



Affordable & Effective Risk Management for Small Businesses & Start-Up Companies

*Risk Information are required by Investors, Insurers and
Authorities, but can be a Chance to increase your Success!*

Life Science Forum Basel

20.06.2016

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This is not to present you “the one and only” Risk Management solution, but to raise your awareness, if risk evaluation is done systematically, from an early stage and by handling risks effectively, you will have a higher probability to succeed!

1. Several Definitions of Risk Management

Risk is *the (positive or negative) effect of uncertainty on objectives* *

Risk Management: Coordinated activities to direct and control an organization with regard to **risk**. *

Risk Management Process: systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing **risk**. *

In other words:

Risk management (incl. the process) is the identification, assessment and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor and control the probability and impact of undesirable events ^[1] ... and to maximize the realization of opportunities. ^[2]

* *Official definition according ISO 31000 / ISO Guide 73:2009*

[1] *Hubbard, Douglas (2009). The Failure of Risk Management*

[2] *Antunes, Ricardo; Gonzalez, Vicente (2015). A Theoretical Framework*

2. Risk Management becoming important I

Expectation for Success: Current study

Consensus of CEO's about Business Success

PwC's 19th Annual Global CEO Survey

What's on the minds of over 1,400 CEOs around the world?

66%

of CEOs see more threats today

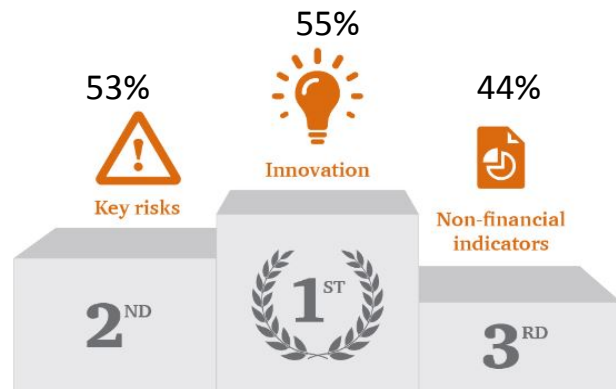
59%

of CEOs want to better communicate purpose & values

76%

of CEOs define business success by more than financial profit

The areas CEOs think business should be doing more to measure impact and value for stakeholders tend to be 'harder' drivers of business success



The areas CEOs think business should be doing more to communicate impact and value for stakeholders tend to be 'softer' drivers of business success



= Risk Management + Sustainability + Social responsibility

Source: pwc CEO Survey Jan. 2016 - *Redefining business success*

Risk Management becoming important II

Some Big Arguments:

- Members of boards and CEO's are increasingly held accountable, rising the need for high-quality management information incl. risks.
- Globalization and increasing complexity pose risks for companies.
 - Direct influence and control of these risks are becoming more difficult.
 - Well-known local legal regulations do not apply in other parts of the world.
- Acceleration of innovation and information is perplexing.
- The socio-political progresses in Switzerland, EU, US and Global (UN) are largely identical and continuously growing.
- Public expectations are growing
(e.g. hazard for neighbourhood, situation of workforce)

Risk Management becoming important III

And at last, Legal Compliance:

- For companies listed on the stock exchange of a defined size it's mandatory to formally prove the existence of risk management.
- General trends in the business; increasing number of standards for RM:
e.g. ISO 31000, ONR 49000ff, COSO ERM, ISO 22301ff, **ISO 9001:2015**,
ISO 14001, ISO 50001, **ISO 45001**, EKAS 6508, ATEX, REACH, *etc.*
- Increasing pressure to provide risk information due to expectations of different stakeholders:
 - Investors (ROI, liquidity, due diligence for take-over, going public)
 - Authorities (licences; reporting, information disclosure, controls)
 - Insurers (Property Loss, Business Continuity)
 - Partners of supply chain
 - Customers

Everyone will have to deal with risk management and sustainability!

