



being part of a business continuity solution should a call center building be lost.

The implementation of a risk-based approach to business often involves a formalization of existing business activities and the addition of other capacities and capabilities, as detailed in the report. While the basics of a risk-based approach capability can be readily implemented through an initial change management program, it is the ongoing cultural change and empowerment of management that delivers continuing business benefits from a risk-based approach. Adoption of a risk-based approach into all areas of a business is likely to be implemented in phases with development of the capacity and capabilities over time and in response to specific risks. Integration of risk into other business areas especially the strategy, budgeting, planning, and performance process is required. Part of a risk-based approach is the necessary governance structures for risk, including board ownership and responsibility of risk, an executive responsible for risk (chief risk officer), revision of performance metrics, and management of risk at the source as part of everyday business activity. The capacity and capability to manage issues (realized risks) is also part of a risk-based approach.

## BUSINESS BENEFITS

A risk-based approach also allows businesses to utilize risk and its cross-organizational impacts to drive organizational governance, performance management, and change management. High-cost and high-risk operations are often synonymous, with inefficiencies in business processes being the source of increased risk and cost; for example, errors from the rekeying of data between systems. A risk-based approach allows

opportunities for new markets and products and services to be realized; for example, the use of Web 2.0 technologies and iPhone applications for new services. Other benefits to be seen from a risk-based approach include brand preservation, cash-flow management, protection of revenue, cost savings, brand management, and improved customer service. A risk-based approach is only as effective as the management that uses risk to achieve better outcomes.

## CONCLUSION

The report is aimed at a general business audience to illustrate a risk-based approach to business, including how to implement and how to achieve business benefits from such an approach. Relevance of the report to the following roles are as follows:

- Business managers will be able to use the approach outlined as a tool for adopting a risk-based approach to business.
- Auditors will identify areas of practice risk for risk management to be integrated within audit activities to realize business outcomes.
- Risk practitioners will be able to identify opportunities for achieving better business outcomes from current risk management practices.
- Executive leadership may use the report as a tool to see that value is being derived from risk management activities.
- Project and program managers may extend program and project risk management to include risk to business from project and program delivery.



## About the Service

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