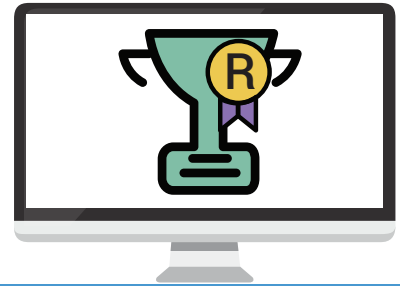


RISK REWARD DECISION MAKING WORKSHOP



1 Day



Sydney, Brisbane,
Perth, Melbourne



Public course or
in-house training

The success of any organisation is the sum of the outcomes of all the decisions that are made on behalf of the organisation by Board, Executives, Management and Staff. These decisions will range from major strategic decisions through to day to day operational decisions. The decision-making process of many organisations is unstructured, informal, undocumented and open to the many influences that humans bring to decision making such as anchored thinking, biased thinking, conflicts of interest and unmanaged human emotions.

This 1-day course covers the components and framework of a more structured approach to decision making using risk / reward. It covers the information that should be used for decision making, how it is obtained and how it is recorded and analysed. Worked examples are used to illustrate the principles. The course also addresses the importance of a risk / reward-based incentive scheme to supplement risk/reward decision making to ensure the incentives of decision makers are fully aligned to the strategic and business objectives of the organisation.

COURSE HIGHLIGHTS

IN-DEPTH LEARNING

- An understanding of the key principles of optimal decision making using risk and reward
- Knowledge of “whole of life” decision making and how it links to risk / reward decision making
- The ability to identify the different “rewards” that need to be considered
- The ability to identify the key risks in a decision
- A focus on known, determinable and unknown rewards and how both qualitative and quantitative can be best assessed and measured
- An appreciation of the importance of a well-articulated risk appetite and how it should be used in decision making
- Appreciate the impediments to optimal decision making including biased / anchored thinking, conflicts of interest and hidden agendas, misaligned incentive schemes and unmanaged emotions
- An appreciation of how humans make decisions
- Appreciation as to the importance of a challenge culture
- Understanding of how material decisions can be documented

PRACTICE

- Many case studies are used throughout the course to illustrate concepts
- Participants will apply the principles to their own decision example

COURSE OUTLINE. INTELLIGENCE GAINED

1. THE PRINCIPLES OF STRONG DECISION MAKING

- The inputs: Risk and Reward
- “Whole of Life” decision making
- The steps:
 - Collecting information on reward and risk
 - Assessing the relative “size” of reward and risk
 - Assessing risk against risk appetite
 - Evaluate reward against risk
- Managing emotions and personalities
- Challenge of the decision

2. THE INPUTS – A FOCUS ON REWARD

- What is reward?
- Importance of linking to strategy and objectives
- Different types of reward: Financial and Non-Financial
- Assessing reward: Known, Determinable, Unknown
- Aggregating reward between the different types
- Adjusting reward assessments as:
 - Strategy and objectives change
 - More information becomes available

3. THE INPUTS – A FOCUS ON RISK

- What is risk?
- Inherent and Residual and the cost of control
- Importance of linking risk to strategy and objectives
- Different types of risks: Financial and Non-Financial
- The difficulty of assessing “delivered” risk by evaluating a future state of risk
- Assessing risk: Quantitative and Qualitative
- Aggregating risk between the different types
- Adjusting risk assessments as:
 - Strategy and objectives change
 - More information becomes available

4. THE INPUTS – A FOCUS ON RISK APPETITE

- What is risk appetite?
- How can it be articulated?
- How is risk appetite applied in optimal decision making?

5. BRINGING REWARD AND RISK TOGETHER

- Comparing risk and reward
- How can reward and risk be equated
- Relationship between risk and reward – a complex relationship

6. EVALUATING THE INFORMATION TO MAKE A DECISION

- Viewing the whole
- Evaluating the decision

7. PRACTICAL APPLICATION

- A suggested decision-making model
- Documenting the decision
- Updating the decision

8. DECISION RISK

- The components of decision risk
 - Upfront (Scope and Choice)
 - Ongoing
- The human risks: anchored thinking, biased thinking, hidden agendas, conflicts of interest, unmanaged emotions and personality
- How humans make decisions – System 1 and System 2
- Managing decision risk
- The importance of challenge
- The “No Regrets Test”

9. INCENTIVE SCHEMES

- Humans respond to incentives
- Risk / Reward incentive schemes
- Getting the balance right
- The challenges of measurement

10. RISK-BASED PERFORMANCE MEASUREMENTS

- Methods of assessing performance
- RAR, RAROC, RORAC
- A reward/risk balanced scorecard

11. STRATEGIC RISK MANAGEMENT – A CASE STUDY

- Decision Risk, Execution Risk, Delivered Risk

MEET YOUR PRESENTER:



DAVID TATTAM

David is the Director of Research and Training at The Protecht Group. He is a renowned risk management expert, practitioner, trainer and presenter who has trained more than 20,000 risk and compliance professionals, company directors, senior managers and frontline staff globally over the past 25 years. During more than 35 years of risk management experience, he has been Chief Risk Officer and Head of Operations at two Global Banks, spent over 10 years with the “Big 4” audit firms and the last 19 years building Protecht’s current ERM system offerings, advisory and training capabilities and working with clients across a wide range of industry groups globally.



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