3. Risks to be Managed on “e-Health” Topics

What is in for the Patient? : Examples with relation to Risk Management

- **Health Data:** Who owns What?
 - > Restriction in Using Data, Public Health DB's
 - Open access, Personal Data Security – Compliance – Big Data – Cyber Crime – Involvement of stakeholder - Users reservation, access to relevant data
- **eHealth Quo Vadis:** Can Internet Knowledge replace my Physician?
 - > eHealth Apps, Limited personal knowledge and understanding / interpreting data – Consequences of fail diagnosis – Liability
- **Three R's for open Medical Research – Reproducibility – Validation Systems**
 - What if scientific project fail due to false data? – What are the consequences?
 - Who is responsible for verifying data? - Who is endorsed to delete data?
- **Am I Born to be Wild?:** Gender Health – Continuously aging workforce
 - How can experience be kept in the company? – What if not?
 - Can they sustain in a highly technological environment?

4. Risks of Research & Development

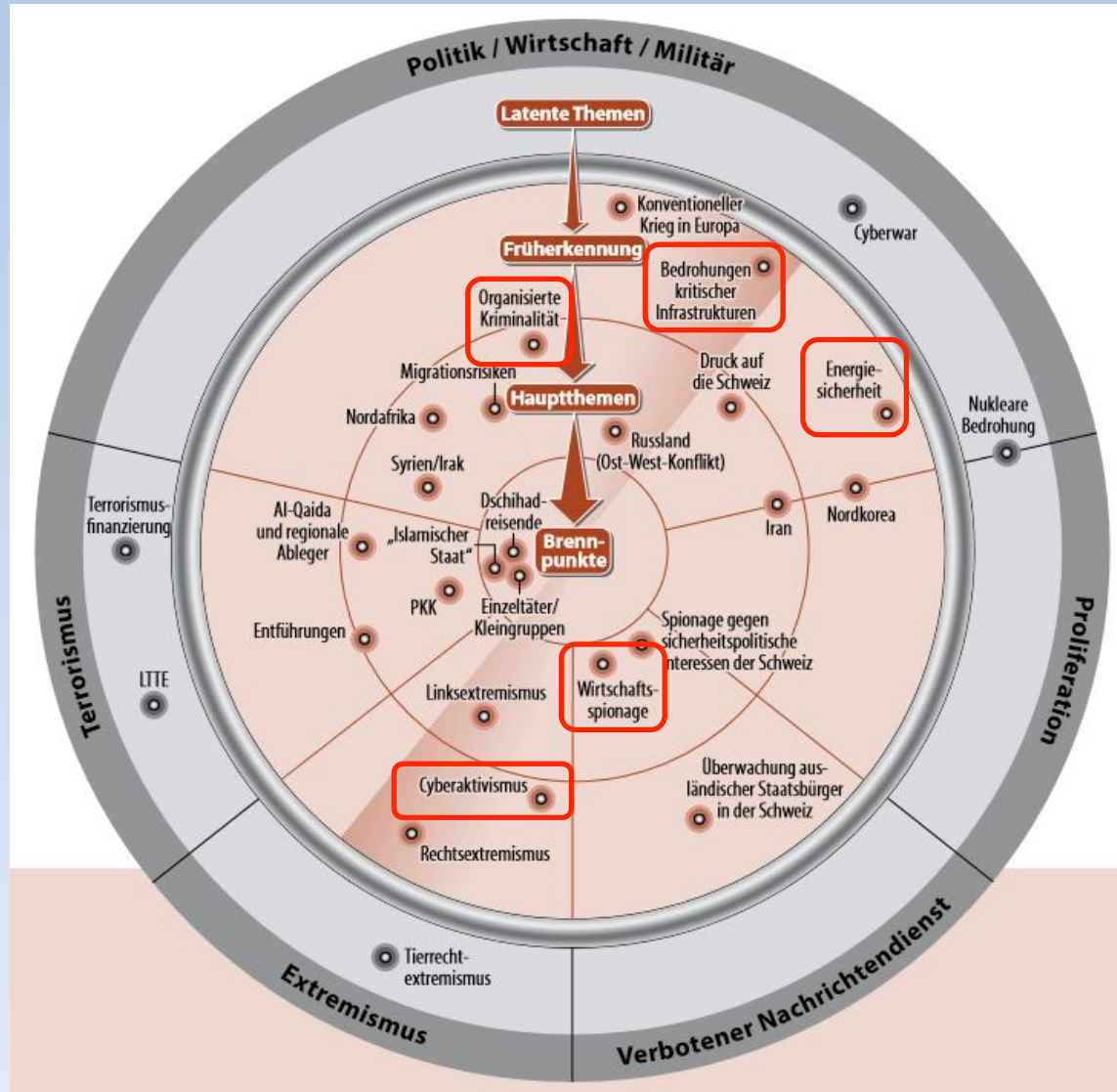
What Risks are you exposed to ? Examples of challenges SMEs in R&D usually face

