M_o_R®
4th edition
Management
of Risk
Practitioner

Courseware - English

Mark Kouwenhoven

Management of Risk 4th (M_o_R® 4th edition) Practitioner
Courseware - English

Colophon

Publisher about the Courseware

The Courseware was created by experts from the industry who served as the author(s) for this publication. The input for the material is based on existing publications and the experience and expertise of the author(s). The material has been revised by trainers who also have experience working with the material. Close attention was also paid to the key learning points to ensure what needs to be mastered.

The objective of the courseware is to provide maximum support to the trainer and to the student, during his or her training. The material has a modular structure and according to the author(s) has the highest success rate should the student opt for examination. The Courseware is also accredited for this reason, wherever applicable.

In order to satisfy the requirements for accreditation the material must meet certain quality standards. The structure, the use of certain terms, diagrams and references are all part of this accreditation. Additionally, the material must be made available to each student in order to obtain full accreditation. To optimally support the trainer and the participant of the training assignments, practice exams and results are provided with the material.

Direct reference to advised literature is also regularly covered in the sheets so that students can find additional information concerning a particular topic. The decision to leave out notes pages from the Courseware was to encourage students to take notes throughout the material.

Although the courseware is complete, the possibility that the trainer deviates from the structure of the sheets or chooses to not refer to all the sheets or commands does exist. The student always has the possibility to cover these topics and go through them on their own time. It is recommended to follow the structure of the courseware and publications for maximum exam preparation.

The courseware and the recommended literature are the perfect combination to learn and understand the theory.

-- Van Haren Publishing

Other publications by Van Haren Publishing

Van Haren Publishing (VHP) specializes in titles on Best Practices, methods and standards within four domains:
- IT and IT Management
- Architecture (Enterprise and IT)
- Business Management and
- Project Management

Van Haren Publishing is also publishing on behalf of leading organizations and companies: ASLBiSL Foundation, BRMI, CA, Centre Henri Tudor, Gaming Works, IACCM, IAOP, IFDC, Innovation Value Institute, IPMA-NL, ITSqc, NAF, KNVI, PMI-NL, PON, The Open Group, The SOX Institute.

Topics are (per domain):

IT and IT Management	Enterprise Architecture	Project Management
ABC of ICT	ArchiMate®	A4-Projectmanagement
ASL®	GEA®	DSDM/Atern
CATS CM®	Novius Architectuur	ICB / NCB
CMMI®	Methode	ISO 21500
COBIT®	TOGAF®	MINCE®
e-CF		M_o_R®
ISO/IEC 20000	**Business Management**	MSP®
ISO/IEC 27001/27002	*BABOK® Guide*	P3O®
ISPL	BiSL® and BiSL® Next	*PMBOK® Guide*
IT4IT®	BRMBOK™	Praxis®
IT-CMF™	BTF	PRINCE2®
IT Service CMM	EFQM	
ITIL®	eSCM	
MOF	IACCM	
MSF	ISA-95	
SABSA	ISO 9000/9001	
SAF	OPBOK	
SIAM™	SixSigma	
TRIM	SOX	
VeriSM™	SqEME®	

For the latest information on VHP publications, visit our website: www.vanharen.net.

Author about this Courseware

We designed the courseware to support the learning work of delegates. The slides offer brief summaries of the different parts of the Best Practice Guidance. The exercises offer the possibility to practice applying the theory to the delegates own real life cases. We do this to help embed the theory into daily practice. The ABC sample documents then offers an example of how the theory could be applied to a sample case

The sample exams then help to test your understanding and prepare for the real thing.

We hope the courseware assists in the learning process and helps delegates in bringing the theory to life and making it work.

Mark Kouwenhoven

Table of content

Self-Reflection of understanding Diagram

'What you do not measure, you cannot control.'' – Tom Peters

Fill in this diagram to self-evaluate your understanding of the material. This is an evaluation of how well you know the material and how well you understand it. In order to pass the exam successfully you should be aiming to reach the higher end of Level 3. If you really want to become a pro, then you should be aiming for Level 4. Your overall level of understanding will naturally follow the learning curve. So, it's important to keep track of where you are at each point of the training and address any areas of difficulty.

Based on where you are within the Self-Reflection of Understanding diagram you can evaluate the progress of your own training.

Level of Understanding	Before Training (Pre-knowledge)	Training Part 1 (1st Half)	Training Part 2 (2nd Half)	After studying / reading the book	After exercises and the Practice exam
Level 4 I can explain the content and apply it .					
Level 3 I get it! I am right where I am supposed to be.					Ready for the exam!
Level 2 I almost have it but could use more practice.					
Level 1 I am learning but don't quite get it yet.					

(Self-Reflection of Understanding Diagram)

Write down the problem areas that you are still having difficulty with so that you can consolidate them yourself, or with your trainer. After you have had a look at these, then you should evaluate to see if you now have a better understanding of where you actually are on the learning curve.

Troubleshooting

	Problem areas:	*Topic:*
Part 1		
Part 2		
You have gone through the book and studied.		
You have answered the questions and done the practice exam.		

