

Index

- abortion rates 389
- absenteeism of staff 239
- absorbing risk *see* retention of risk
- accommodation 336, 337
- accountability 7
 - see also* responsibility
- accounting exposure 301
- accounting rate of return *see* average rate of return
- accumulation risk 249
- acid test ratio 415
- acquisition analysis 167
- acquisitions 370
- actionees, management process 195
- activities
 - see also* business activities; process activities
 - HMT risk categories 401
 - project plans 100
- activity interfaces 75–6
- addition rule 444–5
- administrative law 325
- administrative processes 119, 120
- Advanced Micro Devices (AMD) 373–6
- ageing populations 384–5, 428
- Agenda 21 320–1
- agenda-setting, workshops 139
- aggregate demand 292–5
- aggregate supply 295–6
- aggregation process 159–60
- Agreement, tender invitation 79
- AIM *see* Alternative Investment Market
- airport project example 167–9
- alcohol use 391, 392
- Alternative Investment Market (AIM) 21–2
- alternative strategic directions 364–70
- AMD *see* Advanced Micro Devices
- analysis process 109–24, 128, 136–7, 429–30
- applications for patents 330–1
- appointment details 111
- appointment process 71–106
- Appraisal and Evaluation in Central Government* (HMT) 61–3, 68
- ARR *see* average rate of return
- Articles of Association 327
- assessment process 27, 147–57
 - see also* risk assessment
- assets 205–6, 266, 267–8
- assignment methodology 86–7
- assumptions 127–8, 226
- assurance 53
- asymmetric risk 308
- Audit Commission 54–5, 142
- audit committees 17, 40–1, 112
- audit regulation 27, 29
 - see also* resource audit
- average rate of return (ARR) 172–3
- average settlement period for debtors/creditors 414
- average stock turnover period 414
- award for tender 79
- back-up systems 270
- bad debts 208–9
- balance sheets 121–2, 149
- balance of trade 300
- bargaining power 351–2, 362
- Barings Investment Bank 240
- barriers (risk management) 410, 411
- barriers to entry 359–61
- Basel Accord (1988) 222
- Basel Committee 222
- Basel II 130
- Bayes' theorem 448–51
- Beckett, Margaret 317
- Bender, Brian 59
- beta* measures 149–50, 156
- 'Better Projects' (OGC) 47
- blackmail 349

- boards of directors 5–7, 14–16, 20, 38–41
see also directors
- Boeing 188
- Booth, Charles 390
- borrowing 213, 298, 299
- Bovine Spongiform Encephalopathy (BSE) 59, 60
- brainstorming 140, 152–4
- branding 227–8, 361, 365, 372–3
- BRBS *see* Business Risk Breakdown Structure
- breach of obligations 323
- breaking covenants 207
- breakpoints *see* industry breakpoints
- briefing techniques 75–6, 139
- British Airways 235
- broadband technology 268, 269–70
- BRT *see* business risk taxonomy
- BSE *see* Bovine Spongiform Encephalopathy
- BSI risk categories 400
- budgets 102
see also cash budgets
- Burchett, J.F. 135
- business activities, legal risk 323–39
- business alignment, computer systems 250
- business analysis process 109–24, 128, 136–7
- business continuity 247, 256–8
- business culture 241
see also culture of organisations
- business cycle 427
- business growth 4–5, 9
- business impact
 global warming 318
 Project Profile Model 396
- business law 325–6
- Business Names Act (1985) 326
- business objectives 8, 111, 117–18, 135, 174, 189
see also objectives
- business operating environment 10, 11
- business plans 111, 118, 225–6, 411
see also planning process
- business risk, definition 223
- Business Risk Breakdown Structure (BRBS)
 134–5
- Business Risk Maturity Model 419–20
- business risk taxonomy (BRT) 130–1, 132–3
- business strategy 268, 364–70
see also strategy risk
- buyers' bargaining power 362
- by-pass provisions, product safety regulations 338
- Cabinet Office 45–7
- CAD *see* computer aided design
- Cadbury Code of Best Practice (1992) 13, 15–16
- Cadbury Committee 15–16, 33, 38
- CAM *see* computer aided manufacture
- Canada 25, 29–31
- capital asset pricing model (CAPM) 156
- capital costs 62–3, 359
- capital rationalisation 9
- CAPM *see* capital asset pricing model
- carbon dioxide concentration 315
- Carbon Trust 319–20
- cash budgets 207
- cash flows 121, 173–4, 415–16
- causal analysis 152–4
- CCL *see* Climate Change Levy
- CCTA maturity levels 417–18
- CCTA Risk Analysis and Management Method (CRAMM) 58
- Central Computer and Telecommunications Agency (CCTA) 58, 417–18
- centrally planned economies (CPEs) 348
- CEOs *see* chief executive officers
- CFOs *see* chief financial officers
- change management 87, 123, 256, 437–9
- change process
 client perspective 73–5
 HMT risk categories 402
 influences 87–8
- Chartered Institute of Public Finance and Accountancy (CIPFA) 55–7, 63–4
- checklists 128–9
- chief executive officers (CEOs) 27
- chief financial officers (CFOs) 25–6, 27
- China 310, 315
- CIM *see* computer integrated manufacture
- CIPFA *see* Chartered Institute of Public Finance and Accountancy
- civil law 325, 326
- claim settlement, credit insurance 209
- class structure 385–7
- clearing houses 217
- client interviews 81–9
- client perspective
 change process 73–5
 customer delight questionnaire 104–6
 Project Profile Model 397
- client responsibilities 93, 95, 97
- climate change *see* global warming
- Climate Change Levy (CCL) 317–18
- CNC *see* computer numerical control
- COBIT *see* Control Objectives for Information and Related Technology
- codes 13–14
see also individual codes
- 'collateral damage' risk 283
- Combined Code of Corporate Governance (2003)
 6, 13, 18–19, 33, 35
- Combined Code (Hampel 1998) 16–17
- commissions, consultants 91, 97
- Committee of Sponsoring Organisations of the Treadway Commission (COSO) 107
- common approach, government risk handling 410

