Ten Steps to better informed Strategic decision making

Strategic business decisions are often made with incomplete information about the true picture of risk and opportunity across the whole organization. Risk convergence is the process of integrating different risk domains within the business which have traditionally been handled separately – areas such as strategic and reputational risk, health and safety, major project risk and business opportunity identification. Risk convergence will help streamline risk management processes, making them more effective, efficient, and consistent. It will also bring all risk and opportunity information together to provide the basis for better informed strategic decision making.

Ten steps to see the true picture of risk and opportunity across your business

There are ten key steps in the journey towards a converged risk management approach which Sword Active Risk has identified from numerous successful risk management projects:

1. Identify the business case for change prior to the start of the risk convergence project. Include quantified benefits which the board expects to be achieved and the risk information it needs to support strategic decision making. Be realistic - the scope of this endeavour may mean the overall project will stretch over several years.

2. Name an executive level sponsor to drive the convergence initiative. This will send the right message across the organization about the importance, purpose and expected benefits.

3. Communicate regularly and consult at all stages with key stakeholders.

4. Set and communicate the ‘risk appetite’ deemed appropriate for the business. Don’t underestimate the change management and training necessary to embed the required ‘risk culture’ to support this at all levels of the business.

5. Develop a clear map to address overlaps and gaps in the mandates and scope of the existing risk functions and systems. For example, the development of a responsibilities and reporting matrix can also show how each existing risk function supports the organization’s strategic objectives. From this overlaps, duplications and redundancies should be clearly visible.

6. Develop an organization-wide risk and control process which includes a common risk language, approved risk assessment criteria and clear explanations of how, when and why the various risk functions intersect, e.g. from a reporting and governance perspective.

7. Document revised governance processes. Update charters for existing committees and be sure to communicate where the scope may have changed or responsibilities have moved to new bodies.
8. Establish a central repository where all risk information is stored with a common data structure. With all the data in one place it can be analyzed to identify trends, interdependencies and the effectiveness of risk treatments. Carefully consider who can see what information. Balance the need for security around strategic risk information with the benefits of allowing selected employees to look across the business to learn from other’s successes and failures.

9. Establish a ‘community of practice’ to ensure effective communication with regards to risk and to share lessons learned and best practice. This could be supported by a ‘Risk Knowledgebase’ which employees from around the world can search to see how others have handled risk on similar projects and in bids for new business.

10. Implement a process of continuous review and monitoring to ensure that the changes made yield the expected results. Make modifications to address identified issues and to exploit the enhancement opportunities identified.

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**Active Risk Manager**

Sword Active Risk addresses enterprise-wide risk management (ERM) requirements with advanced software and services that can be implemented across organizations in all industry sectors.

Active Risk Manager (ARM), is recognized as having the most extensive range of ERM capabilities available today. ARM enables the identification, communication, analysis and mitigation of risks and opportunities in both quantitative and qualitative formats. It covers project and portfolio risk, supply chain risk management, business continuity, controls management, reputational risk, health and safety, incident management, governance, compliance risks and more right across the business.

ARM Unplugged enables offline risk and opportunity capture workshops to collect and score information from frontline employees, suppliers and business partners whatever their location. ARM Unplugged then synchronizes this data back into the corporate risk system.

ARM is used by major organizations around the globe including US Air Force, EADS, British Nuclear Group, Rio Tinto, Lockheed Martin, Nestle, NASA, London Underground and Raytheon. Sword Active Risk, formerly Strategic Thought Group was founded in 1987 and has offices in the UK, USA, Australia and the Middle East, servicing customers worldwide directly and through a growing network of partners.

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**EMEA Headquarters**
Sword Active Risk
1 Grenfell Road
Maidenhead
Berkshire SL6 1HN
UNITED KINGDOM
Tel: +44 (0)1628 582500

**US Headquarters**
Sword Active Risk, Inc.
13221 Woodland Park Road
Suite 440
Herndon, VA 20171
UNITED STATES
Tel: +1 (703) 673 9580

**Australia**
Sword Active Risk Pty Ltd
40/140 William Street
Melbourne
VIC 3000
AUSTRALIA
Tel: +61 3 9229 3850

www.sword-activerisk.com
info@sword-activerisk.com
Twitter @SwordActiveRisk