

# Managing Business Risk

Course Length: 1 Day

**Prerequisites:** None

**Description:** This course will help students identify special risk-management considerations for specific types of businesses and industries. It will also help students develop a strategic approach to risk, which, when understood across the organization, with commitment at the very highest level, can enhance a company's competitive advantage and contribute to the company's value.

**Performance-Based Objectives:** In this course, students will:

- ◆ Identify risk sources, conduct environmental scanning, evaluate risk, identify an acceptable level of risk, and determine strategies to control risk
- ◆ Identify the responsibilities of a contract manager, integrate risk management company-wide, assess disaster risk, and create and implement a business contingency plan
- ◆ Categorize asset exposures into physical, financial, and human exposures, categorize liability exposures into legal and moral exposures, and categorize risk in order to determine an appropriate

## Course Content

### **Unit 1: Developing a Risk Management Plan**

In this unit, students learn how **contemporary risk management** evolved from traditional risk management. Further, they will learn about the reasons for the increased importance of risk management in the corporate world. They also will learn about the factors that influence an organization's risk posture. Next, they will learn about the ways in which economy can affect the risk management environment. They also will learn how to control economic risks. Then they will learn that many business-related risks can be addressed when developing an organization's strategic risk management goals. In addition, they will learn about a company's risk field by linking it with the COCA acronym. They also will learn about risk assessment. Further, they will understand how to develop a risk management goal. **They also will learn how to develop a risk management plan.** Finally they will understand how to implement the plan by acquiring the coordination and cooperation of all the parties involved in the process.

**Topic A:** Evolution of risk management

**Topic B:** Risk management environment

**Topic C:** Plan development and implementation

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*If you have any questions about this course, please call CompuTrain at (713) 349-9186.*

## Unit 2: Risk Identification and Control

In this unit, the students will learn about the levels of **risk identification** that help companies to anticipate threats that could jeopardize their financial strength. They will learn about the sources of **environmental risks** that form the various risk exposures that an organization confronts in its risk management efforts. Further, they understand that **risk evaluation** permits them to focus company resources on those risks that have the greatest potential to harm their company. They also learn about the methods to measure risk and determine an **acceptable level of risk**. **Then, they will** understand that **risk control** is any strategy or technique that tries to reduce, avoid, prevent, or eliminate risk-related losses. Finally they will understand how to implement **risk control strategy**.

**Topic A:** Risk identification

**Topic B:** Risk evaluation and control

## Unit 3: Risk Classifications

In this unit, students will learn that **risk exposures** are classified into **asset** and **liability** exposures. They will learn that assets include all property and resources of a business and that **liabilities are counterparts of assets**. They also will learn about the types of asset and liability exposures. Finally, they learn about **risk categorization**. They will understand that to, determine an appropriate risk control; strategy, they must group and categorize risks in an orderly fashion.

**Topic A:** Risk exposures

**Topic B:** Risk categorization

## Unit 4: Risk Financing Methods

In this unit, students will learn that risk financing includes various methods and strategies used to cover the cost of risk. They also will learn about the dimensions of risk financing. They will learn that **risk neutralization** is a risk-financing tool that businesses can employ. They also will learn that futures and options are the most common forms of risk neutralization. Next, they learn that **insurance** is an important risk-financing tool for businesses. They will learn about the features that distinguish an insurance contract from other contractual risk transfers. They will learn about the **legal characteristics** of insurance contracts and the objectives of insurance planning. In addition, they will learn about the insurance rating methods that insurers use of project claims-related losses. Further, they will learn that **alternative risk financing** is a strategy that competes with traditional **commercial insurance**. They will learn that the most common form of alternative risk financing for businesses is self-insurance. Finally, they will understand about the various methods to self-insure and the factors that influence a company's decision to retain a risk by self-insuring.

**Topic A:** Overview of risk financing

**Topic B:** Risk transfer

**Topic C:** Risk retention

## Unit 5: Risk Management

In this unit, the students will learn that **contract management** is an important risk management issue for businesses. They also will learn that effective risk management helps a business stabilize its earnings and reduce costs, making the entire organization more productive and efficient. They will learn that, to integrate risk management company-wide, it's necessary to **promote risk control practices** at the manager or department level. Further, they will learn that business contingency plans ensure minimal disruptions to business processes if a risk event occurs. They also will learn that a team's first task for developing a business contingency plan is to **identify and assess the risks** for which the organization must plan. In addition, they will learn about the elements that need to be included in the contingency plan and the major parts of the plan. Finally, they will understand how to develop and implement a **business recovery strategy**.

**Topic A:** Contract management

**Topic B:** Business contingency planning