Timetable

	Recap
	MoR Processes
	Implementing MoR
Day 1	Value of MoR
	Exam preparation
	Round-up

	Recap
Day 2	Perspectives of MoR
	MoR Processes

	Recap
	MoR Processes
	Implementing MoR
Day 3	Value of MoR
	Exam preparation
	Round-up

M_o_R® 4th edition

M_o_R®
ACCREDITED TRAINING ORGANIZATION
PeopleCert ON BEHALF OF AXELOS

Management of Risk
Creating and Protecting Value

This material contains diagrams and text information based upon:
Management of Risk: Creating and Protecting Value
Based on AXELOS® M_o_R® materials. Material is used under license from AXELOS Limited.
All rights reserved.

AgileSHIFT®, PRINCE2 AGILE®, PRINCE2® 6th, MSP® 5th, MoP®, M_o_R® 4, MoV®, P3O®, ITIL®,
P3M3®, P2MM® are registered trade marks of AXELOS Limited, used under permission of
AXELOS Limited.
All rights reserved.

The Swirl logo™, ProPath™ are a trade mark of AXELOS Limited, used under permission of
AXELOS Ltd.
All rights reserved.

AXELOS
GLOBAL BEST PRACTICE

AXELOS® ProPath™:
- **Project Expert**
- **Agile Project Expert**

COURSEWARE

Van Haren PUBLISHING

Day 1 subjects

- Introductions
- MoR overview
- Definitions
- Challenges of MoR (12 D's)
- Principles of MoR
- People considerations and MoR
- Perspectives of MoR

2

Day 2 subjects

- Recap
- Perspectives of MoR
- MoR Processes

3

Day 3 subjects

- Recap
- MoR Processes
- Implementing MoR
- Value of MoR
- Exam preparation
- Round-up

4

Assignment Present your team members

12 minutes

- Prepare a short presentation
- Present your team, 1 minute per person
- Min. – name, role, project, something new about you as person
- Basic rules (ground rules) for this (online) training

Start thinking about:

1. Learning objectives,
2. What do you want to get out of this, What do you want to know about?
3. When is this training course a success for you?

5

AXELOS portfolio / Best Practice Family

6
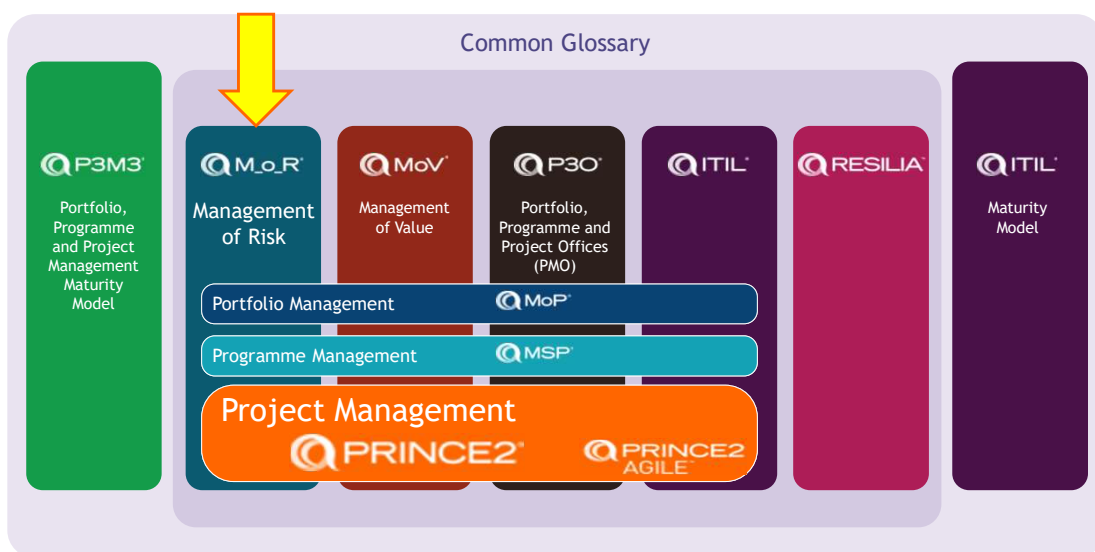
ProPath™ certification

AXELOS® ProPath™

ProPath™ Certified Portfolio Director					

ProPath™ Project Expert **OR** ProPath™ Agile Project Expert			ProPath™ Programme Expert		

PRINCE2® 6th **OR** PRINCE2 AGILE®	M_o_R® 4	MSP® 5th	MSP® 5th	M_o_R® 4	P3O®

Definitions: **Value** and **VUCA**

Value

- The perceived Benefits, usefulness, and/or importance of an outcome in proportion to the resources deployed to achieve it.