- communication 102–3, 412
communications technology 268–72
companies
 financing 327
 formation 20–1
 legal risk 326–9
 organisation of 346
 ‘problem of agency’ 14–15
 records 28
Companies Act (1985) 326
Company Law Review (Higgs) 17–18
competition 359, 360–1, 372
competitive advantage 122, 227
competitor analysis 119, 123
complement of an event 444
compliance systems 124
‘comply or explain’ regime 19
computer aided design (CAD) 272, 273–4
computer aided manufacture (CAM) 273, 274
computer integrated manufacture (CIM) 273
computer numerical control (CNC) 274
computer systems 250–4, 338–9
 see also information technology
conditional probability 445–8
configuration of resources 122, 431–2
conglomerates 369
congruent controls 247
consensus, risk identification 143
consequence categories 404
constitutional law 325
constraints *see* controls
consultant appointment process 71–106
Consumer Protection Act (1987) 336–7
consumer spending determinates 293–4
context of risk 189
continuity risk 247, 256–8
contracts 230–3, 334–5, 347
contractual liability 323
control
 boards of directors 6
 definition 246
 IT projects 282
 management process 197–9
 technology 272–7
Control Objectives for Information and Related
 Technology (COBIT) 278
controls
 see also internal controls; process controls
 Cadbury Code 16
 definition 246
 The Orange Book 53
 people risk 233–40
 processes and systems risk 246–7
 Sarbanes-Oxley Act 28–9
convergent breakpoints 442
Cooper, B. 399
Cooper, Robert 366–7
Cope, M. 85, 87, 101
copying text, proposals 92
copyright 329, 333
corporate experience 227
corporate failure 212
corporate governance
 boards of directors 6
 Canadian developments 25, 29–31
 CIPFA/SOLACE 55–7
 definition 19–20
 ERM framework 10–11
 internal control relationship 33–5
 UK developments 13–23
 US developments 25–9, 31
corporate responsibility 27, 381
 see also responsibility
corporate security 257
corporate social responsibility (CSR) 381
corporate strategy *see* strategic thinking
COSO *see* Committee of Sponsoring
 Organisations of the Treadway Commission
cost/push theory of inflation 298
costs
 see also capital costs; opportunity cost
 IT projects 283
 projected 121
 risk removal 189
 risk transfer 189–90
counterparty risk 209–10, 217
country risk 208, 216
country-specific political risks 342, 343–4
CPEs *see* centrally planned economies
CRAMM *see* CCTA Risk Analysis and
 Management Method
credit insurance 208–9
credit loss 208
credit ratings 214–15
credit risk 204, 207–12, 218
creeping inflation 297
crime risk 223, 252–3, 387–8
criminal law 325, 326
criminal liability 323, 335–8
critical success factors, change management
 437–9
cross-enterprise risks 9
CSR *see* corporate social responsibility
cultural change 412
culture of organisations 102, 113, 186–7, 195, 241
currency controls 300
currency futures 303–4
currency hedging 304
currency risk 204, 213, 301–5
current ratio 205–6, 415
customer delight questionnaire 104–6
customer-focused business plan 118

