional orientation
- 15.3 Product orientation
- 15.4 Functional vs product orientation



15.1 Purpose

Integrating risk management will align to the context of the organization, both internal and external. How we achieve this, will differ depending on the operating model the organization uses. Your focus here, is between functional and product orientation. These are both defined below, and the differences come next. Without this alignment, there is a strong likelihood that the integrated risk management will not maximize the value and potentially not fully protect the value either.

15.2 Functional orientation

A functional organizational structure is one that groups employees by specialty, skill or related roles. It is based on levels of hierarchy that often include different departments, under the direction of designated leader. Change tends to be delivered through projects, programme, and portfolios.

15.3 Product orientation

A functional organizational structure is one that groups employees through self-managed teams. These are created essentially for 'cradle to grave' product or service development. Change is managed through these self-managed teams. 'business-as-usual' tends to be in the form of continual improvement and often supported by a back-office support.

15.4 Functional orientation vs product orientation

It is critical to understand and align the approach to integrating risk management fully, taking into account the operating model an organization uses.

One of the main challenges you will come across, is that within functional organizations, people's perception of risk is typically accepted whereas within product organizations, the value of risk management is often challenges. Risk can often be seen as a hindrance, stifling creativity and agility. Embedding risk management seeks to overcome this and so much to enable us to maximize the value throughout. Please refer to table 14.1 below.



Table 14.1 Summary of the differences in implementation of M_o_R®4 across the functional- and product-oriented operating models

Aspect of M_o_R 4 framework	Functional orientation	Product orientation
Principles	The principles are universal, self-validating, empowering, and equally applicable in both orientations	
Strategic perspective	Objectives at risk are likely to have, relatively, a longer time horizon with major volatility being the exception	Objectives at risk are likely to have, relatively, a shorter time horizon with major volatility expected
Portfolio perspective	Risk management is focused on achieving the optimal coordination of investments to change normal routines, typically funded by capital	Risk management is focused on achieving the optimal coordination of product development cycles and the prioritization of backlogs and releases/launches
Programme perspective	Programmes, if they exist, are most likely to be related to significant changes, with complex benefits where incremental progression towards the desired operating model is needed. Risk management is focused on benefit realization	Programmes, if they exist, are most likely to be related to groups of feature sets, such as therapy areas in pharmaceuticals (e.g. oncology) or functional areas in software development (e.g. finance systems). Risk management is focused on providing the right mix of products to meet market demands
Project perspective	Projects are most likely to be focused on delivering new capability that is then transitioned to operations for ongoing use	Projects may be used for some initial product development or for other change within the organization that is not product-related (e.g. an office move)
Product perspective	May exist as a way of isolating innovation and new product development from the core routines of the standing organization	The chosen delivery mode for managing products and services from 'cradle to grave'. Risk management is focused on delivering solutions and value for customers in an ongoing and iterative way using real-time feedback. Processes associated with monitoring and managing live products in the market are part of the product perspective
Operational perspective	Most of the work of the organization is done in operations mode. Risk management is focused on delivering established routines efficiently and effectively	Operations are not product-focused but are limited instead to back-office support for the organization (e.g. accounts, payroll services, procurement)
People considerations	Functional orientation typically has hierarchical organizational structures, and roles and responsibilities within functions. This can make the collaboration and challenge necessary for effective risk management more difficult	Product orientation typically has flatter structures with self-managed teams that are designed for collaboration and challenge. This can make the need to increase risk transparency and share and integrate risks across perspectives less obvious
Process cycle	All steps in the process cycle apply. The time to complete each process cycle is likely to be related to the main governance events at the strategic level	All steps in the process cycle apply. The time to complete each process cycle is likely to be related to the rhythm of product or feature releases to the market



Appendix A – Documents

This chapter provides a list of M_o_R® 4 documents. Must be read in conjunction with Appendix A of the AXELOS guide. Documents listed provide an indication of the information that is needed but is not meant to be prescriptive. This will be tailored to the needs of each organization.

As these documents change, it is critical that these changes are communicated to the relevant stakeholder community.

Document name	Summary
Business continuity plan	How an organization responds to a catastrophic risk.
Combined risk profile report(s)	Overall risk of achieving an objective.
Contingency plan	An amount of contingency in money or time held. Rules of use.
Decision register (if it exists)	Audit trail and rationale.
Individual risk response plans	Action plan to address the risk including any secondary risk.
Issue register (if it exists)	Audit trail of all issues including action and status.
Organizational strategy and objectives	Describes strategic objectives.
Perspective-level risk approach (optional)	Describes how the strategic risk management process guide will be tailored.
Risk management improvement plan	Areas for improvement and how they will be managed.
Risk matrix	Visual of prioritized risk within a perspective.



Risk register (start of process)	Based on the relevant assessment criteria used, shows the priority of risk.
Risk register (end of process)	Based on full definition of risk description including risk category.
Risk register (populated with risk responses and any secondary risks)	Based on risk response planning with target risk scores and secondary risks with plans.
Risk reports	Shows the status of individual risks and combined risk.
Stakeholder map	Shows the relative priority of stakeholders.
Strategic risk management policy	Describes how the organization commits to managing risk and why we do so.
Strategic risk management process guide	Describes how we tailor risk management processes.



Appendix B – TECHNIQUES

This chapter provides an introduction to the techniques. Must be read in conjunction with Appendix B of the AXELOS guide. All M_o_R® 4 techniques are mapped to each of the eight M_o_R® 4 processes. This mapping is based on where they could be the most useful. Some techniques are mapped once others multiple.

This provides each organization with an opportunity to consolidate risk information so that it can be widely used, updated over time and expanded upon into part of a risk tool kit.

References

M_o_R®4 – Creating and protecting value

ISO31000:2018 - provides guidelines on managing risk faced by organizations

Turnbull report - A report (1999) providing directors of UK listed companies with guidance on risk management and internal controls and their obligations with regard to both, under the Combined Code on Corporate Governance.

M_o_R®4 Syllabus requirements: <https://www.peoplecert.org/>

OED 3rd edition defines risk - https://en.wikipedia.org/wiki/Risk#cite_note-Cite_OED|risk-5



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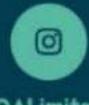
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