



THE PURPOSE OF HOLISTIC RISK MANAGEMENT

“It is often during a crisis when it becomes clear how well or ill-prepared the company, the entrepreneur, the organizational unit and even the state is for managing uncertainty in a complex environment.”

Steffen Schürg



The COVID-19 pandemic has put risk management in a spotlight. Looking at leading risk indicators, incidences and reproduction figures have become commonplace among the general population. Especially, those individuals who are put in charge of their organization's business continuity quickly became sought-after experts.

However, what do we really need to protect a business from risk?

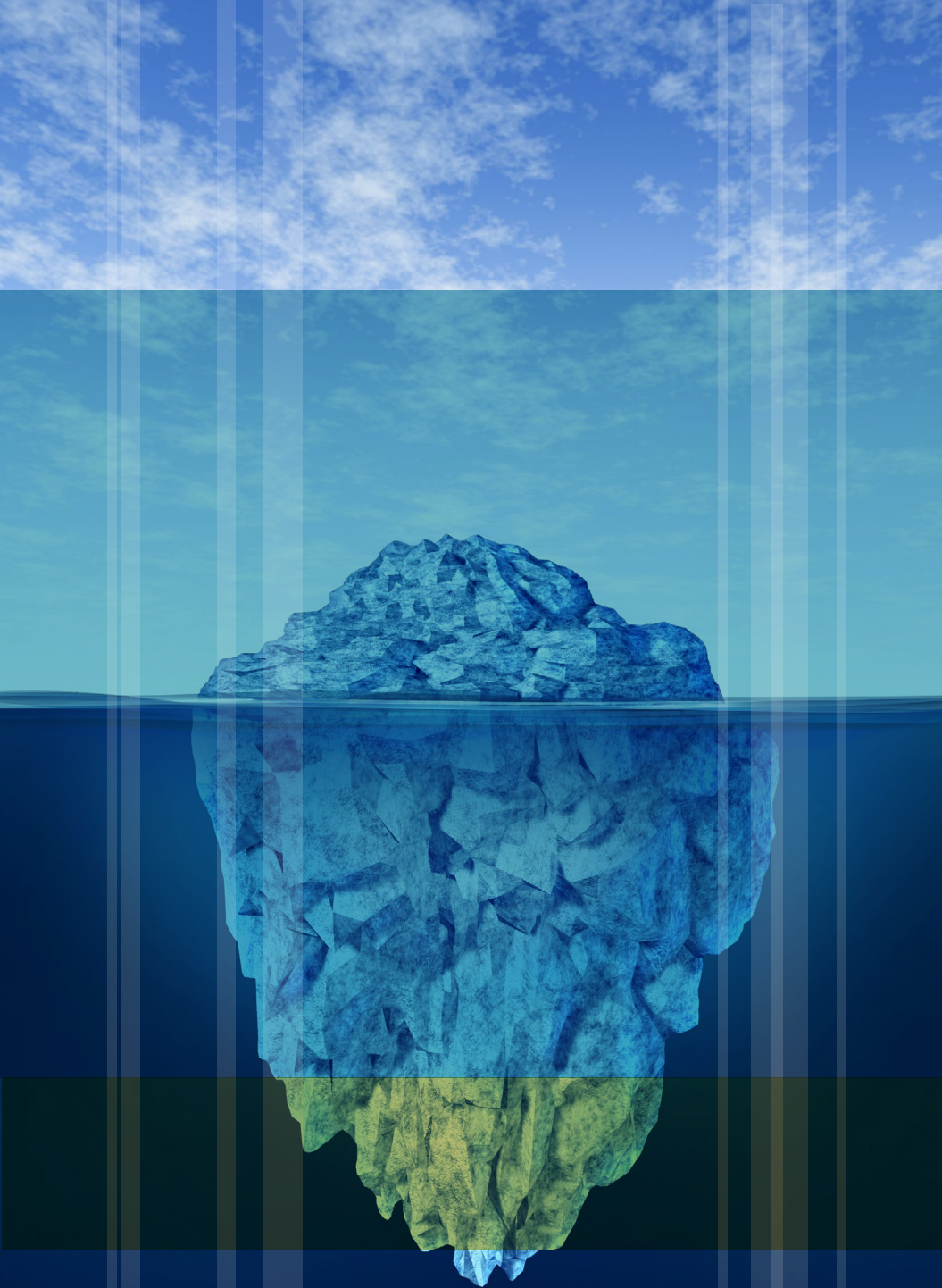


HOW TO PROTECT A BUSINESS FROM RISK?