- customer processes 119, 120
 Customs and Excise 66
- damage control strategies 349
- data connectivity, IDEFO technique 108
- data gathering 101–2
- data integrity 251
- data recovery/loss 254
- data security 251–4
- databases 133–4, 194, 265–6
- Day, A.L. 399
- day rates, consultants 97
- debentures 327
- decision analysis 154–5
- decision-making
 change process 74
 expected monetary value 163–5
 IT investment 280
 M.o.R 57
 quantitative techniques 147
 utility theory 165–7
- decision trees 167–70
- default risk 207–8, 214–15
- deflation 297
- DEFRA *see* Department of the Environment,
 Food and Rural Affairs
- Delbecq's Nominal Group Technique 140
- deliverables 102–3
- Dell Computers 250
- Delphi technique 141
- demand
 aggregate demand 292–5
 elasticity/sensitivity 376–7
- demand/pull theory of inflation 298
- demand-side policies 292
- demographic changes 384–5
- Department of the Environment, Food and Rural
 Affairs (DEFRA) 58–9, 403–6
- departments of government 50–1, 65, 66–7
- dependent event probability trees 162–3
- derivatives 204, 208, 216–18
- desertification 313
- designs, legal risks 329, 334
- Dey Report (1994) 13, 29–30
- diet, health 390–1
- direct action, governments 341
- directors 16, 236–7, 328–9
 see also boards of directors; non-executive
 directors
- disciplinary sanctions 28
- disclaimers, false trade descriptions 336
- discounted cash flows 173, 174
- discrimination 232, 234
- dishonesty of staff 240
- dismissals 232–3
- disposable income 294, 298
- disruptive events 257–8
- distribution strength, market risk 377
- distributions (probability) 150–1, 180
- distributors' duties 338
- divergent breakpoints 441–2
- diversification 188, 361, 368–70
- dividend yield ratio 416
- documentation risk 249
- downside risks
 see also threats
 consensus-gaining 143
 definition 5
 identification process 125, 137–43
- downturns 363–4
- drinking alcohol 391, 392
- drivers of political risk 345–7
- Drucker, Peter F. 4, 225
- due diligence 210–12, 338
- Duration of Copyright and Rights in Performance
 Regulations (1995) 333
- Dyson, James 331–2
- e-commerce 3, 271–2
- e-mail 269, 272
- Earl, M. 267–8
- early warning indicators (EWIs) 193, 196
- earnings per share (EPS) 416
- Earth Summit 313
- economic default 207
- economic exposure 301
- economic risk 203, 287–306, 427–8
 see also financial risk
- economy, control as principle of 197–8
- Eddington, Rod 3
- education 383–4
- effectiveness
 existing processes 115–16
 Hampel Committee 38
 Smith Review 41
- efficiency 114, 415
- elasticity of demand 376–7
- electronic data security 251–4
- embedded systems 43, 53–4, 114–15, 410
- emissions trading 318
- employees
 see also people risk
 HRM practices 230
 induction 235–6
 responsibility 39–40
 social risk 391–2
- employment law 230–3, 334
- employment levels 296–7, 427
- EMV *see* expected monetary value
- enablers *see* process mechanisms
- energy sources 309–11
- energy storage devices 365–6

- enforcement
 - human resources management 244
 - product safety regulations 338
- English law 325–6
- Enron 13, 15, 25–6
- enterprise risk management (ERM)
 - approaches 4
 - benefits 9
 - definition 8–9
 - framework 10–11
 - implementation 99–106
- environmental risk 216, 307–22, 356–7, 428
- EPS *see* earnings per share
- equity and entity 173
- ERM *see* enterprise risk management
- ethical/environmental initiatives 320
- European Union (EU)
 - Combined Code of Corporate Governance 19
 - emissions targets 315–16
 - transition economies 347–8
- evaluation process 52–3, 159–81, 281–2
- event nodes/branches 168–9, 170
- event windows 199
- EWIs *see* early warning indicators
- exchange rates 298
- exchange traded derivatives 217
- exclusion notifications, consultants 78
- executive directors 16
 - see also* directors
- executive sponsorship 29
- executive utility functions 165–6
- expected monetary value (EMV) 163–5, 169–70
- expert opinion, probability 180
- expert systems 266
- Export Credits Guarantee Department 350
- exports 294–5
- exposure risk 208, 301
- extended enterprises 65
- external audits 29
- external influences 285–394
 - HMT risk categories 400, 401
 - operational risk 256–8
 - political risk 345
 - SWOT analysis 424–5
- external view, process 110

- facilitators 95, 109, 138–9
- facilities 336, 337
- factors, definition 423
- failure factors 212, 366–7
- false trade descriptions 335–6
- FDI *see* foreign direct investment
- feedback on risk 60
- fiduciary duties 328–9
- financial controls 39, 41–2
- financial ratios 413–16
 - see also* ratios
- Financial Reporting Council (FRC) 41–2
- financial resources 433
- financial risk 203–19, 400
- financial sector
 - market risk 355–6
 - strategy risk 226
- Financial and Services Act (2000) 327–8
- Financial Services Authority (FSA) 21, 41–2
- Financial Services and Markets Act (2000) 21
- financial statements 112, 120–2, 149
- financing companies 327
- firm-specific political risks 342–3, 344
- first impressions, client interview 81–2
- fiscal policy 291, 348
- fixed charges 214
- flexible manufacturing systems (FMS) 273, 274–5
- floating charges 214
- flow chart, risk response 185
- FMS *see* flexible manufacturing systems
- forecasts
 - borrowing 213
 - sales 121
- foreign direct investment (FDI) 347
- foreign investment risk 204, 216
- foreseeable risks 41
- forward market hedge 302–3
- fossil fuels 309–10
- frameworks
 - definition 242
 - enterprise risk management 10–11
 - operational risk 243
 - political risk 344–7
- fraud 252–3, 328
- FRC *see* Financial Reporting Council
- free-market economies 299–300, 356
- Friend, G. 400
- FSA *see* Financial Services Authority
- FTSE4Good Index 318–19
- fuel market hedge 303
- funding risk 204, 213–15, 218, 280
- futures 216, 217, 303–4

- gamble methods 165–7
- game theory 370–6
- gap analysis 129–30
- Gates, Bill 263–5
- GDP *see* gross domestic product
- gearing 114, 415–16
- General Product Safety Regulations (1994) 337–8
- geographical reach, market development 367–8
- Global Atmosphere Division 316–17
- global developments 45
- global positioning system (GPS) 267