VUCA

- Volatility, Uncertainty, Complexity, and Ambiguity (vague)
- Used to refer to the dynamic and fast-changing nature of the contemporary business environment.
- The purpose of the VUCA label is
  - Not to explicitly define the individual terms
  - Not to describe how each affects organizational survival.
  - A warning that organizations must develop greater awareness of, and readiness for, the unexpected in order to survive.
  - (expect the unexpected and be resilient)

Definitions: Resilience, Agility, ESG

Resilience

- The ability of a person or an organization to deal with unplanned events and respond strongly, ideally addressing not only anything that has been lost, but turning the adversity into an opportunity for greater value to be created in future. (turn weakness into strength)

Enterprise agility

- An organization able to be flexible and responsive to drivers in its environment.
- Enterprise agility ('corporate agility' or 'organizational agility') enables the organization to remain resilient.

Triple bottom line (John Elkington in 1994)

- Provides a focus on Value, not just in terms of Profit, also in terms of People and Planet. A current and alternative way of expressing the people and planet aspects of the triple bottom line is to refer to the Environmental, Social, and Governance (ESG) criteria (see 1.4).

9
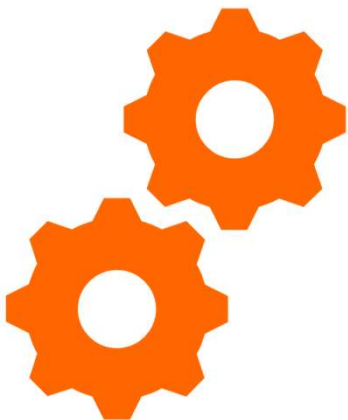
Resilience

Discuss:

Give examples about Resilience

Share lessons learned

10

Definitions: **RISK**

- An uncertain event or set of events that, should it occur, will have an effect on the achievement of **<u>objectives</u>**.
- Risk is a neutral concept; risks can either be threats (downside risks) or opportunities (upside risks).

All definitions of risk encompass the following points:

- Uncertainties are risks only if they impact objectives should they occur.
- Risks can be
  - negative threats ('downside' risks) that would destroy planned value
  - positive opportunities (`upside' risks) that would create additional value.
- It is impossible to identify, prioritize, and manage risks if objectives are not clearly understood.
- In most organizations a hierarchy of objectives exists across two or more of the perspectives (Strategic, Portfolio, Programme, Project, Product, and Operational).

11

Definitions: **Risk exposure**

- Degree to which a particular objective is 'at risk'.
- Risk exposure is a neutral concept exposure can be positive or negative

Formula: Likelihood X Size of the impact on the objective

Definition Risk management

- Coordinated direction and control of an organization undertaken to protect and create value in the face of risk.
- Objective of risk management is **NOT to minimize all risk**
  BUT to take considered risk → to create and protect Value.

Definition Issue

- An unplanned event that has occurred and requires management action.
- An issue may be a problem, query, change request, or Risk that occurred.

12

Definitions: **Corporate governance**

- The means by which an organization is directed and controlled.
- At the level of the legal entity, corporate governance is focused on maintaining a sound system of internal control
- By which the directors and officers of the organization ensure that effective management systems are in place to protect
  - Assets,
  - Earning capacity,
  - Reputation of the organization

Definitions: **Enterprise risk management (ERM)**

- The culture, capabilities, and practices that are affected by an organization's management and applied in strategy-setting across the entire enterprise or legal entity.
- ERM identifies and manages risks to be within an organization's Risk Appetite and provides reasonable assurance regarding the achievement of organizational objectives.

Other definitions

- COSO: ERM is a firm-wide strategy to identify and prepare for hazards with a company's finances, operations, and objectives.
- "ERM is not a function or department. It is the culture, capabilities, and practices that organizations integrate with strategy-setting and apply when they carry out that strategy, with the purpose of managing risk in creating, preserving, and realizing value."
- ISO31000 ERM is defined as a holistic process of identifying, assessing, managing, or treating internal and external risks that affect your business.

Benefits of Risk Management

- Fewer shocks and unwelcome surprises
- More reliable results
- More efficient use of resources
- Reduced waste
- Reduced non-compliance with regulations
- Reduced management time dealing with recurring issues
- Lower costs of borrowing and/or insurance
- Greater innovation
- Improved realization of benefits from change (Projects more successful)
- Greater focus internally on the things that matter
- Greater focus externally to shape effective strategies
- Better-informed and more effective decision-making.

Benefits of ERM

Improved visibility of risk
- Ensuring a focus on taking risk to create measurable value linked to strategic priorities and enabling effective escalation.

Improved decisions
- Ensuring that decisions are risk-informed because risk information is integrated across all parts of the organization and its wider ecosystem.

