



Risk Management

**Current Issues,
Implications and Limitations**

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Code
M6X01931
3rd August 2020

Failure to adequately manage risks can be disastrous for companies and may result in ineffective or inefficient operations, projects not completed on time and strategies either not delivered or delivered incorrectly. (Hopkin, 2018)





Reasons for failure:

- The effectiveness of risk management is not measured
- Some measured and proven parts do not actually work
- Some parts that work are not used

(Hubbard, 2020)

Risk Management Analysis:

- **Identify the Risk**
- **Analyse the risk**
- **Evaluate the risk**
- **Treat the Risk**
- **Monitor and Review the risks**

PESTEL used as part of Risk Management

In order to identify every element that may have an impact in a project, or a new development management may need consider a PESTEL analysis. Being an environmental framework, it covers every aspect that needs to be considered. (Marmol, Feys and Probert, 2015)

PESTEL as part of Risk Management

Political	Tavel Restrictions Brexit /Trade regulation/Visa Restrictions
Economic	Exchange Rate Impact of Covid-19 Grants/Loan to face the crisis (if required) Redesign Job roles to avoid redundancies Consider Redundancies as a result of the Pandemic
Socio-Cultural	Design menus pre-packaged Consider diversity
Technological	Temperature Check Mandatory Implementation of Automatic systems for Risks evaluation
Environmental	Compliance with environmental regulation Periodic sanitation of the premises Enhance the use of "safe public transports"
Legal	Compliance with the new regulations Compliance with Health and Safety measures Ensure processes are followed as appropriate



Types of Risks:

- Strategic Risk
- Compliance or Regulatory Risk
- Financial Risk
- Operational Risk



COSO Strategies to Approach the Risk:

- Risk Avoidance
- Risk Transference
- Risk Mitigation

(Moeller, 2013)

Literacy Review/Comparisons

- Monahan defines the SOAR framework as a management process inclusive of four steps that may assist professionals to manage risks associated, while striving to achieve strategic objectives. (Monahan, 2008)
- Over-reliance on quantitative risk measurement has contributed to some of the major project failures due to the incapability of most Risk models to accurately predict complex scenarios, as it is, ultimately driven by decision and actions of its leadership and employees. (Lam, 2014)
- Hopkin, determined four types of risks based on characteristics and the action that may be required and the relation to opportunities, losses or uncertainty for a firm (Compliance or Mandatory, Hazard or Pure, Control or Uncertainty and Opportunity or Speculative risks). (Hopkin, 2017)

Smart Model

S

Specific

- State what you'll do
- Use action words

M

Measurable

- Provide a way to evaluate
- Use metrics or data targets

A

Achievable

- Within your scope
- Possible to accomplish, attainable

R

Relevant

- Makes sense within your job function
- Improves the business in some way

T

Time-bound

- State when you'll get it done
- Be specific on date or timeframe

Risk Assessment Matrix

The importance and impact of risks, is analysed with a risk assessment matrix. This method categorises combination of probability of occurrence and severity of harm establishing risk levels. (Popov, Lyon and Hollcroft, 2016)

		Consequence				
		Negligible 1	Minor 2	Moderate 3	Major 4	Catastrophic 5
Likelihood	5 Almost certain	Moderate 5	High 10	Extreme 15	Extreme 20	Extreme 25
	4 Likely	Moderate 4	High 8	High 12	Extreme 16	Extreme 20
	3 Possible	Low 3	Moderate 6	High 9	High 12	Extreme 15
	2 Unlikely	Low 2	Moderate 4	Moderate 6	High 8	High 10
	1 Rare	Low 1	Low 2	Low 3	Moderate 4	Moderate 5

Limitation

- lack of clarity in structuring the problem;
- inability to identify different solutions;
- level of confidence in both analysing data and implement the decisions;
- time available to complete;
- absence of information

(Al-Thani and Merna, 2013)





Bournemouth Highcliff Marriott Hotel Current Risks

Seasonality
Recruitment
Revenue management
Covid-19
Risks Assessments
Reduction of Employees
Set Smart Goals

Recommendations

- Adapt to the New Norm (Covid-19 Implications)
- Alternatives that may extend revenue margins
- External Membership of leisure club
- Focus on Weddings and events
- Focus on Local Tourism
- Work on Packages for weekends away and one night deals
- Work with the local bodies at a discounted rate

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