

Risk Management

The management of risk is an integral part of good management practice. There is a direct relationship between risk and opportunity in all organisations activities, and as such, an organisation needs to be able to identify, measure and manage its risks in order to be able to capitalise on those opportunities and achieve its goals and objectives.

Risk Management is simply the practice of systematically identifying and understanding risks and the processes in place to manage them. Ultimately, the process gets you to a point of deciding whether, in the context of a particular activity, a risk is acceptable or requires further action. It allows an organisation to be pro-active rather than reactive – creating a safer environment and “legally safer” operational procedures.

To be most effective, risk management should become part of an organisation’s culture and should be integrated into its philosophy, practices and business plans rather than being done in isolation. Like all good management practices it should be driven from the top down and be recognised as the responsibility of everyone.

By having a structured approach to risk management, the following outcomes are likely:

- More effective decisions and transparency in decision making
- Effective delivery of sporting services
- High standards of service and safety for participants, coaches, officials, spectators and volunteers
- Effective allocation and use of resources – lower costs and increased budget certainty
- High standards of accountability
- Creativity and innovation in management practice
- Improve morale within the organisation
- Consideration of legal issues and improved compliance with the law, regulations and other formal requirements.

The importance of addressing risk management within your organisation is identified in the Australian Sports Commission’s ‘Governance Principles: A Good Practice Guide’ Principle 3.4 which states: That the board/committee should have in place an effective risk management strategy and process. This will require the board/committee to take actions to identify key risks facing the organisation and ensure that risk management strategies are developed and actioned. The risk management system should comply with the Australian Risk Management Standard AS/NZS 4360:2004.

Risk Management Process

Risk Management is a five step process:

- Step 1 – Establish the context
- Step 2 – Identify the risks
- Step 3 – Analyse the risks
- Step 4 – Evaluate the risks
- Step 5 – Treat the risks

Throughout each step it is essential that there is consultation and communication with everyone in your organisation's functions, activities and events. More detail of the risk management process is provided in the document titled 'Risk Management Process' which also includes an example of how to apply the risk priority scale to identified risks.

Risk Management Implementation

Ideally, responsibility for treatment of risk should be borne by those best able to control the risk. The successful implementation of the risk treatment plan requires an effective management system that specifies the methods chosen, assigns responsibilities and individual accountabilities for actions and monitors them against specified criteria. If after treatment there is residual risk, a decision should be made as to whether to retain this risk or repeat the risk treatment process.

The key steps in implementing a Risk Management process within an organisation are:

1. Support of board/committee – this involves developing and organisational risk management philosophy and awareness of risk at the highest level and includes nominating a person to act as a champion of the process.
2. Development of the Risk Management framework – this helps to define the context for managing risk within an organisation and includes developing a risk management policy, use of the risk priority table and identifying ways to capture and record risk information.
3. Communication/Education – a program of education and communication needs to be developed which includes dissemination of the policy and procedure, awareness raising about managing risks and education sessions on specific identified risks.
4. Monitor and review – establish a process for different areas of your organisation to report on their risks and progress of treatments. Review this risk management process to ensure it is efficient and effective in meeting the objectives set out in the policy and that key organisational risks are being managed.