



Risk Assessments Are for Everyone

Risk assessments aren't an extravagance, nor just for public companies and government agencies. In fact, the investment in conducting a risk assessment is typically less than the opportunity-cost of not having one. When properly done, a risk assessment enhances operations and focuses spending to provide real benefits to the organization.

A risk assessment is simply the identification of the critical functions of your operation, the potential exposures to those functions and the impact if those exposures are exploited. Armed with this information, management can then decide how to protect the business from the more likely and higher impact threats.

The first step is to identify the processes that make up your operation. The processing mapping exercise collects information from the owners and key members of each process, typically obtaining very granular data on how the company really functions.

The next task is to inventory the assets that are used for each process. Assets include computing systems, people, vendors, equipment, vehicles, tools, etc. These assets have dependencies that must be considered as well, such as electricity, phone lines, Internet connections.

Traditionally, the next step is to bring out the crystal ball and identify all the threats that can befall you assets. Weather, civil unrest, pandemic, alien attacks and your CFO winning the lottery are examples of threats to your normal operations. However, it is easier and more effective to focus on impact rather than threats. It doesn't matter if your equipment is offline because the power failed from a storm or a backhoe cut the line. What matters is that you can't produce your widgets. Focusing on "what happened" helps you plan for and respond in a way to keep your business running. Identifying "how it happened" is an exercise for the process owners to build resiliency and recovery into their areas to support the overall expectations of the organization.

A properly conducted risk assessment is the foundation upon which an organization builds its policies and procedures to assure its ability to execute on the strategy and achieve the goals of its owners and management.