With the emergence of the COVID-19 pandemic and the disruption that has followed, a wide variety of protective measures has emerged, and it has become clear that managing risk at a large scale is complex and multifaceted. Risks are not only interrelated with measures, but they also impact one another. For instance, the management of COVID-19 to protect health is closely linked to the economic future of entire industries, personal livelihoods, and even the education of tomorrow's generation.



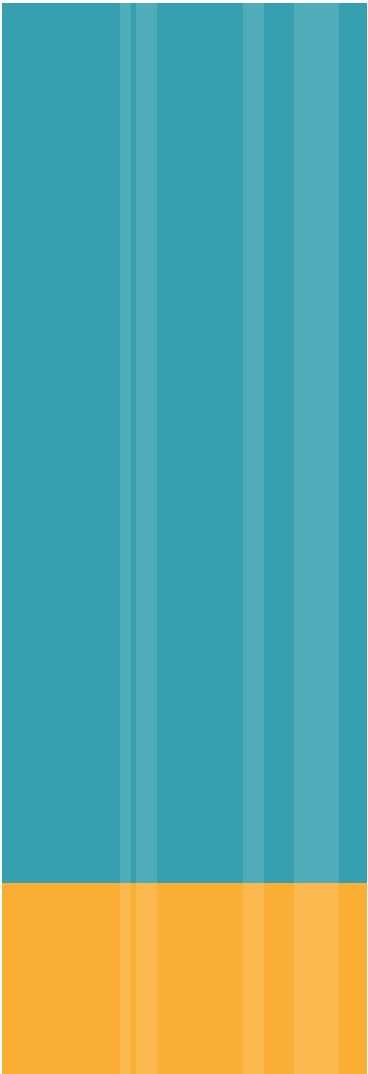
Effective risk management

in one area may lead to massive difficulties
or unwanted effects in other domains.

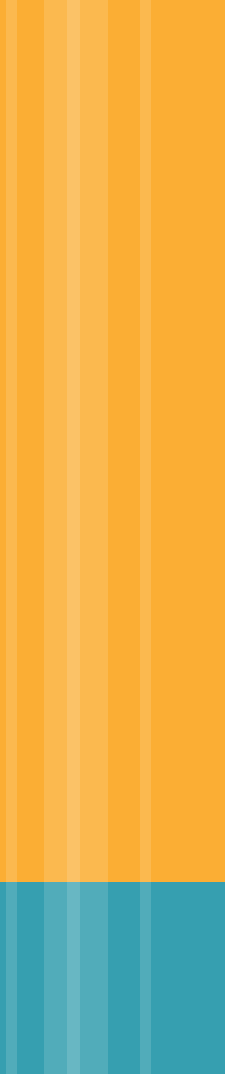


To select the correct risk strategy, interests must be prioritized, opportunities and risks analyzed, and, ultimately, decisions made that keep the “enterprise” on track.

Even though the success of the selected risk strategies can only be assessed in a few years, it has already become clear that risk management must take a holistic approach.



A holistic approach requires risk management aligned with the objectives and interests of numerous entities. Furthermore, the approach must protect society's best interest and favor neither "protecting life at all costs" nor the "freedom and self-responsibility" of each individual.