An approach that matches the context and culture
- Ensuring that a blend of formal (process, procedures, systems, committees, roles, and responsibilities) and informal (behaviours, culture, communities of practice) tools and activities.
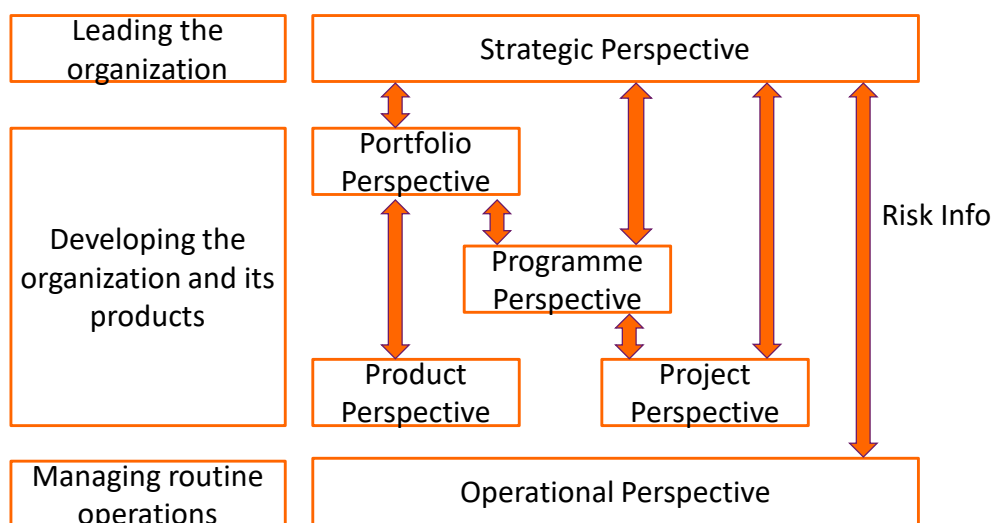
Improved confidence of stakeholders
- Ensuring risk-based assurance is in place to manage expectations and keep surprises to a minimum.

Corporate Governance and Risk Management

- M_o_R directly supports risk management and risk-based assurance elements of corporate governance by
  - providing a principles-led risk management process that can be tailored for application at, across, and between multiple organizational perspectives.
  - enabling aggregation and escalation of risks to the strategic level to gain the attention and support of the responsible officers of the organization.
- In the 'Three-lines model', delegated authority to manage risk and associated controls is allocated to:
  - First-line management for Operational, Product, Project risks and controls
  - Second-line management for functional, Portfolio, Programme risks and controls
  - Third-line internal auditors to provide assurance to the relevant governing body that controls for risks are sufficient and effective. (Strategic)

17

Risk information across M_o_R perspectives

Leading the organization	Strategic Perspective
Developing the organization and its products	Portfolio Perspective / Programme Perspective / Product Perspective / Project Perspective — Risk Info
Managing routine operations	Operational Perspective

18

Integrating Risk Management across M_o_R perspectives

- Key is Calibration of Scales used to prioritize Risks, to ensure:
  - Effective prioritization within each perspective
  - Clarity on size of Risk that would be escalated/delegated
  - A method of aggregation across the perspectives

- Prioritizing Risks qualitatively is fundamental to integrating Risk Management across the perspectives

Minimum Qualitative scales required for:

- **Likelihood**: chance the risk will occur
- **Impact**: size of the effect on an objective in the event of the risk occurring

Other scales

- **Risk Proximity**: How near in time a risk might occur
- **Risk Velocity**: How quickly the risk would have an impact on objectives

Calibration of qualitative scales

Likelihood

- Use the same likelihood scale **organization-wide**
- Usually 3 or 5 points scale
- Determining likelihood is subjective

Description	Probabilities
Almost certain not to happen	< 20% chance
Less likely to happen	20-40% chance
Equally likely/unlikely to happen	40-60% chance
More likely to happen	60-80% chance
Almost certain to happen	> 80% chance

Frequencies

Never heard of in industry
Expected once every 5 years
Expected once every 2 years
Expected every year
Expected multiple times a year

Impact

- Use **specific scale** based on Capacity and Risk Appetite for each objective

Description	Probabilities
Insignificant impact	Variation of < 1% from target
Minor impact	Variation of 1-2% from target
Moderate impact	Variation of 2-5% from target
Major impact	Variation of 5-10% from target
Catastrophic impact	Variation of > 10% from target

Same for other objectives

- Performance:
  - Operational and Safety
  - Environment, Social and Governance (ESG)
- Time to completion
- Customer satisfaction

Definitions: **impact scales**

- **Risk Capacity**
  - Amount and type of Risk that the organization is able to take in pursuit of its objectives (something you can handle/will survive)
- **Risk Appetite**
  - Amount and type of Risk that the organization is willing to take in pursuit of its objectives (as far as you want to go)
- **Risk Tolerance**
  - A measurable threshold to represent the tolerable range of outcomes for each objective 'at Risk', using the same units as for measuring performance for that objective (above this we will not tolerate)
- **Delegated limits of authority**
  - Clarification of the responsibilities of decision-makers relating to defined objectives, including commitment of expenditure and legal undertakings (authorized to sign / decide for)

The 12 common challenges ('the **12 Ds**')

