

Preface

AUDIENCE

This book is written for a number of audiences: the competent practitioners who may be looking to broaden their approach; board members; non-executive directors who want to become more familiar with the processes and concepts of enterprise risk management; company risk directors; project risk management practitioners wishing to extend their skills; business analysts; change agents; and graduate and undergraduate students. Different parts of the book are aimed at different audiences as described below.

BOOK OVERVIEW

The book is composed of five parts. The target audience is different for each part.

Part I “Enterprise Risk Management in Context” sets out the impetus behind enterprise risk management and describes corporate governance in the UK and overseas. It explains the relationship between corporate governance, internal control and risk management, and reviews the development in risk management in the private sector. It is aimed at all audiences to set the scene and is particularly focused towards the CEO, non-executive directors and the board in general.

Part II “The Appointment” is composed of four chapters. Chapter 6 describes a tendering process on behalf of clients who want to go through a formal auditable process where price is of particular importance. Chapters 7, 8 and 9 describe, from a consultant’s perspective, the interview process with a prospective sponsor, the preparation of a proposal and implementation of an assignment post-appointment, respectively. Hence Part 2 is largely for the benefit of risk practitioners.

Part III “The Risk Management Process” is composed of six chapters and each chapter describes a stage within the overall risk management process. Part 3 explains the activities to perform risk management using a standard process definition notation. Process goals, inputs, outputs, mechanisms and controls are fully explained for each stage. Tools and techniques are described to accomplish the individual stages. This part is specifically aimed at risk practitioners, chief risk officers, audit committees and business risk managers.

Part IV “Internal Influences – Micro Factors” describes the three sources of risk considered to be controllable (to a degree) by businesses, labelled in this text as Financial, Operational and

Technological. This part is aimed at the audit committee, business risk managers, department heads and risk management practitioners.

Part V “External Influences – Macro Factors” describes the six sources of risk considered to be uncontrollable by businesses labelled in this text as Economic, Environmental, Legal, Political, Market and Social. This part is aimed at all audiences from the CEO through to the student. These chapters describe the complex world we live in, its changing nature, and those aspects of the environment, in its fullest sense, that may pose threats and upside opportunities to business performance. It is aimed at all those wishing to understand the external influences on businesses today.

HOW TO READ THIS BOOK

Time is precious. How much time do we ever have in any one day to reflect on how we do things and whether there is a better approach? Time between deadlines is commonly short, offering limited opportunity for quiet reflection. Hence this book is purposefully written in such a way that it is hoped that readers can quickly find and focus on the subjects that interest them, rather than having to carry out an extensive search for the instructive guidance they seek.

The appropriate approach to reading this book will depend on your exposure and experience of risk management and where your specific interests lie.