

Business Resilience Toolkit

How to build a risk register

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Transcript:

In this video we are going to look at how you can create a risk register for your business.

Put simply, a risk register is a table or a spreadsheet which lists out your different risks and identifies what you will do to mitigate or treat those risks. Having a proactive plan of what to do with each risk will make your business more resilient.

My name is Andrew Ellis and I'm a business consultant with Community Business Bureau (CBB).

Depending on your organisational size, scale and the complexity of your services, the risk register could be done on a single page or become so complex that you want a database or a dedicated risk management software to manage it.

However, most organisations that I have seen end up using an Excel spreadsheet which might print out over a couple of A3 pages.

The most powerful part is that a risk register is scalable from a sole trader or start-up organisation up to multi-million dollar multi-faceted businesses.

CBB would recommend that you have a template to use and make sure it covers column headings like: risk number, category, risk description, initial risk ratings (likelihood, consequence, risk level), risk treatment and mitigation actions, the risk owner and residual risk level.

By assessing the risks into different levels such as Extreme, High, Moderate and Low, it provides a logical basis for you to prioritise which risks deserve more resources and actions being applied to mitigate them.

Now let's go through the 6 steps you need to develop a risk register – using the process from the international standard on risk management which is to:

1. Identify risks – have a wide range of people involved and brainstorm various types of risks
2. Analyse each risk with its likelihood and consequence. Likelihood is like the probability that the risk will occur, and the consequence is the impact of it.
3. Assess risks – that is, rate them as low, moderate, high or extreme (based on your analysis of likelihood and consequence)
4. Develop a treatment/control action for each risk
5. Assign an owner to each of the risks and actions – such as a manager or key person tasked with managing the risk

6. Analyse the residual risk – which is, what is the new likelihood and consequence of the risk after the risk controls or treatments are put in place

You might be wondering what kinds of things to include in the risk register? Common risks include those like:

- ▶ Financial and cashflow
- ▶ Safety
- ▶ People matters
- ▶ Cyber-attack
- ▶ Risks related to service delivery – e.g. in disability services – home visits (for example, where you might come in to contact with an aggressive dog or other people) or giving medication

Let's think about an example for a risk in your risk register:

- ▶ There's the risk of a cyber-attack to the organisation.
- ▶ Based on the sophistication of your existing systems, you can analyse the likelihood and consequence. The consequence could include days of lost productive work and reputational impacts as clients miss out on services, or – even worse - if their personal data falls into the wrong hands.
- ▶ There are existing treatments in place – password protections, firewalls, updating and patching of software and so on.
- ▶ After that, there is still residual risk, and an assessment of that might lead you to put more treatments in place – perhaps, some training for staff in early identification of suspicious emails.

So there you have it, a risk register is a table or spreadsheet which helps you to identify and prioritise the treatment of your risks.

What should you do next? If you already have a risk register, we'd encourage you to review it and ensure it remains up to date. If you don't have one yet, then we'd suggest you use this 6-step process to create a risk register.

Related video to watch next: all videos in our Risk Management series.