

User Guide

1. How to Use this Guide

This guide and the tools and templates are designed to assist social enterprise practitioners to develop a basic risk management plan for a typical social enterprise.

2. Tools & Templates

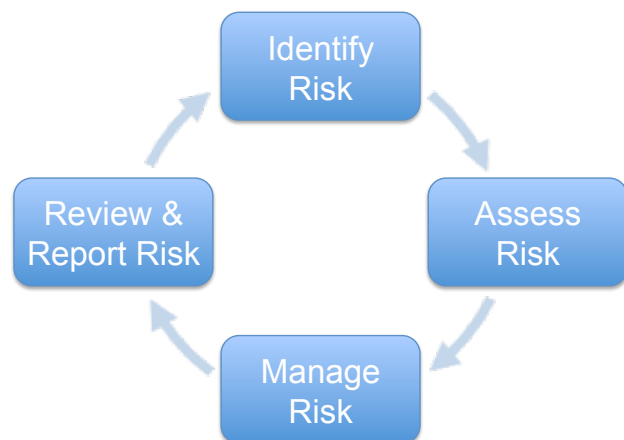
2.1. **Risk Types chart** - identifies different types of risks that may be found in most social enterprises.

2.2. **Risk Assessment matrix** – is a tool that is used to qualitatively assess the probability and impact of identified risks, calculate a risk scores and identify risk priorit

2.3. **Risk Management Strategies chart** - is a tool to help identify alternative strategies for managing identified and prioritized risks.

2.4. **Risk Register template** - the Risk Register is the key document for reporting and regularly reviewing risk information.

3. The Risk Management Process



3.1. Identify Risk

TOOL: Risk Types Chart

- 3.1.1. The first stage in the risk management process
- 3.1.2. Identify types of exposures for your social enterprise - what are our risks?
- 3.1.3. Gather input from all stakeholders
- 3.1.4. Use external facilitators and resources
- 3.1.5. Own the process
- 3.1.6. Sources of risk information
 - Surveys & questionnaires
 - Financial statements
 - Records & files
 - Contracts
 - Flowcharts
 - Facility inspections

3.2. Assess Risk

TOOL: Assessment Matrix

- 3.2.1. Probability - what is the probability that this risk event will occur?
- 3.2.2. Impact - if the risk event does occur, how will it impact my social enterprise?
- 3.2.3. $\text{Impact} \times \text{Probability} = \text{Risk Score}$
- 3.2.4. Priority - use risk scores as a guideline to determine priority for all risks.

3.3. Manage Risk

TOOL: Management Strategies

- 3.3.1. Manage medium and high priority risks
- 3.3.2. Choose a management strategy, or a combination of strategies that will constrain the risk to acceptable levels or avoid the risk.
- 3.3.3. Develop key actions to implement the strategy

3.4. Review & Report Risk

TEMPLATE: Risk Register

- 3.4.1. The Risk Register should be reviewed regularly as changing conditions, both internal and external, can impact your social enterprise's risk exposures.
- 3.4.2. Determine who in the organization will be the owner of each risk.
- 3.4.3. The Risk Register captures key information about prioritized risks, so that it can be reviewed and updated.
- 3.4.4. Use the Risk Register template to create a Risk Register for your social enterprise.

Glossary of Key Terms

The definitions apply to how these terms are used in the tools & templates.

TERM	DEFINITION
Risk	Anything that might happen and that, if it did happen, would have a negative impact on the ability of a social enterprise to accomplish its mission
Opportunity	Anything that might happen and that, if it did happen, would have a positive impact on the ability of a social enterprise to accomplish its mission
Risk management	A process that enables a social enterprise to cope with uncertainty by taking proactive steps to protect its assets & resources
Stakeholder	Anyone who has an interest in the organization who could be impacted (positively or negatively) by the occurrence of a risk event
Impact	The degree to which the organization will be affected should the risk event occur
Probability	The likelihood that a risk event will occur
Risk score	The product of multiplying Impact x Probability. A measurement used to determine relative priority of risks in a social enterprise
Risk exposure	A term used to describe the person, property, activity facing a potential loss
Risk event	An occurrence that exposes the organization to the actual impact of risk(s)
Risk owner	The person(s) in the organization responsible for monitoring and managing a specific risk or set of risks & opportunities
Risk register	A document that is used manage, review and report on risks

Risk Types

TYPE	EXAMPLES
People	<ul style="list-style-type: none"> • workplace injuries • death, retirement or resignation of key employees • disengagement of employees
Property	<ul style="list-style-type: none"> • damage to or total loss of premises • theft of equipment, inventory, cash, information • intellectual property compromised • reputation and brand
Liability	<ul style="list-style-type: none"> • injury to clients and general public • product liability • damage to the property of others • breach of contract • professional liability
Income	<ul style="list-style-type: none"> • loss of grant funding • revenue shortfalls • fire, floods and other natural disasters • change in market conditions
Compliance with laws & regulations	<ul style="list-style-type: none"> • poor knowledge of the legal responsibilities of an employer • poor knowledge of regulatory requirements

Impact \ Probability	1	2	3
	Extremely unlikely	Likely	Extremely likely
1 Not critical	1	2	3
2 Significant	2	4	6
3 Fundamental to continuing operations	3	6	9

Impact x Probability = Risk score

Priority

- Low 
- Medium 
- High 

Risk Management Strategies

Accept	The risk may be acceptable without any further action being taken. The ability to do anything about some risks may be limited, or the cost of taking any action may be disproportionate to the potential benefit gained.
Treat	Most risks will be addressed in this way. Actions are taken to mitigate the impact and/or probability of the risk to an acceptable level.
Transfer	For some risks the best response may be to transfer them for example, by taking out insurance. Some risks are not (fully) transferable – e.g. reputational risk.
Avoid	Some risks will only be treatable eliminating the source of the risk.
Take the Opportunity	This is not an alternative to those above but an option which should be considered whenever accepting, transferring or treating a risk. Do circumstances arise which offer positive outcomes?

RISK REGISTER FOR:
UPDATED ON:

#	Risk Description	Probability	Impact	Score	Priority	Owner	Risk Management Strategy	Mgmt \$ Cost	Hours Cost Time	Review Frequency	Re-assessor	Key Actions
1.0				0								
				0								
				0								
				0								
				0								
				0								
				0								
				0								
				0								
				0								