



Australian Government

Department of Education, Employment and Workplace Relations

SITXMGT005A Manage business risk

Revision Number: 1

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Modification History

Not applicable.

Unit Descriptor

Unit descriptor

This unit describes the performance outcomes, skills and knowledge required to actively identify risks to business operations, assess the associated consequences and take measures to eliminate or control the risk. It requires the ability to monitor business risks on an ongoing basis.

This unit focuses on business risk and not on the risk management strategies that a business applies to the management of OHS issues. OHS management practices are covered in separate specialised units.

Application of the Unit

Application of the unit This unit describes a fundamental business management skill for those working within the service industries and applies to the full range of industry sectors and environments.

A risk to business operations can be faced by any type of organisation, including non-profit businesses, whether they are micro, small, medium or large. Managers within these businesses require skills to ensure the success of the operation, meet budget, minimise losses or ensure a profit, depending on the focus of the activities.

This unit reflects the active participation of any personnel in the identification, assessment and control of risks to business and operational activities. This activity would normally be undertaken by unsupervised senior staff members who have significant responsibility in the workplace, owner-operators and managers. It could also be undertaken by frontline operational personnel who work with some level of autonomy or under limited supervision and guidance from others.

Assessments of business risk are commonly conducted as a team effort and a person achieving competence in this unit could either actively participate in group assessments or could take a lead role in coordinating a group approach.

The assessment and control of risks to business operations could be implemented on many levels within an organisation; a whole of organisation approach or for a particular project or business activity.

Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Prerequisite units Nil

Employability Skills Information

Employability skills The required outcomes described in this unit of competency contain applicable facets of employability skills. The Employability Skills Summary of the qualification in which this unit is packaged will assist in identifying employability skills requirements.

Elements and Performance Criteria Pre-Content

Elements describe the essential outcomes of a unit of competency. Performance criteria describe the required performance needed to demonstrate achievement of the element. Where ***bold italicised*** text is used, further information is detailed in the required skills and knowledge and/or the range statement. Assessment of performance is to be consistent with the evidence guide.

Elements and Performance Criteria

ELEMENT

PERFORMANCE CRITERIA

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| 1 Identify risks to business operations. | <p>1.1 Determine <i>operational objectives</i> through consultation with <i>key people</i> and by referring to available <i>information sources</i> and use this as the basis for identifying, assessing and controlling risks to the organisation or activity.</p> <p>1.2 Develop or access <i>a business risk identification and assessment tool or template document</i> which incorporates <i>assessment criteria</i> for assessing risks and consequences.</p> <p>1.3 Use appropriate <i>methods to identify foreseeable risk</i> that has the potential to adversely affect operational activities.</p> <p>1.4 Ensure that risk assessment processes are a key component of all operational activities.</p> <p>1.5 Involve <i>other people</i> in the risk identification process and integrate the perspective of key people.</p> |
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ELEMENT	PERFORMANCE CRITERIA
	1.6 Produce <i>clear documents that outline identified risks</i> to allow for a full assessment.
2 Assess risks to business operations.	2.1 Refer to identified and documented <i>risks</i> , consult with and involve key people to achieve broad input into the risk assessment process.
	2.2 Use a systematic and <i>four-staged hierarchical process model</i> to conduct the risk assessment.
	2.3 Use established <i>assessment criteria</i> for assessing risks and consequences.
	2.4 Prepare clear <i>documentation of the outcome of risk assessment</i> and proposed control actions.
3 Eliminate or control the business risk.	3.1 Assess the organisation's <i>capability to eliminate or control risk</i> and determine specific control measures.
	3.2 Develop and document contingency plans for risk elimination, minimisation or control and communicate these to key people involved in the operational activity.
	3.3 Implement control measures according to individual level of responsibility or refer to appropriate personnel for permission or further action.
	3.4 Eliminate risk where possible or take action to control and minimise the risk.
	3.5 Continuously monitor specific risks and controls to ensure effectiveness of control method.
	3.6 Regularly monitor low or accepted risks for any unacceptable consequences.
4 Monitor and evaluate business risk management practices.	4.1 Continuously monitor operational activities for a changing risk profile and identify, assess and control business risks on an ongoing basis.
	4.2 Make evaluation of specific risk controls a key component of all operational activity reviews.
	4.3 Consult with a range of key people to elicit feedback on the effectiveness of all risk management practices.
	4.4 Identify inadequacies in risk management practices, develop, implement, document and communicate

ELEMENT

PERFORMANCE CRITERIA

improvements to risk management practices.

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

This section describes the essential skills and knowledge and their level, required for this unit.

The following skills must be assessed as part of this unit:

- ability to access appropriate risk identification or assessment templates
- high-level communication skills to communicate and consult with key people on issues of business risk identification, assessment and control
- literacy skills to read and interpret complex business management materials, such as business plans, marketing plans and reports that relate to managing business risks; and write risk identification, assessment and control documents
- critical thinking skills to allow for a rational and logical evaluation of the business risk and to apply or suggest effective controls while incorporating the views of other people consulted.

The following knowledge must be assessed as part of this unit:

- broad and working knowledge of risk management systems or practices
- the way business risk management practices link with other management systems
- context of risk assessment within the overall operation of the business or activity
- key principles and elements of risk assessment processes
- appropriate risk identification or assessment templates, and their format and use
- range of techniques for assessing risks, such as the four-staged hierarchical process model
- broad and working knowledge of industry and legal compliance requirements
- broad and working knowledge of consultative mechanisms commonly used by organisations
- common risk control measures
- organisational activities and capabilities.