- **Disengaged** stakeholders,
  - leading to apathy and a tendency to just 'tick the box' on risk management, rather than using risk management to create and protect value
- **Disbelief** that 'this could happen to us', (why me/us?)
- **Desire** for positive 'can-do' attitudes that effectively silence voices that perceive the situation differently, (with different opinion)
- **Different** approaches (technology, techniques, language, or process) used in different parts of the organization causing confusion and inconsistent assessments, combined with an inability to aggregate risk information and understand overall exposure to risk
- **Discussion** of risk in general terms, but with insufficient focus on the context and why risk matters to the specific objectives at risk

The 12 common challenges ('the 12 Ds')

- **Downside** thinking, limiting the ability to explore and exploit upside opportunities
- **Data** not being used to improve estimates of the chance of risks occurring, the most likely size of impact, and the interconnections between activities and risks
- **Disconnection** from decision-making; Risk-information exists but cannot be practically used at the point of decisions being made
- **Delegation** of actions that do not get resourced or done
- **Disinterest** in considering multiple potential futures, with leaders preferring to commit to a single 'plan A' (no plan B or scenario planning)
- **Dysfunctional** reporting that gives a false picture ('Green washing')
- **Denial** that risk management can be improved.

The 12 common challenges ('the 12 Ds')
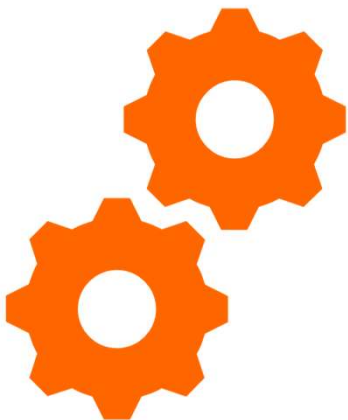
Discuss:

Which of the 12 D's do you see in your organization

Give examples how this looks like

Specialist Risk Areas

- **In health and safety** risk assessments, it is normal to talk about hazards and the severity of risks because the focus is on keeping people safe and healthy. It means that **risk is all downside** because the objective is that everyone goes home safely every day.
- In **information security**, **risk is** typically seen as **downside**, as the objective is to keep information safe and secure from malicious attacks.

There is potential for upsides that should not be ignored; for example, the potential for improving health or enabling improved information sharing.

- In conduct and **reputational risk**, Preventing people from doing illegal things (fraud, bribery, corruption, or money laundering) that would harm reputation remains a focus;

Many organizations have a strategic trust agenda that is about seizing opportunities to build greater trust with stakeholders.

Specialist Risk Areas

- In **environmental** risk historically, the focus may have been solely on noise abatement, avoiding air pollution, or discharges to rivers. Now there is a significant emphasis on improving environmental standards through proactive initiatives such as decarbonization and enhancing biodiversity.

- In **financial** services and some other sectors **risk analysis is** entirely **quantitative,** with sophisticated modelling of the effect of multiple variables on objectives. Most organizations will deploy a mix of techniques to give them the visibility of risk they require to support decision-making. The insurance market continues to be a vital response to risk for individuals and organizations. The cost of insurance is directly related to the insurer's assessment of risk management maturity in the organization and therefore the 'price' of the risk is based on the likelihood of loss.

Applying Risk Management:
Product-oriented organizations / Agile ways of working

- Ensure resilience in a VUCA environment (Flexibility/Agility)
- Adopting focus on delivering value early and often, (Short iterations)
- Using feedback to continually improve and innovate at a faster rate. (Retrospective)

- This approach has potential benefits for the delivery of value, and it introduces specific challenges for risk management
  - New technologies
  - New ways of working
  - More informal communications

27

Product-oriented organizations / Agile ways of working
Challenges:

- **Emphasis on speed to market**
  - Risk management is seen as a 'blocker' preventing,
  - Not seen as enabling, experimentation and innovation.

- **Multiple teams working autonomously,**
  - Difficult to understand the aggregated or cumulative impact of risks.
  - Limits effective prioritization of initiatives products, and releases, and
  - Disconnection between organizational strategy (risk appetite) and execution by the product or delivery team.

28

Product-oriented organizations / Agile ways of working Challenges:

- An absence of proactive engagement with risk management processes and activities upfront and during development cycles can increase the need for issue resolution down the line.
  - Delivery teams only ask what is blocking progress (Short term)
  - Not what *may* block progress (Longer term)
- The whole of the M_o_R integrated framework is necessary for the effective management of risk.
- However, the challenges of its application cannot be resolved through a focus on principles, perspectives, and processes alone; often the causes of these challenges reside in the values, behaviors, and culture of the organization. *PEOPLE considerations (see Chapter 4).*

