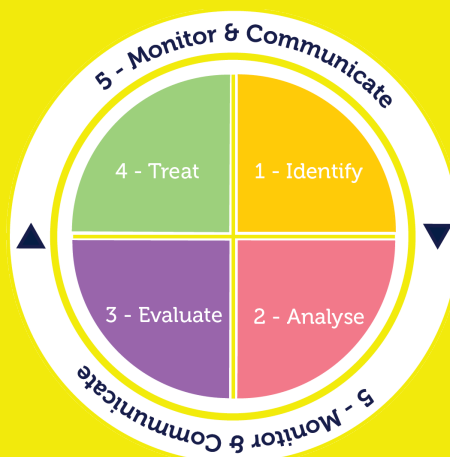


Risk Description, Cause and Consequence Guide

This guide provides some examples of risk descriptions, causes and consequences.

Risk Management Process



Stage 1 - Identify

A - Risk Sample - Simple

Based on a simple risk, below we have provided a sample of how we would recommend structuring the Risk Description, Cause and Consequence;

Risk Title & Description

(Guide) 'provide descriptive title' - 'summarise risk with a short description.'

Example:

(Title) Changing Industry Compliance – (Summary) Due to royal commission significant changes are expected in the financial services industry potentially impacting course/program relevance.

Risk Cause

The risk cause needs to link to the identified risk title and description, providing a good insight of the cause/s (remember there can be more than one cause)

Example:

1. Program not relevant to industry – Change in education levels within the financial services sector; Shift in skill needed in financial services focusing on more customer centric needs

Tip

As you can see the cause can be quite simple and intuitive, always remember we are looking for the key themes that are going to impact us.

Risk Consequences

The risk consequences need to provide as concisely as possible the description of why we would care about this risk, what impact (consequence) will it have?

(Guide) 'Provide brief overview of the consequence and where possible highlight/bold the key term within the description that provides the focus of the issue.'

Example:

1. Revenue decline due to programs not meeting industry needs and demands

Tip

There may be further consequences due to this risk but we are only recording the key consequence that is the major focus for RMIT.

Stage 1 - Identify

B - Risk Sample - Complex

Below we have provided a sample of how we would recommend structuring the Risk Description, Cause and Consequence;

Risk Title & Description

(Guide) 'provide descriptive title' - 'summarise risk with a short description.'

Example:

(Title) Revenue Decline – (Summary) Inability to effectively anticipate and respond to changes in the market and environment resulting in unsustainable declines to our revenue.

Risk Cause

The risk cause needs to link to the identified risk title and description, providing a good insight of the cause/s (remember there can be more than one cause)

Example:

1. Downturn in international students – Onshore students dropping off; international market forecasting not conducted; and pricing strategy of offshore campuses not competitive.
2. Inadequate monitoring of external factors - No well defined, regularly reviewed and communicated, environmental analysis (such as a PESTLE*) completed from an international and institutional perspective
3. Increasing disruption to the University - Shifting demands from employers not represented in how we teach; technology disruption changing the world of work and skills needed

**PESTLE Analysis - Political, Economic, Social, Technological, Legal & Environmental*

Tip

As you can see there have been three causes identified under the one risk, each impacting revenue but in quite different areas. By separating each cause it enables us to more effectively monitor, plan and action any controls for each individual area and assign the most appropriate owners to each one

Risk Consequences

The risk consequences need to provide as concisely as possible the description of why we would care about this risk, what impact (consequence) will it have?

(Guide) 'Provide brief overview of the consequence and where possible highlight/bold the key term within the description that provides the focus of the issue.'

Example:

1. Continued revenue decline with little cohesive RMIT wide response means RMIT is unable to overcome the revenue gap expected in the next 3 to 5 years.
2. Due to inadequate monitoring RMIT is unable to quickly and efficiently respond to external environment changes and demands. Impacting brand reputation and revenue potential
3. Because of the major disruptions in the new world of work, student and employers are demanding a new education model from Universities and RMIT's inability to respond in a cohesive and effective manner is impacting our ability to grow/maintain our current brand/reputation and revenue

Tip

Again, you can see there can be more than one consequence for each risk, you don't need to have one cause and one consequence, a single consequence could quite easily cover multiple causes. By breaking down the consequences into specific areas it again gives us the ability to target our response and what plans we put in place, helping ensure any plans (controls) we put in place are specific to the issues we face.