LOOKING AT THE
BIG PICTURE
IS CRUCIAL

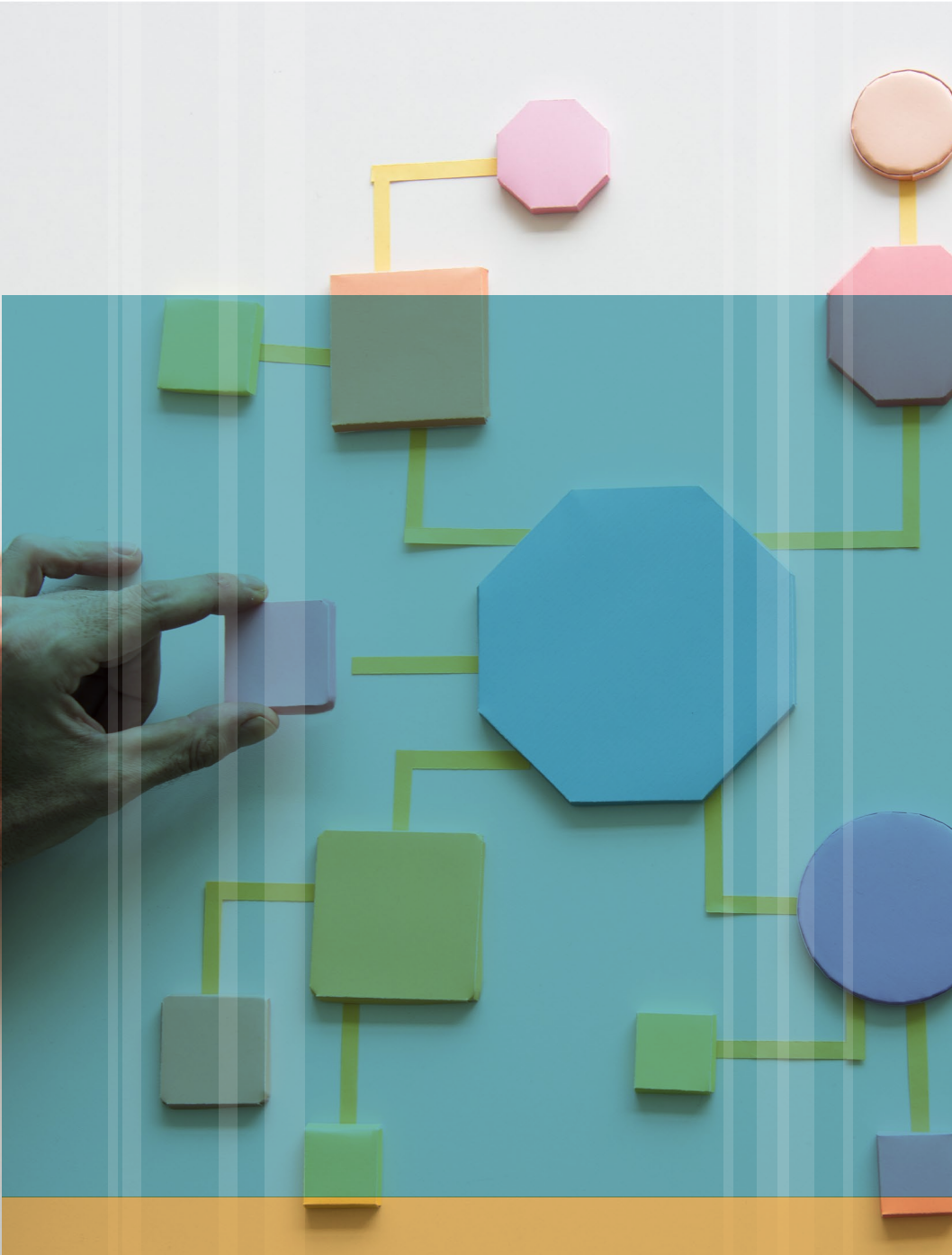
Risk management and knowledge carriers from a wide range of management disciplines must work together to help maintain performance and keep the organization successful.

Simple “Excel-based” risk management solutions and backward-looking “reporting islands” in controlling, auditing, but also in risk management or compliance rarely serve the purpose.

A holistic view of risk is needed to support the organization and strengthen the company’s resilience.

Too many white or at least grey swans are wrongly labeled as black and are often used as an excuse for lack of risk management.

Flexible solutions that can be systematically integrated into a wide variety of areas and processes are needed to enable a systematic and integrated view.