29

M_o_R® 4 Integrated Framework

30
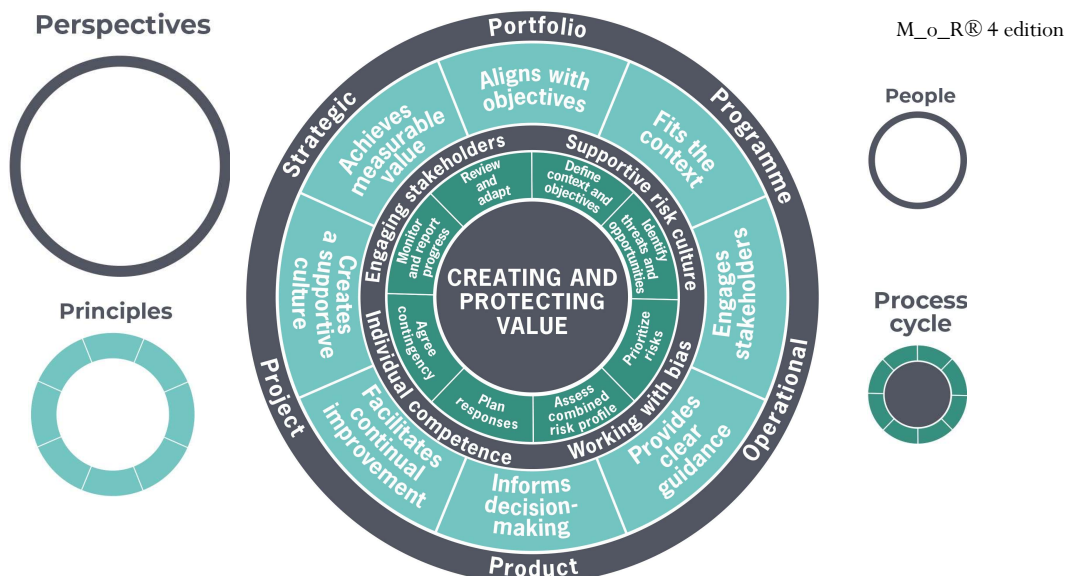
M_o_R® 4 - Perspectives

Perspectives
- Strategic
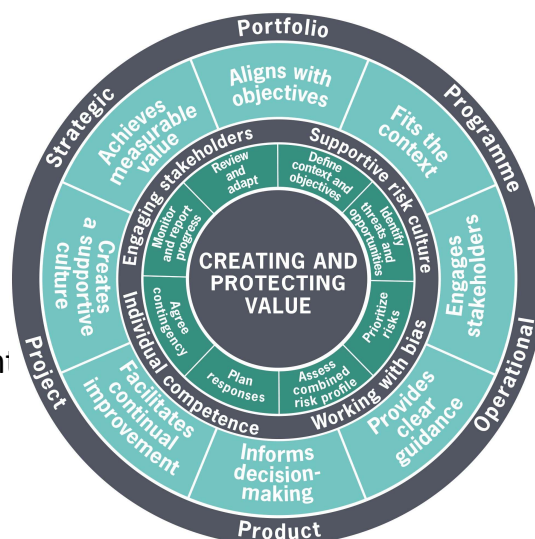- Portfolio
- Programme
- Project
- Operational
- Product
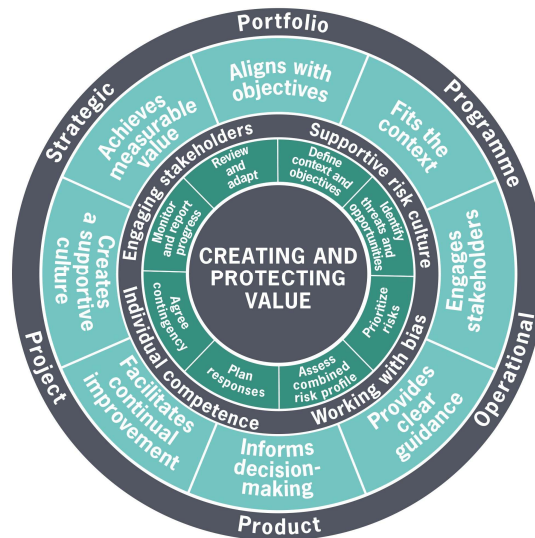
M_o_R® 4 - Principles

Principles
- Align with objectives
- Fits the context
- Engages Stakeholders
- Provides Clear Guidance
- Informs Decision-Making
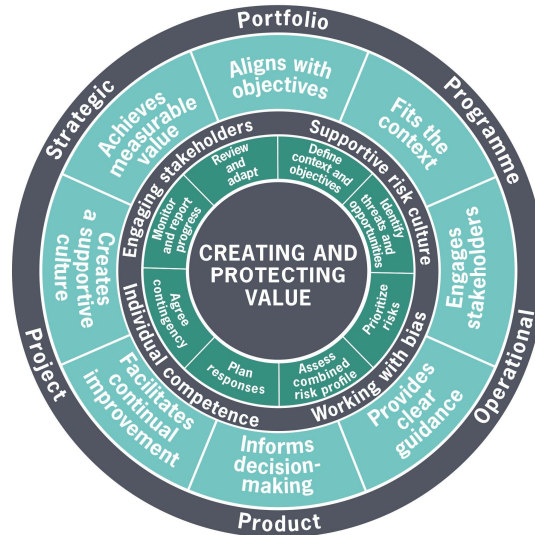- Facilitates continual improvement
- Creates a supportive Culture
- Achieves measurable Value

