



## WHITE PAPER

### Background

In Business or Government - in fact every human endeavour - risk is increasing alarmingly. It has significant impact. On Country, State, Enterprise, Team and Individual. Disaster. Meltdown. Bankruptcy. Shut-down. Chaos. Catastrophe. Loss of Life at one end ... AND ... delayed projects, penalties, cost over-runs, hardship, fraud, corruption and customer dis-satisfaction at the other end.

### What is Risk?

'Risk' means different things in different industries to different people at different times.

1. If you are insured then you don't have to worry about a thing.
2. It's fate. If its' meant to happen, it's going to happen, don't even think about it.
3. Pray. Donate. Pilgrimage. Sacrifice. Be good ... risk won't happen.
4. It's the other side of the coin. If safe, secure and vigilant; there is no risk.
5. Governance, Risk and Compliance (GRC) are the 3-corners of a stable Enterprise Tripod.
6. Integrated Safety, Security & Surveillance (i3S) will ensure that Risk is minimized.
7. Risk is inevitable; it has to be managed. It has to be 'Identified', 'Measured' and 'Managed'. However, it is qualitative and cannot be quantified.
8. Using a six-sigma paradigm, if you don't measure it – you don't know anything about it. You have to start metrics and numbers about 'Risk'.

### GRC - Governance, Risk & Compliance

Especially in Central, State, County and other Government, Banking, Finance, Insurance and large projects or Projects with International ramifications; Compliance, Process, Systems, Workflow, Checklists, Step-level Accountability, Authorisation, Transfer of Responsibility, Transparency are all many sides of the same problem.



## The cost of 'Risk'

1. It's an overhead. It's an un-necessary expense. No one plans for it. It was not budgeted for. We can't afford it .... TILL SOMETHING HAPPENS!
2. A first step is that an 'R %age' of your Revenue or Budget must be allocated to Risk Management.
3. The 'R' must be kept to a minimum; and must be included in everything. Like PFI (Packing, Freight and Insurance) is added to any Physical Delivery Logistics ... any action involving people, places and things has an 'R' factor.
4. Why not follow the IT industry as a model? IT was un-important till recently where Information, Technology & Communications has now become the heartbeat of a Business. Risk is the 'stress' and 'adrenaline' of the same heart.
5. Out-source it. Get it done in India, out of India for the same reasons as the success of IT being Bangalored. There is high-quality expertise; skilled manpower at lower international costs. It can be handled remote. Confidentiality, privacy and IPR can be managed, maintained and controlled with an NDA (non-Disclosure Agreement). Can opt for an exclusive arrangement to ensure NOT working with any competitors or other high-risk threats.

## People Risk in ERM, GRC, Current Tools etc.

- People Risk is an aspect and element of Operational Risk in any industry or enterprise. In many the People factor and Human Error element has been reduced to be almost non-existent. Given a statistical base such as Airlines Travel or Industrial Automation the risk from an Operational Internal Perspective is near-zero. Automation having its own risk is a different and NOT related to People Risk.
- However, in many industries, especially service Industries the People element and Human Error is on-going, constant, difficult to quantify, is moving all the time, attrition, retirement, new-recruits, skills-changes, groups or mobs create different risks, and even changes within one individual over time.
- The Behavioural aspects are more an 'art' and aligned to HR rather than a science. Statistics, bell-curves and exceptions are the rule.
- It's all very complex and difficult to action and execute. Deploy, Train or maintain with consistency.
- For all the above reasons in almost all current business models, offerings related to ERM (Enterprise Risk Management), GRC (Governance, Risk & Compliance) the People Risk has been reduced to a tick-item.
- Common-sense and daily news tells us otherwise. It's the individual who creates maximum risk. The CEO with an ego; the Board in cahoots with Stakeholders; The CxO who walks away with a team; The department Head



who stole the design; the Caption changing a navigation plan to show off to his girl-friend; the ex-programmer who plants a virus; the shop-floor worker who stole a million dollars worth of Mobile Phone PCB's ... and the the unknown hidden shenanigans that most Corporates do not want to admit BUT would love to track.

## People 'Risk'

- Apart from Force Majeure events; Natural Calamity or Acts of God such as Earthquakes, Tsunamis, Floods, Volcanic Eruptions, Famine, Forest Fires ... most risk is created by People.
- Handling cash or inventory; Design of Building; Transportation Vehicles; Navigation; Recruiting some-one; Transportation; Logistics; Loan Disbursement; Decision-Making of every kind is fraught with risk; choices; friend or foe actions; war; charity, flood relief or the lack of it ... any and all human endeavour and activity contains 'shades' and 'grades' of risk.
- Remember 'High-risk : High-rewards'. Nothing ventured, nothing gained. Entrepreneurs create risk. Creativity, Innovation is risk-prone. Credit is dangerous. There is a balance between 'greed' and 'fear'. The flip-side; people are paid to take risks. Managers mitigate risk.
- Turning a blind eye makes the whole world go blind. Just because you don't address it that does not mean there is no risk – either personal, the group or to the Enterprise.