- global warming 312–18
goods, trade descriptions 335–6
goods in transit risk 249
governance
 see also corporate governance
 definition 54
 information technology 277–9
government
 climate change policy 316–17
 education policy 383
 fiscal policy 348
 improving risk handling 408–12
 macroeconomics 290–2
 political risk 341, 343–4, 346
 responsibility 45–8, 407–8
 spending determinates 294
GPS *see* global positioning system
The Green Book (HMT) 61–3, 68
Greenburg Study (1995) 16
greenhouse gas emissions 312–18
‘grey market’ 385
gross domestic product (GDP) 289–90
gross profit margin 414
group-oriented risk identification 137–41
growth *see* business growth; population growth;
 sales growth
guides 49
 see also individual guides
hacking 252–3, 269–70, 338–9
Hampel Committee 16–17, 38–9
health issues 389–91
health and safety 245, 334
hedging 213, 216, 301–5, 350
Her Majesty’s Treasury (HMT) 41–2, 45–6, 47,
 400–2
Hewlett Packard 123
Higgs Review (2003) 17–18, 40, 236, 244
Hillson, D. 115–16, 134–5, 417, 418
HM Customs and Excise *see* Customs and Excise
HMT *see* Her Majesty’s Treasury
Holliswell, J. 399
home improvements market 388–9
homogeneous products 361
Hong Kong 315
Hopkinson, M. 418–19
horizon scanning 65, 67
house prices 299
households 288–9, 294
HRM *see* human resource management
human capital/resources 401, 433–5
human resource management (HRM) 229, 230,
 244
Hunt, V.D. 119–20
hydrogen fuel 310
hyperinflation 297
ICAM Program 107
ICD *see* Institute of Corporate Directors
ICSA *see* Institute of Chartered Secretaries and
 Administrators
IDEFO process mapping technique 107–8,
 125–45
identification process 109, 125–45, 148, 404
ILGRA *see* Interdepartmental Liaison Group on
 Risk Assessment
impact categories, DEFRA 405
impact matrix 151–2
implementation
 barriers 410, 411
 DEFRA risk management strategy 403
 economic risk management 288
 enterprise risk management 11, 99–106
 environmental risk management 309
 financial risk management 205
 legal risk management 324
 market risk management 358
 operational risk 224
 political risk management 344
 risk identification methods 141–3
 social risk management 382–3
 technology risk management 265
imports 294–5
in-house risk management 71, 73
inaction, governments 341
income *see* disposable income
independent events (probability) 162, 448
indicators of loss 248
induction 235–7
industry analysis 118–19
industry *betas* 149–50
industry breakpoints 123, 441–2
industry environment 357–9
inflation 204, 213, 297–8, 428
influence diagrams 154–5
information assets 266, 267–8
information risk 74, 131, 346, 361–2
information technology (IT) 265–8
 continuity risk 247
 governance 277–9
 government responsibility 49–50
 investment 279–80
 operational risk 223, 250–4
 project management 282–3
infringement disputes
 copyright 333
 patents 331–3
 registered designs 334
innovation 50–1, 65–8, 225, 360
inputs *see* process inputs
Institute of Chartered Secretaries and
 Administrators (ICSA) 237
Institute of Corporate Directors (ICD) 30

- Institute of Financial Accountants 42
- insurance
- country risk 216
 - credit insurance 208–9
 - political risk 350
 - risk transfer 189
- insurance industry, risk appetite 186
- Integrated Services Digital Network (ISDN) 270–1
- Intel 373–6
- intellectual property (IP) 254, 255, 329–34
- interaction drivers, political risk 345, 346
- interactive workshops 137, 138–9
- Interdepartmental Liaison Group on Risk Assessment (ILGRA) 45, 46
- interest cover ratio 416
- interest rate risk 213, 218, 291–2, 298–9
- internal audits 29, 38, 64
- internal controls
- analysis process 112
 - CIPFA 63–4
 - composition 33–4
 - context 41–2
 - corporate governance 13
 - definition 54
 - ERM framework 11
 - The Orange Book* 53
 - risk management 33–44
 - risk as subset 34–7
- internal influences 201–84, 345–7, 424
- internal processes 10, 11
- internal rate of return (IRR) 174
- internal view, process 110
- international trade and protection 299–300
- Internet Protocol (IP) 271
- internet technology 268, 269–72
- interrelationships, markets 362
- intersecting events 444–5
- interviews
- client/consultant 81–9
 - recruitment 234, 235
 - risk identification 137, 138–9
 - short-listing consultants 77
- intranets 266, 267
- inventive step, patents 330–1
- investment 279–80, 350, 351
- investment appraisals 171–4, 411
- investment expenditure determinates 294
- investment ratios 114, 416
- investor unrest 13–14
- IP *see* intellectual property; Internet Protocol
- Iran 341
- IRR *see* internal rate of return
- ISDN *see* Integrated Services Digital Network
- IT *see* information technology
- Japan 276
- job analysis 234
 - job descriptions 234–5
 - joint probability tables 446–7
 - joint ventures 216
 - Juran, Joseph 155
- key performance indicators (KPIs) 195
- Keynesian economics 298
- knowledge management 254, 361–2
- KPIs *see* key performance indicators
- Kyoto Protocol 313–17
- labour force 346, 351–2
- see also* people risk
- Lambert, T. 104
- language education 383–4
- Latin Hypercube 179–80
- law
- see also* legal risk
 - barriers to entry 359
 - classification 325–6
 - Climate Change Levy 317–18
 - company formation 21
 - corporate governance 25–9
 - employment 230–3, 334
- leadership 6, 412
- leading and lagging 302
- Leeson, Nick 240
- legal liabilities 323
- legal risk 223, 323–39, 428
- see also* law
- legislation *see* law
- lending and borrowing 298
- 'lessons learnt' 128
- liabilities 205–6, 323
- lifecycles 119, 363–4
- lifestyles, social risk 388–93
- LIFFE *see* London International Financial Futures Exchange
- light pollution 312
- likelihood rating, DEFRA 405
- limited liability companies 20–1
- liquidity risk 114, 203, 205–7, 218, 415–16
- listed companies 14–15, 20–1
- Listing Rules (FSA) 21, 42
- listing securities 327–8
- Liverpool City Council 55
- loan capital 213–14, 327
- local government 54–7, 63–4, 142–3
- location identification 95
- logic probabilities 443
- London International Financial Futures Exchange (LIFFE) 217
- London Stock Exchange (LSE) 21–2, 42
- long listing process, consultants 76–7