Avoiding risks, as well as seizing opportunities, must be firmly embedded in the daily routines of every office and its employees. Human errors, distortions, and isolated considerations are the reason for numerous strategic errors at all levels. Misconduct and lack of risk awareness can have a massive impact on the entire community – this fact, observed in numerous companies, is clearly visible in the current social reality.

A risk culture that is appropriate and accepted company-wide is a prerequisite for effective risk management.

To effectively manage risk, companies need to be able to not only monitor risks but also respond.



Too many companies regard the various management systems as “silos” and use various separate risk management procedures, processes, and tools.

As a result, risk management methods become redundant, and reports on the probability of occurrence and amount of damage are often contradictory. Even modern tools and further developments of risk management often do not help. Even “Artificial Risk Management” (AI Risk) or special “early warning indicators” do not deliver added value if the process ends after identifying the risk and entering it in an Excel list.



INTEGRATED RISK MANAGEMENT – COMPLEXITY BECOMES CONTROLLABLE



It is good to remember that complexity does not mean complicated. Rather, it is a matter of linking the essential elements in a meaningful way and managing them across processes in a standardized and system-supported manner. The risk-oriented approach allows concentration on the “essentials” and helps to reduce complexity. Good solutions do not have to be complicated.



HOW DOES INTEGRATED RISK MANAGEMENT WORK?

Integrated risk management considers the impact of risks on the entire organization and across different management functions. It lays the foundations for dealing with hazards and their causes in a structured and systematic way.

Risks are not abstract.

They have concrete causes and occur in various places inside and outside the company. Linking the cause of risks and their impact on processes, systems, workflows, products, suppliers, supply chains, projects, infrastructure, and finances is therefore essential when managing risks.



Only by taking a holistic view and linking measures across organizational units such as purchasing, logistics, sales and administration will the company be strengthened. Loss occurrences will be prevented, and damage effects will be reduced.

Just as the pandemic shows us the importance of connecting different disciplines this also proves to be true for the software landscape within companies. Traditional and old-fashioned “island-solutions” come to an end and drive the need for integrated risk management (IRM) solutions across all business units and risk compliance functions.



INTEGRATED RISK MANAGEMENT SYSTEM IMPLEMENTATION

With a modern software tool, such as an integrated platform, the complexity of GRC and management functions can be controlled, and an evaluation based on uniform data becomes possible:

- ❶ High expenses due to redundant work are avoided.
- ❷ Clear roles and responsibilities help analyze risks and to execute strategy across the organization.
- ❸ Risk responses (mitigations) are standardized and demonstrably implemented throughout the organization.
- ❹ Acceptance by employees and departments increases through meaningful and cross-disciplinary communication and reporting.

- 5 Risk management is perceived as a support by helping to monitor risks, measures and controls.
- 6 Management, Executive Board and Supervisory Board have an overview of the various GRC initiatives in cockpits.
- 7 Effect of GRC initiatives on the organization's performance metrics become quantifiable and visible.
- 8 The implementation status of measures is documented.
- 9 Duties of good governance and the diligence of a prudent businessman are met.
- 10 Organizational failure is avoided.



“Simple” simulations, modern questionnaire-based approaches, but also advanced Monte Carlo methods – risk aggregation and risk linkage – are possible. External and internal data streams, as well as “third-party” information feeds, can also be easily integrated. All this helps to get a grip on complexity.

In addition, standardized models and procedures support the rapid mapping of “best-practice” approaches and smooth integration of existing standards and guidelines.

With the help of modern software tools, the implementation of an integrated risk management system that provides a holistic view of risk can be quite simple.



CORPORATER INTEGRATED RISK MANAGEMENT (IRM) SOLUTION

Integrated Risk Management is at the heart of business agility, aligning business performance and business conformance and enabling the entire organization to quickly, consistently, and efficiently make sound decisions – acting as a unified business.

The Corporater IRM Solution is the enabling tool that takes your organization beyond traditional risk management. By providing an integrated approach to data-driven risk management your organization can achieve a more realistic risk profile and better data for risk-based decision-making and problem-solving.

[Learn More](#)

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This document is based on the article titled "Integrated Risk Management Software." [Read the full version here.](#)

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