

**ENTERPRISE RISK MANAGEMENT-ERM (Author-Dr Kanak Madrecha) (10-6-2020)**

**Enterprise Risk Management:** Excellent Organizations always assess and manage all risks across the enterprise covering all functions and all stakeholders as per Enterprise Risk Management System (ISO 31000:2018 Standard). Below are some top RISKS and their recommended Risk Mitigation Strategies which may vary.

Sl. NO.	Type of Risk	Recommended Risk Mitigation Strategy
1.	<b>Loss of existing Key Customers</b>	Measure, maintain & improve <b>Customer Satisfaction</b> by maintaining or improving product & service quality, on-time delivery, competitive prices & payment terms, product warranty & manuals, brand value, transparency & 100% legal compliance.
2.	<b>Not able to get New Customers</b>	Strengthen <b>Sales &amp; Marketing Strategy (5 P's - Product, Price, Promotion, Place, and People)</b> i.e. develop innovative cost-effective products, competitive prices (including product & service performance linked pricing) & payment terms, effective sale & marketing promotion, offer last mile deliveries, sales/customer relationship staff.
3.	<b>Loss of Key Principals/Suppliers</b>	Measure, maintain & improve <b>Principal/Supplier Satisfaction</b> by maintaining or improving business volumes, timely payment to Principals/Suppliers, Joint Improvement Projects/Promotions, regular & adequate supplier communication,
4.	<b>Disruption in business continuity</b>	Put in place a <b>Business Continuity System (BCM) System</b> along with building in-house BCM capability to eliminate any disruption of business due to non-availability of any resources. (material/money/man/machine/software) Refer ISO 22301:2012.
5.	<b>Material Costs going up</b>	Conduct <b>Value Engineering (VE)</b> Studies on the materials specifications to save unit material costs, reducing material consumption by ABC Analysis of consumption & brainstorm with employees on how to reduce consumption for A Items
6.	<b>Loss of Key Employees</b>	Measure, maintain & improve <b>employee satisfaction, engagement, knowledge, skill &amp; competence, innovation, motivation and loyalty</b> . Offer competitive compensation & benefits, Conduct employee communication & engagement initiatives to build strong relationship with them. Offer learning & career development opportunities to build their skills & competence. Key Employees' Insurance can also be taken.
7.	<b>Loss of Key Shareholders</b>	Measure, maintain & improve <b>Shareholder Satisfaction</b> by improving share's market price and paying dividends on time. Make regular & adequate shareholder communication to build trust in the company.
8.	<b>Loss of Government Permissions</b>	Ensure <b>timely renewal of all Government Permissions</b> i.e. submission of relevant documentation & payments on time. This will prevent any closure of the business and avoid any penalties imposed by the Government
9.	<b>Loss of Bankers</b>	<b>Ensure timely payment of principals and interest, banking fees. Timely Submission of relevant banking documentation. (Bank's Application Forms/Trade Licences etc.)</b>
10.	<b>Interest costs going up or currency risks</b>	Establish <b>long term interest costs contracts with the bankers</b> . Have more strong banks to avoid closure of any bank leading to having less banks for credit and giving them better leverage to hike the interest rates. Similarly hedge currency risks.
11.	<b>Loss of Company Information/ Brand Image</b>	Avoid loss of key company information due to <b>information security breach</b> leading to top customers/principals/suppliers/employees/shareholders/bankers suing the company and seeking compensation for loss of their company's business secrets
12.	<b>Loss of Company Assets due to accidents</b>	Maintain or improve <b>company's safety standards</b> thereby eliminating any accidents at work place or outside leading to fatalities, human injury, damage to plant/machinery/equipment/ buildings or resulting third party damages
13.	<b>Failing to collect money due from customers</b>	Adequate follow up & regular monitoring <b>system of credit approval/disbursement to customers</b> thereby reducing or eliminating chances of customers paying late or not paying due to their financial challenges.
14.	<b>Projects Time &amp; Cost Overrun</b>	Institute robust <b>Project Portfolio Management System</b> by building project management capabilities to ensure projects are finished within agreed budget & time

**Dr Kanak Madrecha is a Management Consultant who consulted for 100+ large organizations across the globe to improve Systems, Revenue, Costs, Productivity, Service & Profitability and win Excellence Awards.**

**Dr Kanak Madrecha & Assoc([Dr.Kanak.Madrecha@Gmail.Com](mailto:Dr.Kanak.Madrecha@Gmail.Com))(Dubai Mobile/WA: 0097150 658 3159)**