- loss, credit events 208
 loss indicators 248
 'lost opportunity' risk 283
 LSE *see* London Stock Exchange
- macro factors 201, 285–394
 macroeconomics 289–90
 macropolitical risks 342, 343–4
 main competitor analysis 119
 Main Market (LSE) 21–2
 management
 government role 408
 teams 437
 management assessment 27
 management information systems (MIS) 266–7
 management process 99–104, 119, 193–9, 243–4
Management of Risk: Guidance for Practitioners (OGC) *see* M_o_R
Management of Risk – Principles and Concepts (HMT) *see* *The Orange Book*, revised (2004)
Management of Risk, a Strategic Overview (HMT) *see* *The Orange Book*
 managers 76, 195
 manufacturing control technology 272–7
 manufacturing resource planning (MRP) 273, 276
 marginal propensity to consume 294
 market development 367–8, 385
 market economies 348
 market penetration 364–5
 market risk 156, 355–79
 market share, technology 263–4
 market strategies 373–6
 market structure 358–62
 marketing barriers 360
 marketing environment, uncertainty 357–8
 marketing mix 372
 marketing plans 112, 123
 Markov chains 170–1
 master copies, proposals 92
 maternity 232, 389
 matrix algebra 170
 maturity, Risk Maturity Models 115–16, 417–21
 measurement
 beta measures 149–50, 156
 management process 196–7, 198
 market risk 377–8
 operational risk 259
 simulation performance 177
 mechanisms *see* process mechanisms
 Mechatronics 273, 275–6
 Memorandum of Association 326
mens rea requirement 335, 336
 Mercedes 369–70
 micro factors 201–84
 microchip industry 373–6
 microeconomics 288–9
 micropolitical risks 342–3, 344
 minority interests 328
 MIS *see* management information systems
 misdescriptions of goods and services 335–6
 Misinterpretation Act (1967) 328
 misleading price indications 336–7
 mitigation
 liquidity risk 207
 operational risk 259
 staff absenteeism 239
 modelling
 capital asset pricing model 156
 decision analysis 154–5
 Monte Carlo simulation 179
 PESTLE model 129
 Project Profile Model 50, 395–7
 Risk Maturity Models 115–16, 417–21
 ToR 96
 modification of computer material 339
 monetary policy 291–2
 money market risk 304
 monitoring
 IT projects 282
 management process 196–7
 monopolies 358
 Monte Carlo simulation 178–9
 M_o_R (*Management of Risk: Guidance for Practitioners*) (OGC) 57–8, 68
 mortgage repayments 298, 299
 motherhood *see* maternity
 MRP *see* manufacturing resource planning
 multiplication law 448
 mutually exclusive events (probability) 175, 445
- National Audit Office (NAO) 45–6, 47–8
 national income *see* gross domestic product
 National Savings and Investments (NS&I) 67
 National Statistics Socio-Economic Classification (NS-SEC) 386–7
 near monies 205
 NEDs *see* non-executive directors
 net migration 384
 net present value (NPV) 173–4
 net profit margin 413
 netting 301–2
 network systems 250–1, 269
 new business development 226
 new entrants, barriers 359, 360–1
 new products 365–7
 NGOs *see* non-governmental organisations
 NGT *see* Nominal Group Technique
 nominal GDP 290
 Nominal Group Technique (NGT) 140
 non-executive directors (NEDs) 15–18, 244–5, 328
 non-governmental organisations (NGOs) 346