M_o_R® 4 - People

People
- Supportive Risk Culture
- Working with Bias
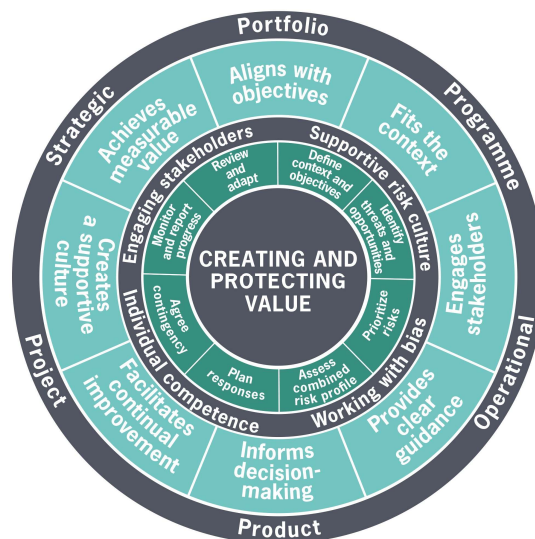- Individual competence
- Engaging Stakeholders

© Van Haren Publishing

33

M_o_R® 4 - Process cycle

Process Cycle
- Define Context and Objectives
- Identify Risks
- Prioritize Risks
- Assess combined risk profile
- Plan Responses
- Agree contingency
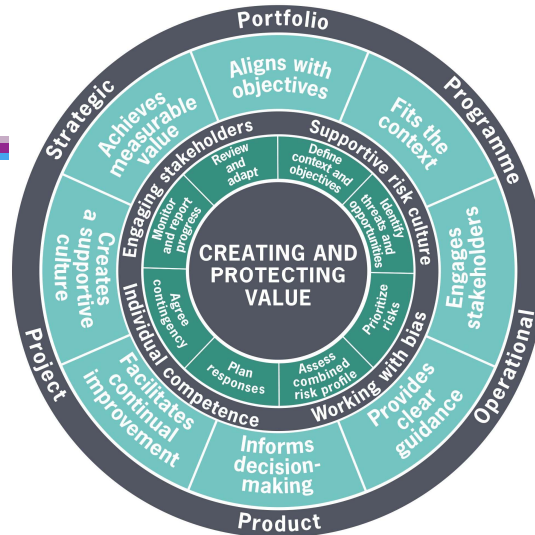- Monitor and Report progress
- Review and Adapt

© Van Haren Publishing

34

M_o_R® 4 - Principles

- Align with objectives
- Fits the context
- Engages Stakeholders
- Provides Clear Guidance
- Informs Decision-Making
- Facilitates continual improvement
- Creates a supportive Culture
- Achieves measurable Value

M_o_R® 4 – Principles: Align with objectives

- MoR provides leadership and governance to achieve the objectives that are at Risk over time

- **Primary outcome**: Risks are prioritized with biggest potential on Value

Principle is achieved by:
- Leaders are clear about objectives, capacity and appetite for Risk
- Governance specifies ownership (+ delegates authority)
- Risk Management Process applied to reflect changes to objectives

M_o_R® 4 – Principles: Fits the context

- MoR provides guidance on tailoring Risk Management so that it is proportionate to the objectives at Risk over time

- **Primary outcome**: Investment in Risk Management enables to make good decisions (the organization remains relevant for the least effort)

Principle is achieved by:

- Risk Management Process explicitly assesses external and internal contexts
- Leadership is flexible and willing to adjust
- Continual focus that Risk Management adds Value

M_o_R® 4 – Principles: Engages Stakeholders

- MoR engages Stakeholders in an inclusive and collaborative way, recognizing that people have differing perceptions of What is Risky and Why?

- **Primary outcome:** differences in perceptions understood, commitment to action on Risk Responses

Principle is achieved by:

- Risk Management Process explicitly identifies and engages Stakeholders
- Culture where perceptions of people are success factors
- Skilled facilitators engage and challenge stakeholders

M_o_R® 4 – Principles: Provides Clear Guidance

- MoR provides clear guidance through a comprehensive structured approach to the Management of Risk that can be tailored to the specific context

- **Primary outcome:** Risk Information can be relied upon by decision makers

Principle is achieved by:

- Risk Management Policy and Process Guide clearly defined, communicated and consistently implemented (organization wide)
- Clear about how to tailor this
- Keeping Processes relevant by seeking feedback, adjusting to any changes in context

M_o_R® 4 – Principles: Informs Decision-Making

- MoR integrates the best available information and expertise to inform decision-making at multiple levels

- **Primary outcome**: decision makers recognize the value of Risk Information when making decisions

Principle is achieved by:

- Communication of importance of decisions
- Investment in analysis to create Risk Information
- Educate and support decision-makers

M_o_R® 4 – Principles: Facilitates continual improvement

- MoR ensures learning from the application of Risk Management

- Purpose improve extent and reliability of Risk Information in support of decision-making

- **Primary outcome:** not waste valuable resources by failing to learn from mistakes

