

55th EOQ Congress
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"Navigating Global Quality in a New Era"



55th EOQ Congress as World Quality Congress *„Navigating Global Quality in a New Era”*

A Systematic Approach for Corporate Risk Management

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2011.05.01. Karászi Zoltán



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People

3

02.10.2011

Corporate Presentation



Merge Project for TÜV Rheinland's Hungarian Group



2011.05.01.

Karászi Zoltán



A Systematic Approach for Corporate Risk Management

- *External Entrepreneurial Environment and the internal Structures&Processes*
- *Growing expectations from different stakeholders.*
- *Legal requirements, commercial and financial aspects but also environmental regulations, safety, quality assurance standards rule the agenda of medium and high ranking managers of the companies.*



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Further aspects - so further areas of risks: those of the share holders, investors, owners

There are further aspects - so further areas of risks, those of the share holders or private investors as owners:

- *What do I want to do with "my" company,*
- *What are my short and medium term and strategic qualitative targets for the company as a whole?*
- *Is there a strategic plan?*

- *„Do I have the right management?“*

Managers' inherent targets are rarely or never the same as the share holders' targets.....!



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The TÜV Rheinland Approach for Corporate Risk Management

Certainly most risk sorts are not static phenomena! *DYNAMIC APPROACH!*

- **neither the "bad" nor the "good" risks (or chances) are static...**
- **a consultative way, cross fertilized inputs gathered from a global organizations,**
- **a regular monitoring system and living documentation**



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MINDSET → RISK AWARENESS → TRAPPED in a RISK „black hole” → „I can live with it, because I manage it or my people/suppliers manage it!”



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Risk Classification – a broader view!

Operational Risk

Information flow
Core activity
Data integrity
Human factors

Financial Risk

Capital costs
Financial Market volatility
Credit risks

Customer/Sector
Growth Strategy
Brand/Image
Competition

Strategic Risk

Liabilities
Environmental damages
Asset risk

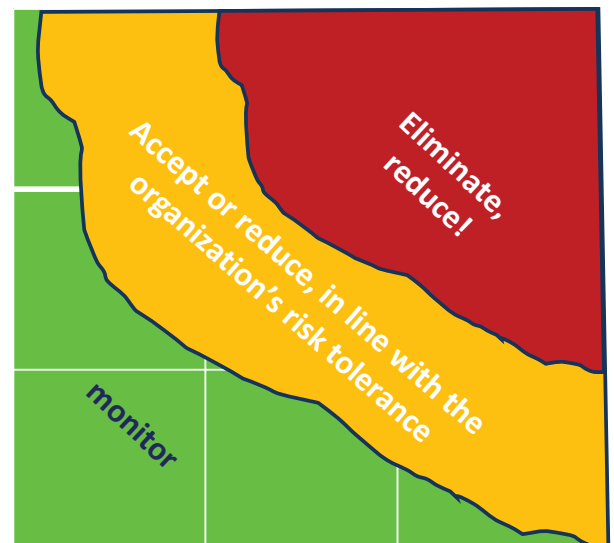
Liability Risk

Risk Mapping – a broader view!

Risk: impact x probability

Risk Map , Risk handling

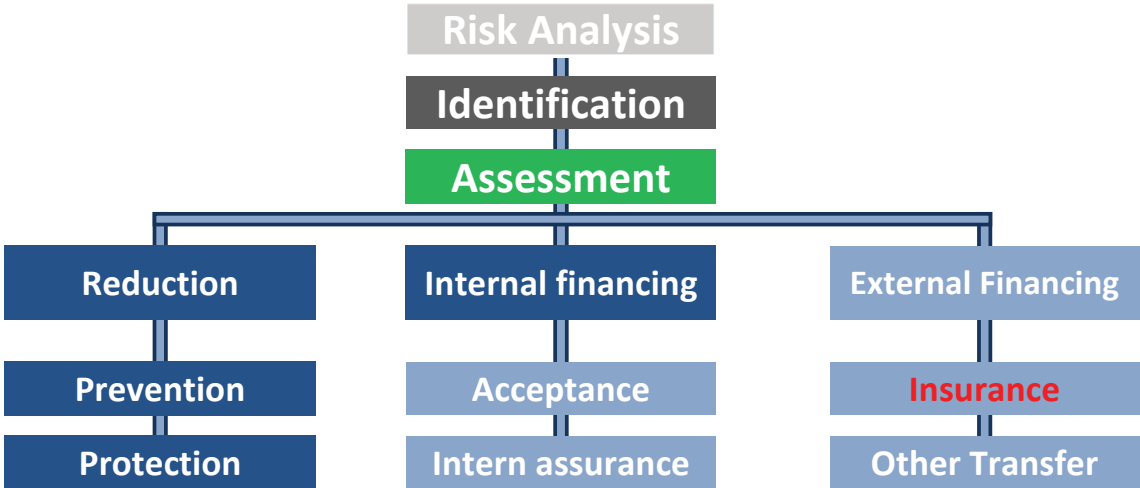
<u>Risk definition</u>	<u>Impact (magnitude)</u>	<u>Probability level</u>
Product related	Critical	medium
Supply Chain	significant	low
Accident on Workplace	significant	medium
Wrong execution	Critical	low
Theft	significant	low