- **Small businesses, start-ups – limited resources and specific know-how;**
 - Investors; limited capital, long-term planning
 - Concentration of power, (small Boards, C-Level)
 - Enforcement of patents rights
 - Unwanted, unfriendly take-over
 - Compliance
- **Projects - unknown output;**
 - Controlling; time / money / intermediate milestones
 - Team building process; team development, know-how drainage
 - External co-workers; know-how transfer
 - External suppliers; reliability, timely delivery, constant performance
- **New technologies - unknown threats;**
 - New types of drugs, genetically modified organisms, new chemicals, etc.
 - New materials, Nano technology, carbon tubes, etc.
 - IT Technology; Industry 4.0, Data Cloud, Internet of things, Multi Media, etc.

What if there is lack of resources of staff and/or knowledge ?

Question 1

Do you know ...



Source: Lagenbericht Sicherheit der Schweiz, NDB, 05.2016

Question II

Do you know ...

The European Parliament approved the EU data security reform on 14 April 2016.

«**European rules on European soil**»: Companies based outside Europe must follow the same rules if they offer services in the EU.

Risk-Based Approach: Based on the new rules a respective risk adjusted obligation is introduced instead of an complex, universal obligation.

**How will you archive this requirement without Risk Management?
Unnecessary but costly and exaggerated solutions could be avoided.**

Source: <http://ec.europa.eu>, EU-Kommission, Vertretung in Deutschland, 14.04.2016

5. Goals of Risk Management

Interpretation for Small and Medium Enterprises /Research and Development

Risk management's objective is to assure uncertainty does not deflect the effort from the business / project goals !

Risk Management Process

Efficient identification of business risks within a management process with the result of an integral and holistic overview about the relevant hazards and assessing their potential risks for the entire enterprise.

Reporting

Generating continuous and immediate outputs, which can individually be “translated” into different types of reports required for **need-based reporting** to the various risk-owner and stakeholders.

Risk Reduction / Promotion of Chances

Create a company's individual risk culture, which uses the relevant risk information **effective** for decision making and hence contributes significantly to a long-term existence of the company.