Evidence Guide

EVIDENCE GUIDE

The evidence guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, the range statement and the Assessment Guidelines for this Training Package.

EVIDENCE GUIDE

Critical aspects for assessment and evidence required to demonstrate competency in this unit

Evidence of the following is essential:

- project or work activities that show the candidate's ability to systematically identify risks to business operations, assess the associated consequences and take measures to control the risks for a given service industry operation
- ability to develop or access and use business risk identification and assessment template
- project or work activities conducted over a commercially realistic period of time so that the monitoring and evaluation aspects of business risk can be assessed.

Context of and specific resources for assessment

Assessment must ensure:

- that the candidate has accessed a fully equipped office environment using appropriate computers, printers, communication technology, information programs and publications to facilitate the processes involved in managing business risk
- access to an operation for which a business risk assessment can be undertaken, or to comprehensive and sufficient information about that operation to allow the candidate to participate fully and actively in risk management practices
- use of risk management information or business management manuals issued by industry associations or commercial publishers, and template documents used for risk assessment activities
- use of information sources that provide operational details on which to base business risk identification or assessment activity, such as business, marketing, operational or project plans
- involvement of key people so that consultative actions may be implemented.

EVIDENCE GUIDE

Methods of assessment

A range of assessment methods should be used to assess the practical skills and knowledge required to manage business risk. The following examples are appropriate for this unit:

- evaluation of completed business risk identification and assessment template documents prepared by the candidate detailing suggested risk controls for a given project or work activity
- evaluation of a portfolio that incorporates all documents used for the management of business risk for a business, project or event, including summary of reference material, completed risk identification and assessment template documents, documents detailing control measures, reports detailing success of control measures and recommendations for improvements, and notes or minutes from meetings and briefings
- evaluation of project or work activities conducted in conjunction with an industry operator to allow the candidate to implement risk management practices for a particular business, event, project or business activity
- direct observation of the candidate consulting with appropriate colleagues about business risk identification, assessments and control
- case studies and problem-solving exercises to identify and assess business risks for different types of business or operational activities
- written and oral questioning or interview to test knowledge of the risk management principles
- review of portfolios of evidence and third-party workplace reports of on-the-job performance by the candidate.

Holistic assessment with other units relevant to the industry sector, workplace and job role is recommended, for example:

- SITXADM003A Write business documents.

EVIDENCE GUIDE

Assessing employability skills

Employability skills are integral to effective performance in the workplace and are broadly consistent across industry sectors. How these skills are applied varies between occupations and qualifications due to the different work functions and contexts.

Employability skills embedded in this unit should be assessed holistically with other relevant units that make up the skill set or qualification and in the context of the job role.

Range Statement

RANGE STATEMENT

The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. Bold italicised wording in the performance criteria is detailed below.

Operational objectives may include:

- business or operational objectives relating to:
 - client of the organisation
 - department within an organisation
 - whole of the organisation
 - particular project
 - particular event or community activity
- meeting budget
- minimising losses
- making a business profit
- meeting project deadlines
- staging an event or community activity successfully
- successful project outcomes.

RANGE STATEMENT

Key people may include:

- colleagues, including:
 - peers
 - supervisors
 - managers
- clients
- contractors
- participants and performers
- venue and facility managers
- industry association personnel
- legal representatives
- business accountants
- insurance brokers
- specialist or technical advisers
- government authorities.

Information sources may include:

- business plans
- operational plans
- project plans
- marketing plans
- tender, proposal or bid documents
- customer quotations
- discussions with colleagues or clients
- group workshops or brainstorming
- incident reports
- industry association reports and articles
- media reports and articles
- observation checklists
- surveys.

RANGE STATEMENT

A business risk identification tool or template document and assessment criteria may include:

- self-designed tools and assessment criteria
- tools and templates developed:
 - by external consultancy services
 - by industry associations for use by member businesses
 - by the organisation as part of a risk management system
 - for public use and found within business management manuals
- assessment criteria nominated in Australian standards.

Methods to identify foreseeable risk may include:

- audit of operational activity
- interview and discussion
- investigation of an incident with a negative result
- monitoring of operational activity
- observation of business, project or client activities
- review of incident reports and registers
- review of information sources, such as plans and reports
- review of global or local reports and media discussions that identify critical economic, social, terror-related, war-related or health issues.

Clear documents that outline identified risks and documentation of the outcome of the assessment may include:

- checklist
- completed risk identification and assessment report or checklist, such as a tool or template document
- comprehensive file notes
- correspondence with customer, supplier or specialist adviser
- report
- meeting notes or minutes
- action plan.

RANGE STATEMENT

Risks may involve:

- product failure
- failure of marketing program
- competitor activity
- damage to property or equipment
- system or equipment failure
- financial loss
- industrial dispute
- inability to provide business or operational activity with appropriate human, financial or physical resources
- natural disasters
- political events
- civil uprising
- terrorism
- world or local health events or epidemics
- professional incompetence
- non-compliance with industry or legal requirements
- security breaches or failures
- change of client or customer requirements.

Four-staged hierarchical process model must include:

- identifying the consequences that could result from the identified risk
- determining the exposure to the risk
- estimating the probability that negative impacts will occur
- determining an overall risk level for the identified issue, identifying risk level as:
 - low
 - accepted
 - medium
 - high.

Capability to eliminate or control risk may include:

- access to accurate information
- expertise within the organisation to determine and implement appropriate control measures
- legal liability
- financial or other resource constraints on implementing sufficient control measures.

Unit Sector(s)

Sector Cross-Sector

Competency field

Competency field Management and Leadership