Considerations for risk handling measures

Impact	Risk Management Measure		
	Critical	Measures needed	Risk handling and monitoring necessary!
Significant	Acceptable risk, monitoring	Risk handling recommended	Risk handling and monitoring necessary!
Neglectable	Risk accepted	Risk accepted but monitored	Risk to be handled than monitored
	low	Medium	high
	Probability of occurrence		

Logic and financing of risk handling



The Insurance doesn't eliminate or reduce risks, it handles their damage consequence financially only !

Risk management : to be embedded into the overall Management System

Walking the risky path → management

The definition of risk management has changed to
“coordinated activities to direct and control
an organization with regard to risk”,



ISO 31000



Standard Risk Management Framework: ISO 31000

In November 2009, the International Organization for Standardization (ISO) finally released the very much anticipated and first international risk management standard titled **ISO 31000:2009 Risk Management – Principles and Guidelines (ISO 31000)** to support organisations with principles and guidelines on risk management.

ISO 31000 has been developed using experts from around the world, from various industries and disciplines. The Standard aims to provide organisations with guidance and a **common platform for managing different types of risks**, from many sources irrespective of the organisations size, type, complexity, structure, activities or location.

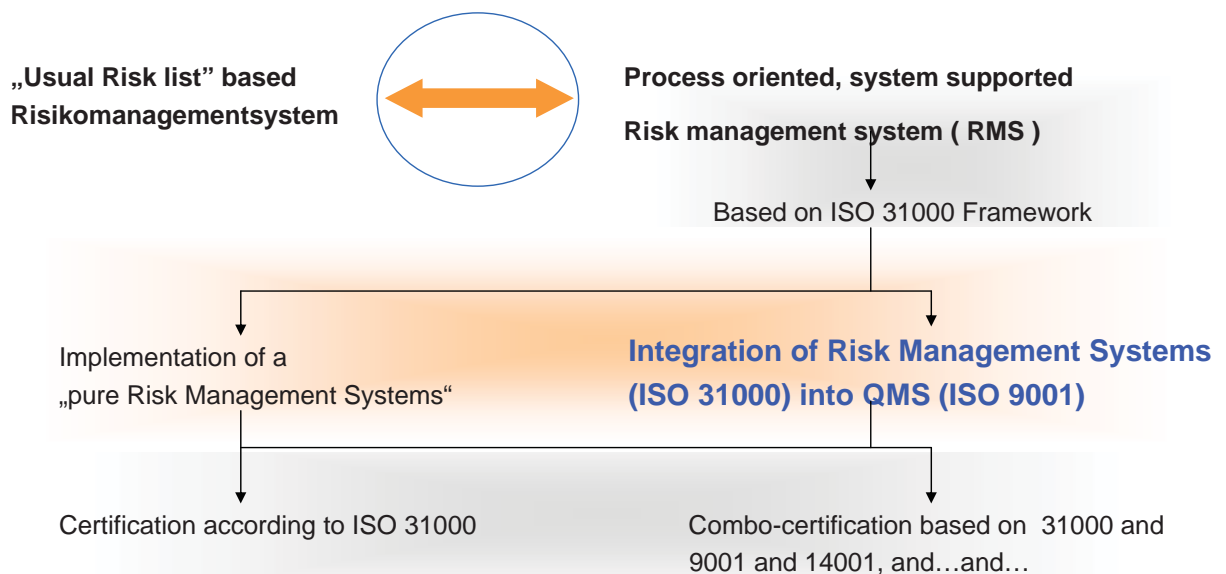


Risk Management Vocabulary in the ISO 31000

- **Risk owner** is defined as a “person or entity with the **accountability and authority** to manage a risk.” This definition will help the risk manager reinforce to management that risk ownership must be with management and not with the risk manager.
- **Risk attitude** is the organisation's “**approach** to assess and eventually pursue, retain, take or turn away from risk”.
- **Risk management policy** is also defined as a “statement of the overall intentions and direction of an organization related to risk management”.
- **The risk management plan** should specify the “approach, the management components and resources to be applied to the management of risk.”

TÜV Rheinland's Risk Management Concept

Not one more ISO xyz, but Integration/Harmonisation to QM



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„Navigating Global Quality in a New Era”

TÜV Rheinland - one of the leading experts in Quality Management Systems, a dominant player in human, technological, environmental and information security risk assessment and conformance has realized that there is a new level of looking at a modern corporation as subject of "bad and good" risks.

A systematic, independent and objective risk mapping for the share holders and for the top operative executives provides the "stirring wheel" for strategic and operative management of values, assets and resources!