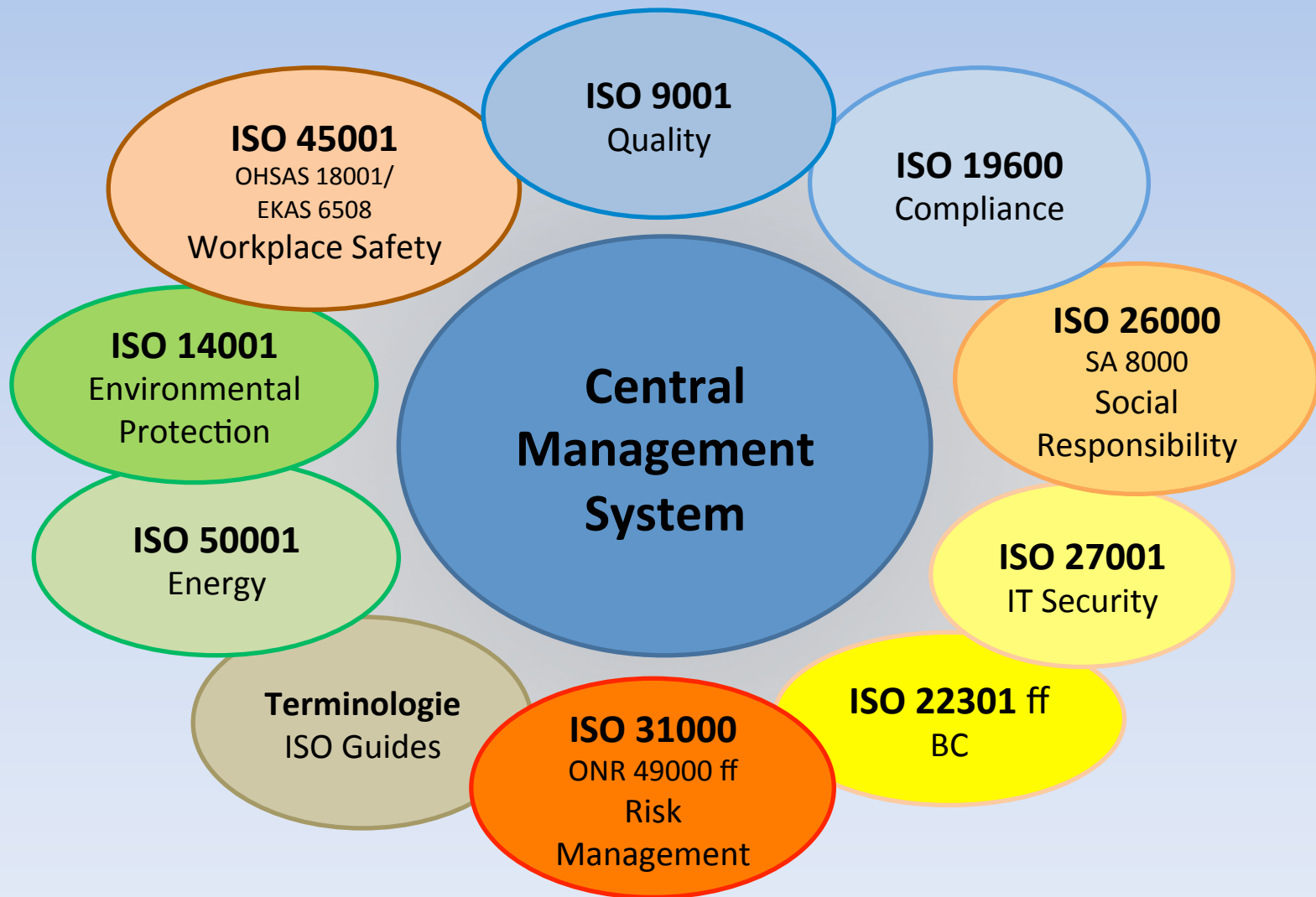
6. Possible Solutions of RM for SME

How can you Optimise your Risk Management:

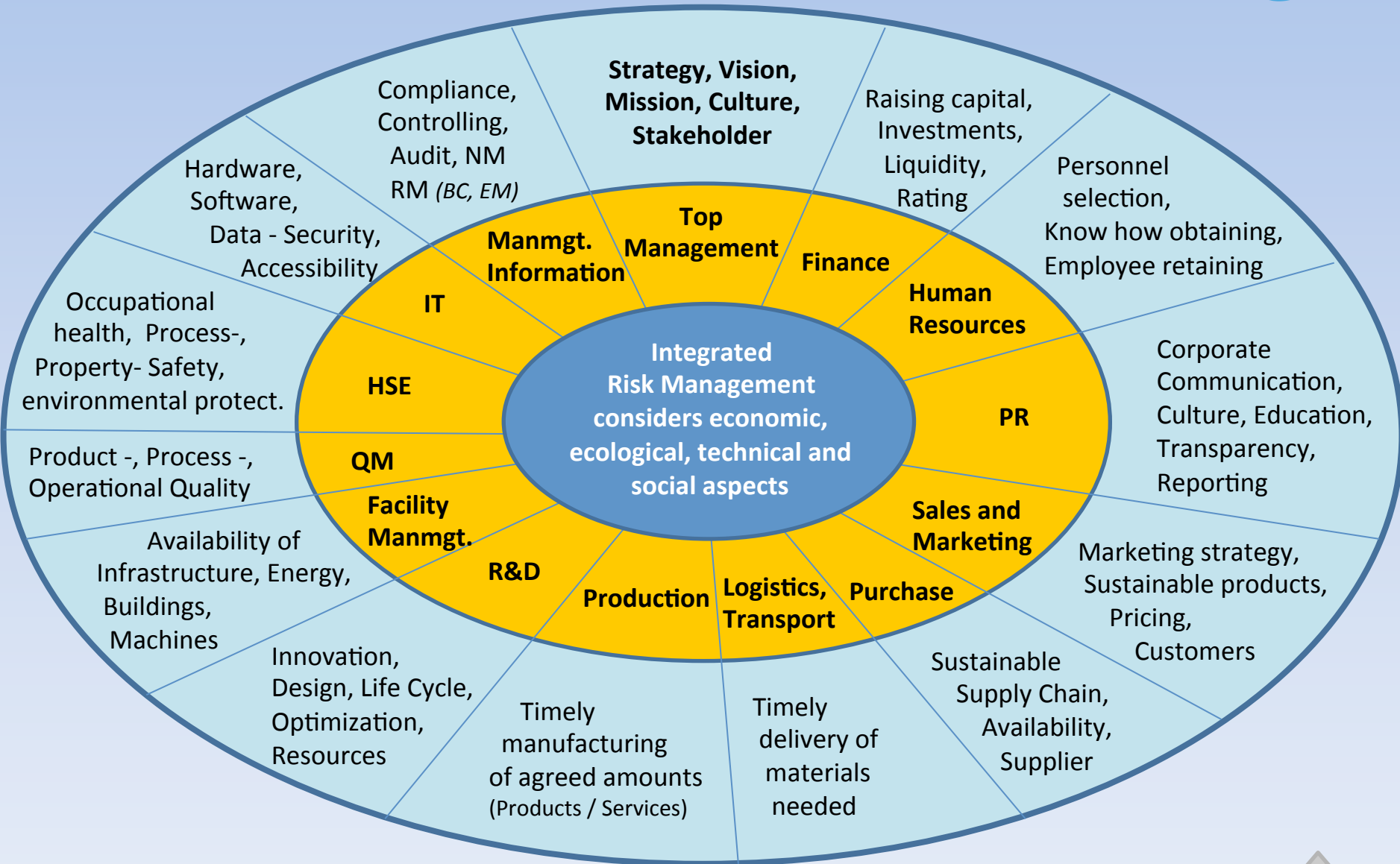
- Integrate processes into existing [Management Systems](#)
- Focus on relevant topics and define [Key / Risk Performance Indices](#)
- Consequently assess and monitor [cost and benefits](#) of chances, risks and measures
- Avoid silo thinking and individual targets for departments, [holistic view](#) will fosters unified approach toward company target
- Get risk information accessible and [in time of need](#), e.g. before any decisions are made
- [Control risks](#) and allows to focus resources on reaching targets
- Get [external support](#), if lacking in time and know-how