- non-mutually exclusive events (probability) 175–6
- non-price competition 372
- 'novelty gene' 186
- NPV *see* net present value
- NS&I *see* National Savings and Investments
- NS-SEC *see* National Statistics Socio-Economic Classification
- nuclear power 311
- obesity concerns 390–1
- objective probabilities 443
- objectives
see also business objectives
 change management/process 75, 437
 implementation of ERM 99–100
 information technology 278
 strategy risk 224, 225
 ToR 96
- OECD *see* Organisation for Economic Cooperation and Development
- Office of Fair Trading (OFT) 22
- Office of Government Commerce (OGC) 45–6, 47
- OFT *see* Office of Fair Trading
- OGC *see* Office of Government Commerce
- oil supplies 309–10
- Okidata 123
- oligopolistic markets 358–9, 370–6
- open book remuneration 97
- operating cash flow per share 416
- operating cash flows to maturing obligations 415
- operational controls 199
- operational management 412
- operational resources audit 433
- operational risk 221–61, 401–2
- operations research (OR) 273, 276–7
- opportunities 5
 consensus-gaining 143
 identification process 125–6, 137–43
 ranking 424–5
 risk removal 189
- opportunity cost 173, 174, 213
- optimism bias 62–3
- options 216, 217–18
- OR *see* operations research
- The Orange Book* (HMT) 47, 51–4, 68, 129, 400–2
 revised (2004) 65, 67, 68, 401–2
- organisation of companies *see* companies
- Organisation for Economic Cooperation and Development (OECD) 41
- organograms 112
- Osborn, A.F. 140
- Ostergen, K. 238–9
- OTC derivatives *see* over-the-counter derivatives
- outputs *see* process outputs
- outsourcing risk 204, 258–9
- over-the-counter (OTC) derivatives 217–18
- ownership 52, 333
- P/E ratio *see* price/earnings ratio
- Pareto analysis 155–6
- past experience, consultants 84
- patents 329–33
- payback period (PP) 173
- payment default 207, 208
- Peccia, T. 222
- peer reviews, proposals 93
- people risk 228–45, 346–7, 350–2, 401
- PepsiCo diversification 368
- perfect knowledge/information 361–2
- performance measures, simulation 177
- PEST analysis 11, 116, 131, 427–8
- PESTLE model 129
- pharmaceutical price regulation scheme (PPRS) 247
- Phillips Report on BSE (2000) 60
- phishing 252
- planned economies 348
- planning process 183–91
see also business plans
 business continuity 258
 change 73
 ERM implementation 100
 management activities 196–7
 proposals 91
 risk response 378
- PLCs *see* public limited companies
- policy-making 7, 242, 346, 348, 410–11
- political risk 341–53, 427
- pollution 312, 314
- population growth 428
- population movements 384–5
- portfolio investors 351
- poverty and health 390
- PP *see* payback period
- PPA *see* Prescription Pricing Authority
- PPP *see* purchasing power parity
- PPRS *see* pharmaceutical price regulation scheme
- preference shares 327
- preliminary review, proposals 92
- Prescription Pricing Authority (PPA) 66
- presentation of findings 103
- pressure groups 348–9
- price/earnings (P/E) ratio 416
- prices
 elasticity/sensitivity 376–7
 indices 297
 misleading indications 336–7
 stability 371
- primary business objective/goal 8
- primary technology types 265–77

- private investment 294
private law 325, 326
proactive businesses 116
probability 443–51
 basic concepts 175–6
 default risk 207–8
 distributions 150–1, 180
 expected monetary value 163–5, 169–70
 impact matrices 151–2, 404–5
 Markov chains 170–1
 relationships 444–5
 risk assessment 150–1
 Summary Risk Profile 398
 trees 162–3, 450
‘problem of agency’ 14–15
problem-solving 140
process
 analysing businesses 109–10
 establishing processes 119–20
 risk assessment 147
 risk evaluation 159
 risk identification 125
 risk management 193
 risk planning 183
process activities 116–24, 135–43, 152–7,
 175–80, 185–6, 196–9
process controls 113, 127–8, 150, 161, 185, 195–6
process definition
 analysis 111
 risk assessment 148
 risk evaluation 160
 risk identification 126
 risk management 194
 risk planning 184
process goals
 analysis 110
 establishing processes 120
 risk assessment 147–8
 risk evaluation 159–60
 risk identification 125–6
 risk management 193–4
 risk planning 183–4
process inputs 111–12, 127–8, 148–50, 160–1,
 184–5, 194–5
process mapping 107–8, 111–12, 119–20,
 125–45
process mechanisms 113–16, 127–35, 150–2,
 161–74, 185, 195–6
process outputs 113, 127–8, 150, 160–1, 184–5,
 194–5
processes and systems risk 245–56
producers, definition 337
production processes 248, 263–4, 272–7
products
 derivatives 217
 development strategy 365–7, 370
 homogeneity/diversity 361
 lifecycle stages 363–4
 safety 337–8
 variation risk 249
profit and loss account 121–2, 149
profit maximisation 8
profitability 114, 176, 371, 413–14
programme management 411
project background understanding 95
project execution plan 60
project implementation 99
 see also implementation
project investment 280–2, 350
project management 29, 254–6, 282–3, 411
project plans 100
Project Profile Model (*Successful IT*) 50, 395–7
projected financial statements 112, 120–2, 149
prompt lists 129, 131, 133
proposals 91–7, 281–2
prosecutions, environmental law 312
protection of minority interests 328
protectionism 300
protocols (video conferencing) 271
PSA Peugeot Citroën 276–7
Public Interest Disclosure Act (1998) 232
public investment 291, 294
public law 325
public limited companies (PLCs) 20–1
public pressure, ethical/environmental 320
public sector developments 45–69
public service improvements 65, 66–7
publications 48–9, 68
 see also individual publications
purchasing power parity (PPP) 304–5

qualitative corporate failure 212
qualitative risk assessments 157
quantitative corporate failure 212
quantitative risk assessments 147, 151, 157
questionnaires 104–6, 129–30, 135
quick ratio 206

rapport, client/consultant 82
RAROC *see* Risk-Adjusted Return On Capital
ratios 112, 114, 205–6, 385, 413–16
RBS *see* risk breakdown structures
reactive businesses 116
‘real time’ controls 198
realistic job previews (RJPs) 235
recovery risk 208
recreation 392–3
recruitment 234–7
reduction of risk 188, 190–1
registration
 designs 329, 334
 patents 331