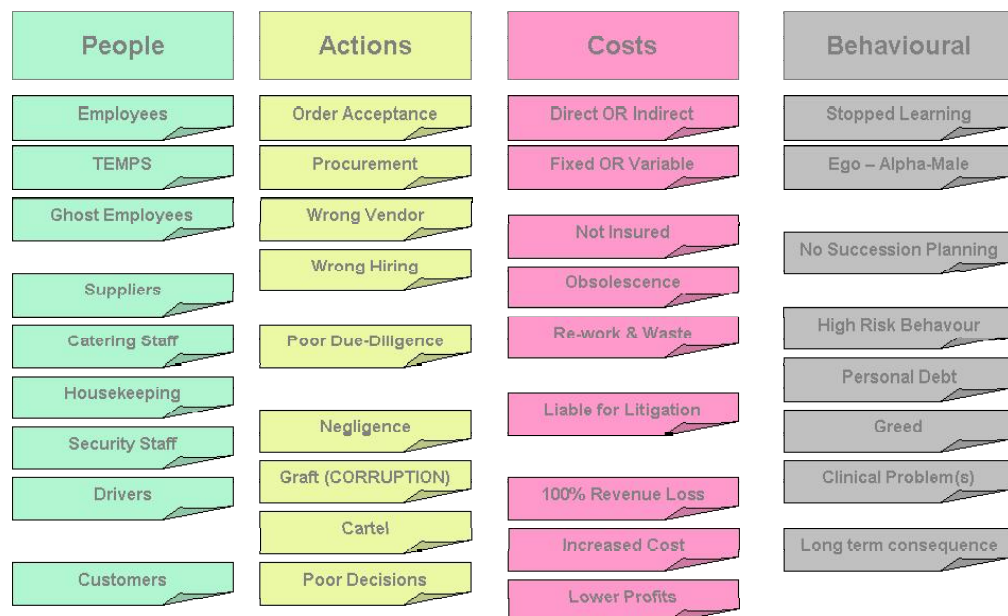
## People 'Safe'

- What is the opposite of Risk? We call it Safe. The other side of the same coin.
- George is the man for it. Vivek can be trusted. Giiogio is like a family member. He is a very principled person. He handles huge volumes of cash, we have never missed a dollar. His faith ensures that he will never lie.
- He is a meticulous worker; never makes a mistake. Extremely cautious. Follows the rules to a tee. Accident-free record.
- A man of honour. If he gives you his word, it will be done.
- If something is amiss he will definitely get back to you.



## Possible Solution

1. The ostrich syndrome. (Put your head underground and there is no problem). or pigeon syndrome (close your eyes the enemy is not there).
2. Insurance. It solves most problems.
3. What if either/neither of the above is acceptable ...
4. Since risk is inherently subjective having a qualitative measure and have a 3-point, 4-point or 9-point degree of risk makes sense.
5. Should you not be able to measure it even better and quantify something if you were to act on it? Put money behind it? Insure it? Talk ROI? TCO? Profit Centre? Cost-inclusion? Risk-Spread? etc. etc. etc.
6. Do you track 'incidents' in your firm? What about an internal FIR (Police First Information Report) kind of system within your Enterprise?
7. Is integrated Safety, Security & Surveillance under the same Management as Governance, Risk & Compliance?
8. Is 'physical' security and 'virtual' security treated with equal importance, competence and similar systems, methods, controls and checks and balances?



## Our 3-tier approach

The single-point, one-off and first-of-its-kind People Risk Solution which we call PRAY (People Risk Assessment & Yield) solution from Riskpro India includes three broad components.



**PART X** : Model : PRAY. A system, process, methodology, qualitative and quantitative method to have a similar comparable concept across Industries. People at Strategic Level Direction risk to Tactical Decision Making middle-management risk to Operational data acquisition and information dissemination risk. Typical to the model 20% of customization mostly at the 3<sup>rd</sup> level allows Apples to Apples and Oranges to Oranges comparison at an Individual, Enterprise, Group and Competitors level. It is a part of ERM, Operational Risk, Internal (or External) Audit. Just doing this better.

**PART Y** : Tool : When you are in multiple locations; more than one city; have 250+ employees; have out-sourcing staff; are concerned with Vendor Risk or Customer Risk; you have user-bases that need to access the same data, information, reports and analytics and track trends in risk increase. This is best done with our cloud based Platform. Server-side software as a tool, enabler, safe, secure, private, integrity ensured for each and all to use one 'standard' the PRAY standard to Identify, Measure & Manage Risk.

**PART Z** : Services : The Model + Tool requires People and Services to make happen. You can do it yourself (DIY). Else you can out-source this to us as Managed Services. You could take Staff from us part-time, first-time or on-going. We could help you with this as your Internal (Or External Audit) Process. Hosting, uptime, Service Levels, Business Continuity, integration with other modules, IT inter-operability are all options that we have expertise in to remain your one-stop-shop.

## What we do

**IDENTIFY**  **MEASURE**  **MANAGE**

## Simple Steps to Implementation

1. Decide that a model or this model is the Best Practice for your Enterprise.
2. Deploy your initial user-base information after creating an instance for you on our servers. Admin to start with, then all, then Superiors and back to Managers will have access. Typically Quarterly Assessment.



3. In parallel arrive at the scope of supply of the 3 parts of our offer PART-X, PART-Y and PART-Z (detailed below) of what exactly you need.
4. Start using the Platform within 7-15 days of taking a decision.

## Leadership

- Within your enterprise you need to the groups that are creating risk or reducing risk. Where it is acceptable and where it is not.
- You would like to regularly compare apples with apples and oranges with oranges.
- You need to weed out or at least isolate the ‘rotten eggs’ and ‘bad apples’. They stink or make the others rotten. They are an irritant and more.
- Life is tough; business is tough; tough and delicate decisions have to be taken all the time.
- You may want to outsource all this dirty work anyway. Even internally you may not have the expertise, the bandwidth nor the stomach to do this.
- You have to compare across divisions; across countries (it starts getting culture specific).
- Certain industries have higher acceptable risk. Threshold limits. Some are more prone to risk while others are not.
- An industry standard for People Risk must be out there that every one in the Risk or Safety Industry can rely on.

**Please Contact ... (on any aspect of our offer)**



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