➤ **Effectivity is more than efficiency!**

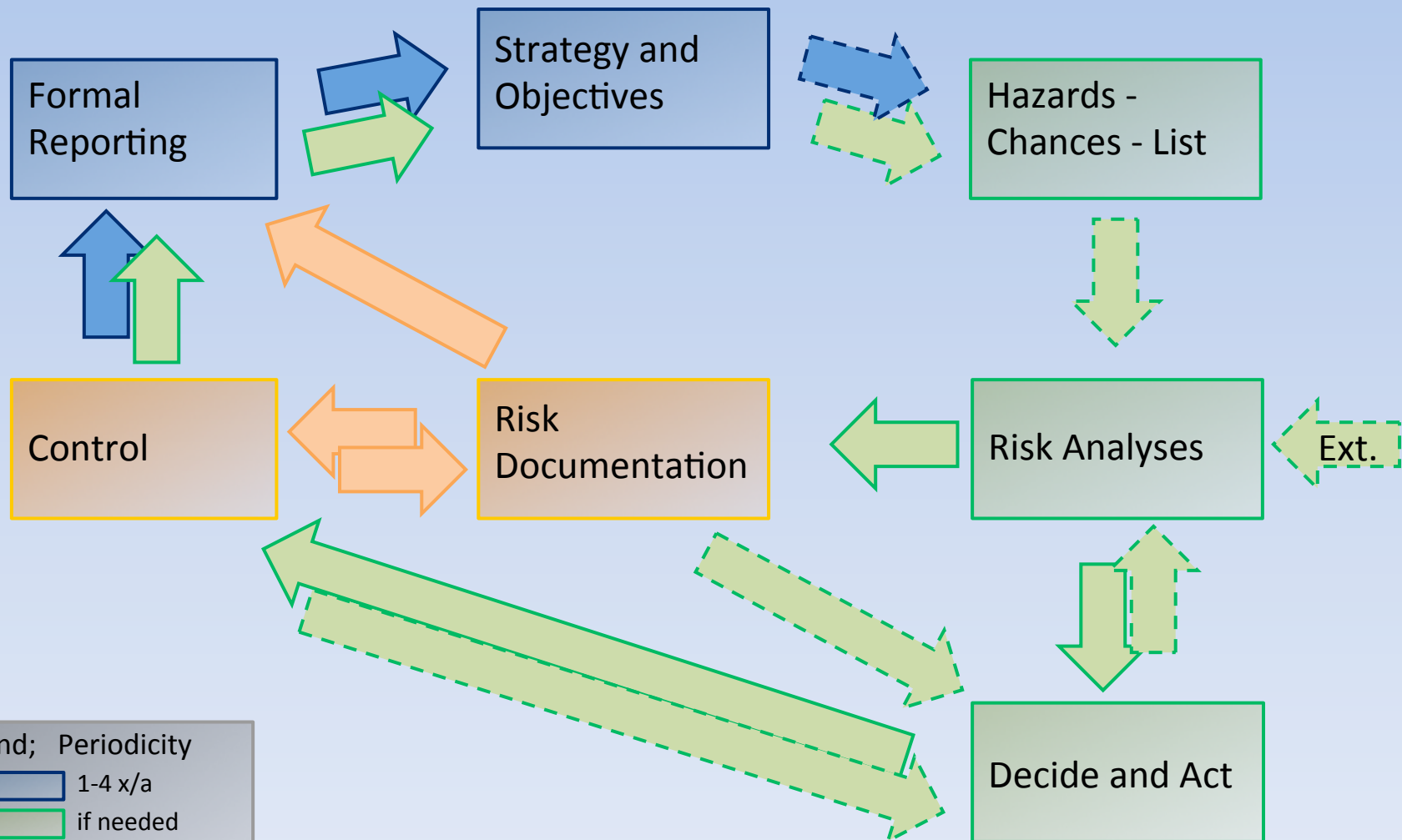
One Management System for all Standards



Integration of Risk Management in all Business Areas



Effective RM Reporting and Initiation



Legend; Periodicity

- 1-4 x/a
- if needed
- continuous
- reporting
- initiation



Conclusion

At last, an actual quotation:

«The positive side of risk is exploiting opportunities. If we use risk management to allow us to take risks in a way that is considered, planned for and more likely to succeed.»

Daniel Atkin Risk Adviser at Victorian Management Insurance, 5.2016

- Risk has no definition; Risk is an individual perception !
- Risk Management becoming increasingly important !
- Move away from standards, towards risk culture !
- Real-time Risk Reporting provides information before decision making!
- Hazards and chances can proactively be managed !
- Risk management helps to focus your effort to real project goals!

➤ **Effective Risk Management will be an advantage for SME and R&D!**