- regulation
 - audits 27, 29
 - copyright 333
 - employment 230–3
 - government roles 407
 - pharmaceutical prices 247
 - processes and systems risk 247
 - product safety 337–8
- related diversification 369
- relative bargaining power 351–2
- remedy of rescission 328
- removal of risk 188–9
- remuneration 16, 97
- renewable energy 310–11
- reporting risks 16, 193, 194, 405–6
- reports 13–14, 49
 - see also individual reports*
- Reports on the Observance of Standards and Codes (ROSC) 41
- reputation management 227–8
- required rates of return 156
- resolution strategies 185
- resource audit 123, 433–5
- resources 74–5, 113, 195
 - see also human . . .*
 - analysis process 122–3, 429–30
 - change management 439
 - configuration 122, 431–2
 - financial 433
 - strategy risk 227
- response to risk *see* risk response
- responsibility
 - see also* accountability; corporate responsibility
 - clients 93, 95, 97
 - DEFRA risk management strategy 406
 - government 45–8, 407–8
 - internal control 38–41
- retail payment systems 226
- retention of risk 190
- return on capital employed (ROCE) 413
- return on ordinary shareholders' funds (ROSF) 413
- review systems 52, 53–4
- Risk-Adjusted Return On Capital (RAROC) 221
- risk allowance 61
- risk appetite 9, 53, 186–8
- risk assessment 45–6, 52, 102, 147–57, 351, 404–5
- risk breakdown structures (RBS) 134–5
- risk checklists 128–9
- risk evaluation 159–81
- risk exposure 243
- risk framework *see* frameworks
- risk identification process 109, 125–45, 148, 404
- Risk: Improving Government's Capability to Handle Risk and Uncertainty* (Cabinet Office) 407–12
- risk management
 - application 34–7
 - approaches 4
 - context 41–2
 - key activities 193
 - publications 48–9, 68
- risk management culture 241
 - see also* culture of organisations
- risk management plans 112, 113
- risk management process 11, 107–200
- risk management resources 74–5, 113, 195
 - see also* resources
- Risk Management Steering Group 45
- Risk Management Strategy* (DEFRA) 59, 68, 403–6
- risk matrix 36–7
- Risk Maturity Models (RMM) 115–16, 417–21
- risk planning *see* planning process
- risk policy definition 242
- risk process definition 243–4
- risk profile 242–3
- risk prompt lists 129
- risk questionnaire 135
- risk register 128, 143
 - assessment process 148–9, 150
 - content/structure 135, 136
 - DEFRA risk management strategy 406
 - evaluation process 160
 - management process 193, 194
 - planning process 184
- risk response
 - DEFRA 405
 - flow chart 185
 - The Orange Book* 53
 - planning 184, 378
 - political risk 349–52
 - strategies 188–90
 - technology risk 277–83
- risk review (*The Orange Book*) 52
- risk scope 243
- risk self-assessment (*The Orange Book*) 52
- risk strategy 5, 7, 242
- risk-taking 4–5
- risk taxonomy *see* taxonomy
- Risk and Value Management* (OGC) 60–1, 68
- RJPs *see* realistic job previews
- RMM *see* Risk Maturity Models
- robotics 274–5
- robustness, risk process 243–4
- ROCE *see* return on capital employed
- rolling back decision trees 169–70
- ROSC *see* Reports on the Observance of Standards and Codes

