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## Overview

This unit is about taking the lead in establishing and operating an effective risk management process across your organisation. This involves systematically identifying, evaluating and prioritising potential risks and communicating information to enable appropriate decisions and actions to be taken. It also involves developing an organisational culture in which individuals are risk aware but are not afraid of taking decisions and undertaking activities which involve acceptable levels of risk.

For the purposes of this unit, 'organisation' can mean a self-contained entity such as a private sector company, a charity or a local authority, **or** a significant operating unit, with a relative degree of autonomy, within a larger organisation.

The unit is recommended for senior managers.

This unit is linked to a number of units in the overall suite of National Occupational Standards for Management and Leadership where risk is a factor that needs to be considered in planning and undertaking activities.

# CFAMLB10 - SQA Unit

Code DR5X 04

Manage risk

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## Performance criteria

*You must be able to:*

- P1 ensure that your organisation has a written risk management policy, including setting out responsibilities for risk management, which is clearly communicated across the organisation and to other relevant parties
- P2 establish, and periodically review, risk criteria for your organisation, seeking and taking account of the views of relevant people across the organisation and stakeholders
- P3 evaluate significant current and planned organisational activities and identify potential risks, the nature of the risks, the probability of occurrence and consequences
- P4 produce a risk profile for your organisation and, taking account of the organisation's risk criteria and other relevant information, prioritise the identified risks
- P5 communicate information on identified risks to relevant people across the organisation and, where appropriate, to stakeholders, to enable decisions and actions to be taken in terms of accepting or treating the risks
- P6 collect and evaluate information from across the organisation on how identified risks have been or are being dealt with, including contingency plans which have been put in place
- P7 develop an organisational culture in which people are risk aware but are prepared to take acceptable risks and to make and learn from mistakes
- P8 ensure that there is senior management commitment to the risk management process
- P9 ensure that sufficient resources are allocated across the organisation to support and enable effective risk management
- P10 monitor and review the effectiveness of the risk management process in your organisation, identifying potential improvements and making changes where necessary

#### Knowledge and understanding

*You need to know and understand:*

##### **General knowledge and understanding**

- K1 types of risk and the factors which drive different types of risk
- K2 key stages in the risk management process
- K3 the importance of protecting the interests of stakeholders and how to identify their views in relation to risk
- K4 the importance of showing senior management commitment to risk management
- K5 how to develop a written risk management policy and what it should cover
- K6 how to communicate the written risk management policy to people who work for the organisation and other relevant parties
- K7 how and when to revise the written risk management policy including taking views from across the organisation and other relevant parties
- K8 what risk criteria might cover and the importance of seeking and taking account of the views of relevant people across the organisation and stakeholders
- K9 how and where to identify current and planned organisational activities
- K10 ways of identifying and clearly describing potential risks in relation to current and planned activities, the nature of the risks, the probability of occurrence and consequences
- K11 why it is important and how to communicate information on identified risks to relevant people across the organisation and, where appropriate, to stakeholders
- K12 the type of decisions and actions that might be taken in relation to identified risks
- K13 why it is important and how to collect and evaluate information on how identified risks have been or are being dealt with, including contingency plans
- K14 ways of developing an organisational culture in which people are risk aware but are prepared to take acceptable risks in undertaking activities
- K15 the type of resources required to raise risk awareness across the organisation and with stakeholders and implement the risk management policy effectively
- K16 how to establish effective systems for monitoring the risk management process of an organisation

*You need to know and understand:*

##### **Industry/sector specific knowledge and understanding**

- K17 the sector(s) in which your organisation operates
- K18 sector-specific legislation, regulations, guidelines and codes of practice
- K19 current and emerging political, economic, social, technological, legal and environmental developments in the sector(s) in which your organisation

# CFAMLB10 - SQA Unit Code

DR5X 04

## Manage risk

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operates

K20 typical risks encountered in the sector(s) in which your organisation operates

*You need to know and understand:*

### **Context specific knowledge and understanding**

K21 the vision, values, objectives and plans of your organisation

K22 your organisation's products and services

K23 other relevant parties with an interest in risk management in your organisation

K24 mechanisms for consulting with and the views of relevant people across the organisation and stakeholders in relation to risk

K25 the written risk management policy of the organisation, including allocated responsibilities for risk management, and how it is communicated to people who work for the organisation and to other relevant parties

K26 risk criteria of your organisation

K27 significant current and planned organisational activities and the related potential risks, including probability of occurrence and consequences

K28 the risk profile of your organisation and prioritised risks

K29 relevant people across the organisation and, where appropriate, stakeholders, to whom information on identified potential risks should be communicated

K30 decisions and actions taken across the organisation in relation to identified potential risks, including any contingency plans which have been put in place

K31 your organisation's culture in relation to risk

K32 how senior management's commitment to risk management has been demonstrated

K33 resources made available across the organisation to support risk management

K34 systems in place for monitoring and reviewing the effectiveness of the risk management process in your organisation

K35 identified improvements and changes made to the risk management process in your organisation

#### Additional Information

##### Behaviours

1. You constantly seek to improve performance.
2. You show sensitivity to stakeholders' needs and interests and manage them effectively.
3. You identify people's information needs.
4. You identify the implications or consequences of a situation.
5. You use communication styles that are appropriate to different people and situations.
6. You balance risks against the benefits that may arise from taking risks.
7. You comply with, and ensure others comply with, legal requirements, industry regulations, organisational policies and professional codes.
8. You are vigilant for potential risks and hazards.
9. You take personal responsibility for making things happen.
10. You balance agendas and build consensus.
11. You create a sense of common purpose.

##### Skills

Listed below are the main generic 'skills' that need to be applied in managing risk. These skills are explicit/implicit in the detailed content of the unit and are listed here as additional information.

Evaluating  
Reviewing  
Consulting  
Presenting information  
Decision-making  
Monitoring  
Communicating  
Influencing and persuading  
Leadership  
Contingency planning  
Prioritising  
Planning  
Scenario-building  
Information management  
Involving others  
Thinking systematically

# CFAMLB10 - SQA Unit Code DR5X 04

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