Principle is achieved by:
- Analyzing actual performance data
- Understand the limits of confidence in Risk Information
- Supporting professional development of people involved in Risk Management

M_o_R® 4 – Principles: Creates a supportive Culture

- MoR embeds the conditions for people to take considered risk in the pursuit of Value (into the organization)

- Success Factors in creating a supportive Culture for Risk-taking is tone from the top (from Senior Leadership), discuss perceptions of Risk, Senior leaders show they value risk information used in decision-making

- **Primary outcome**: attain full Value from its investment in Risk Management

Principle is achieved by:
- Focus on People related aspects of Risk Management
- Reward and recognition that motivate Risk Management (over crisis mgt)
- Conversation about Risk are positive and value creating behaviour

M_o_R® 4 – Principles: Achieves measurable Value

- MoR focuses on Creating and Protecting Value

- It cost less to anticipate than to recover from an issue

- Improving Risk management would reduce waste/rework, increase client/user confidence, improve regulatory performance etc.

- **Primary outcome**: Purpose of Risk Mgt is achieved to create and protect Value
  (other principles are enablers and essential for success)

Principle is achieved by:
- Methods to objectively judge performance of Risk Management
- Focus on creating additional Value (not just protecting Value)
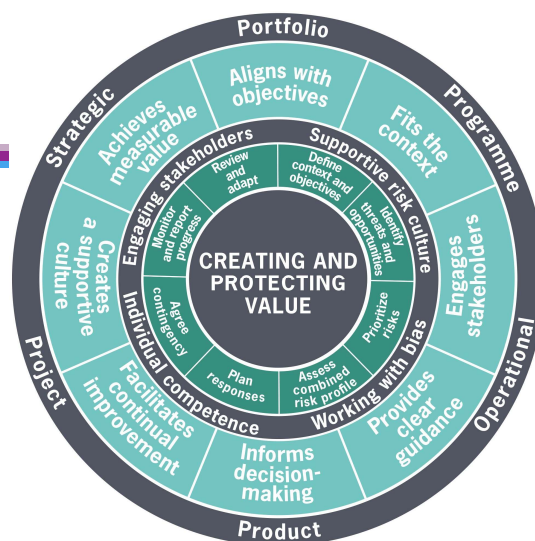- Refining how Value (of Risk Mgt) is judged over time

---

People

M_o_R® 4 - People

People
- Supportive Risk Culture
- Working with Bias
- Individual competence
- Engaging Stakeholders

Overview People Considerations

- **Risk relies on PEOPLE**
  - People as Individuals
  - People in Groups
  - People working with Foresight
  - People interpreting Data and Situations
  - People making Judgements / Educated Guesses

**Risk Management is only successful when
People considerations are included**

- Risk taking = intention of creating additional Value
- Management action to mitigate = intention to protect Value

People considerations in risk management

Two M_o_R® 4 principles are about People:

- Engaging stakeholders
- Creating a supportive culture

- Risk management can be counterintuitive to some people.
- People see risk differently,
  - What is Risky and Why?
- Difficult to achieve organizational commitment for risk management
- Top-down mandate for risk management is not enough.
- Value created by risk management compels leaders to create a supportive risk culture.

What is Risky and Why?
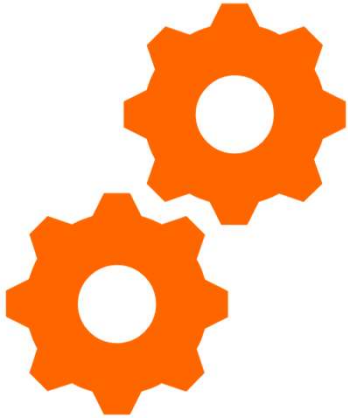
Discuss:
- Champignons league semi-final, return game.
  You have won the first match.
  Will you play offensive or defensive?

- Getting your new booster shot

- Planning a face2face seminar in winter (2022)

- Having a BBQ in September (beginning or end?)

- Project Start-Up without executive/sponsor

Share findings

People considerations in risk management

- To gain benefits from Risk Management, build:
  - Risk management competence in individuals,
  - Shared values,
  - Beliefs,
  - Knowledge, and
  - Understanding of risk management across teams.

People: Engage Stakeholders - Definitions

Stakeholder
- Any individual, group, or organization that can affect, be affected by, or perceives itself to be affected by, organizational objectives.

Stakeholder engagement
- A way of exercising influence and achieving positive outcomes through effective management of relationships.

The techniques used to analyze stakeholders are the same for the purposes of risk management as for other areas of organizational activity.
Engagement methods, however, are potentially different.

People: Engage Stakeholders

- **Stakeholder analysis**
  - Identifies stakeholders and
  - Prioritizes the level and type of engagement for individuals / groups

Prioritization depends on factors such as:
- **Influence** of the stakeholder on the objectives/decisions in question
  - Power
- **Interest** in the objectives/decisions
  - Active or passive
- **Attitude** to the objectives/decisions
  - Supporter/backer or detractor/blocker
- **Relationships** between stakeholders;
  - Alliances or opposing factions.