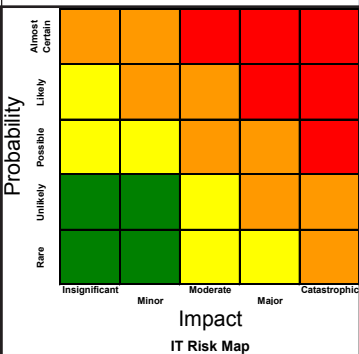


## THE INTEKRAS APPROACH TO RISK & RISK MANAGEMENT



Uncertainty is constantly present in our daily lives and frequently impacts our decisions and actions. When we talk about risk, we normally mean the chance that some unexpected event will occur that will result in a loss, catastrophe, or other undesirable outcome. Formally defined, risk is the probability (or likelihood) of an event and its impact (or consequences).

Every organization faces risks that could present threats to its mission or success. Risk exists at different levels across an organization:

- At a Business Level: Competitive, market, reputational, or strategic risks
- At an Operational Level: Regulatory, financial, project, or procedural risks
- At a Technical Level: Continuity, system, network, or facility risks

Risks are inherent to every organization, and Risk Management - whether handled by a risk manager, general counsel, CFO, or CIO - is a critical function for the continued success of any organization. Risk Management is the practice of using processes, methods and tools for managing these risks, and focuses on identifying what could go wrong, evaluating which risks should be dealt with, and implementing strategies to deal with those risks. Businesses that have identified the risks will be better prepared and have a more cost-effective way of dealing with them.

Once identified and prioritized, management can then decide what to do in response to these risks. These “risk treatment” choices include:

- Avoid: Eliminate the risk through careful design or planning, or discontinue the activity entirely.
- Substitute: Find a less risky alternative to perform the same function.
- Transfer: Remove liability for the risk by making someone else accountable for it, through outsourcing or insurance.
- Mitigate: Find a way to reduce the likelihood and/or impact of the risk.
- Retain: Understand what the risk is and decide to accept and (in some cases) budget for it.

**“The goal of proper Risk Management is to focus attention on the highest probability and highest impact areas...”**

Risk management practitioners use Risk Assessments and Risk Maps as tools to identify, evaluate and prioritize a group of risks which could significantly impact an organization's ability to accomplish its mission. A Risk Assessment is used to identify and measure the significance and likelihood of risks that occur within a function or specific process. Once the risk is assessed, a Risk Map (as shown) is used to plot the probability and impact of the risk occurring. The map allows one to visualize risks in relation to each other, gauge their extent, and plan what type of risk treatments should be implemented.

The goal of proper Risk Management is to focus attention on the highest probability and highest impact areas so that prioritized risk treatment efforts can be developed. Only when risks are clearly identified can management focus on responding to and minimizing those risks that are likely to have the most significant impact on the organization.