- ROSF *see* return on ordinary shareholders' funds
 Ryanair 303
- safety
 see also health and safety
 products 337–8
 salary payments 230
 sales forecasts 121
 sales growth 363–4
 sales per employee 415
 sales to capital employed ratio 414
 sampling methods 179–80
 Sarbanes-Oxley Act (2002) 25–9
 Saucier Committee 31
 savings, interest rates 299
 scenario analysis 177
 Schmitt, B. 227–8
 scope of project definition 95
 Section 404 (Sarbanes-Oxley Act) 28–9
 securities, listing 327–8
 selection process
 consultants 74–80
 recruitment 235
 self-assessment (*The Orange Book*) 52
 sensitivity analysis 176
 sensitivity of demand 376–7
 service marks 329
 services 335–7
 Seven Cs of Consulting (Cope) 85
 shareholders
 see also stakeholders
 political risk 346
 wealth maximisation 8, 174
 shares 149–50, 156, 327
 Shell 15
 short listing process, consultants 77–8
 SIC *see* Statement on Internal Control
 silo-based risk management 4, 8
 simple contracts 335
 simple controls 199
 simulation 177–9
 'Six Ws and H' technique 93
 SMART objectives 117–18
 Smith Review (2003) 17, 40–1
 smoking 391
 social attitudes 388–93
 social risk 381–94, 428
 Society of Local Authority Chief Executives and Senior Managers (SOLACE) 55–7
 socio-cultural patterns/trends 385–7
 SOEs *see* State Owned Enterprises
 software applications 131, 155, 177, 179, 265–6
 SOLACE *see* Society of Local Authority Chief Executives and Senior Managers
 sources of risk 10, 11, 203–4, 399–403
 spam 269
 speciality contracts 335
 spending *see* consumer spending
 sponsorship 29, 85
 spreadsheets 177, 179, 265
 staff
 see also people risk
 absenteeism 239
 constraints 233–40
 criticality matrix 239–40
 dishonesty 240
 turnover 237–9
 stakeholders 95, 101, 127
 see also shareholders
 Standard & Poor's credit ratings 214–15
Standards for the Board (Institute of Directors) 6
 State Owned Enterprises (SOEs) 348
 Statement on Internal Control (SIC) 47
 statutory requirements
 people risk 230–3
 processes and systems risk 247
 stereotyping 234
 stewardship role, government 407–8
 stochastic approach (probability) 175
 stock exchange indices 318–20
 see also London Stock Exchange; Toronto Stock Exchange
 strategic thinking 5, 7
 strategy risk 224–8
 see also market strategies
 Strategy Unit (Cabinet Office) 46–7, 59–60
 stratified sampling 179–80
 strengths, ranking 424
 stress levels 392
 strict liability 335
 structural industry analysis 119
 subgoals
 analysis process 110
 risk assessment 147–8
 risk evaluation 159–60
 risk identification 125–6
 risk management 193–4
 risk planning 183–4
 subjective probabilities 443–4
 success factors 103–4, 366–7, 437–9
Successful IT: Modernising Government in Action (Cabinet Office) 49–50, 68, 395–8
 Summary Risk Profile (*Successful IT*) 50, 397–8
 supervisory management 7
 suppliers 334–8, 362, 397
 supply-side policies 292
 support ratio 385
Supporting Innovation: Managing Risk in Government Departments (NAO) 50–1, 65, 66–7, 68

- sustainable change 87–8
sustainable development 320–1
swaps 217–18
SWOT analysis 116, 133, 423–5
system capacity 254
systems perspective, staff turnover 238
systems risk 204, 241–3
see also processes and systems risk
- task environment 357
task management 92
tasks, project plans 100
taxation 317–18
taxonomy
 external events 256
 operational risk 221, 223
 people risk 229
 processes and systems risk 246
 risk taxonomy 130–1, 132–3
 strategy risk 224
TCP *see* Transport Control Protocol
teams 101
technical impact, IT projects 396–7
technology 263–84, 428
see also information technology
telematics 266, 267
tender process 76–80
term of borrowing 213
Terms of Reference (ToR) 93–6
see also proposals
terrorism 349
threats 424–5
see also downside risks
‘ticks’ (exchange traded derivatives) 217
time deposits 205
timely information 74
timing
 controls 198–9, 247
 financial risk 203
 net present value 174
 risk retention 190
 ToR 96
ToR *see* Terms of Reference
Toronto Stock Exchange (TSE) 29–31
tortious liability 323
total quality management (TQM) 248
tourism 385, 392–3
TQM *see* total quality management
trade, international 299–300
Trade Descriptions Act (1968) 335–6
trade marks 329
trade unions 233, 346
training 244–5
transactions 248–9, 356
transfer of risk 189–90
transition economies 347–8
transition matrices 170–1
translation exposure 301
Transport Control Protocol (TCP) 271
transportation 249, 311
Treadway Commission 107
Treasury *see* Her Majesty’s Treasury
TSE *see* Toronto Stock Exchange
Tummala, V.M.R. 135
Turnbull Report (1999) 33–6, 39–40
turnover of staff 237–9
Tyson Report (2003) 18
- UK *see* United Kingdom
UK Listing Authority (UKLA) 21, 42
unauthorised access, computers 338–9
uncertain events 128, 168
uncertainty levels 357–8, 438–9
unemployment 296–7
unfair dismissal 233
unions *see* trade unions
unique selling point (USP) 82–4
United Kingdom (UK)
 business law 325–6
 corporate governance 13–23
 government fiscal policy 348
 patents 329–32
United States (US)
 climate pact 315
 corporate governance 25–9, 31
 government policy and employment 297
 patents 332–3
unrelated diversification 369
upside risks *see* opportunities
US *see* United States
USP *see* unique selling point
utility theory/functions 165–7
- valid contracts 334–5
value, sustainable change 87–8
value chain analysis 112, 120, 122, 431–2
value losses, change process 75–6
Value-at-Risk (VaR) 377–8
variability risk 249
video conferencing 141–2, 269, 270–1
viruses (internet) 269
VRIO analysis 429–30
- watercourse pollution 312
WBS *see* Work Breakdown Structures
weaknesses, ranking 424
wealth maximisation 8, 174
what-if analysis 177
whistleblowing 232
Whitehead, Alfred North 177

466 Index

Wilkin, S. 341, 344–7, 349
Work Breakdown Structures (WBS) 134
working hours 391–2
workshops 137, 138–9, 142–3
WorldCom 26

Worth the Risk? (Audit Commission) 54, 68
written statement, implementation 99

Zehle, S. 400
Zonis, M. 341, 344–7, 349

Index compiled by Indexing Specialists (UK) Ltd