



MVL Consulting Private Limited Corporate Risk Management

MVL Consulting Private
Limited

Programme Newsletter
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RISK MANAGEMENT PROGRAM FOR MIDDLE and SENIOR LEVEL EXECUTIVES FROM INDUSTRY

The Indian economy has taken many strides on the path of globalization. That has generated many challenges in its wake. These challenges create new opportunities as also uncertainties characteristic of a rapidly changing environment. If managed well, these uncertainties become opportunities. However, if not managed, they crystallize as risk factors. World over, the industrial and financial sectors have evolved scientific methods to identify, quantify, monitor and control various risks and also developed effective hedging mechanisms/

products to take care of them.

Such a 'risk management process' is essentially a part and parcel of the operations and management functions in the industrial unit. It means that each department and the executives therein is directly or indirectly involved in the risk management function. The effectiveness of the 'Risk Management' of the business unit, therefore, depends on the efficiency with which the managers/executives of different departments handle it as part of their roles.



Many business ventures take off without adequate planning and forethought and the result is often a high risk venture

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Special points of interest:

- What is Risk Management ?
- Why is Risk Management important ?
- What can be done to manage risks ?

Our training programme will answer all these very important questions

Reasons why businesses take risk

- Additional distribution channel
- To increase or maintain customer base
- Improve customer relationship through service offerings
- Because they feel they have to
- Because **everyone** else is doing it
- To gain efficiencies (real or perceived)
- Customer demand

FORTUNE

Why Companies Fail

By: Jerry Useem, Ram Charan, Reporter Harrington
Issue: May 2002



If your risk management system is not safe, your future is not secure !

Technology and eBusiness. They make great things possible –

and little things dangerous. Some times in a big way !



Allow us to help you mitigate your **Risks** in Business !

How many more must fall ?

Each month seems to bring the sound of another giant crashing to earth.

Enron, WorldCom, Global Crossing, Kmart, Polaroid, Arthur Andersen, Xerox, Qwest

- They fall singly.
- They fall in groups
- They fall with the heavy thud of employees laid off, families hurt, shareholders furious
- How many. Too many !

257 public companies with \$257 billion in assets declared bankruptcy the last year, shattering the previous year's record of 176 companies and \$95 billion. This year is on pace with 67 companies going during the first quarter. And not just any companies. Big, important fortune 500 companies, that aren't supposed to collapse.

MVLCO Corporate Risk Management Training

Risk Management has rapidly become an essential part of any organization's operations. The ability to understand, implement, and maintain an effective risk management system is critical not only to protecting assets and operations, but also to the survival of the organization.

With this in mind, MVLCO has developed a training programme for business managers that covers the most important risk management concerns they face in their day-to-day activities. In a very simple and straightforward manner, the course heightens the awareness of managers regarding the relevant issues so that they are better equipped to manage them.

The programme objectives

The proposed program aims at helping such Executives in:

- Understanding various risks faced by a business organization in today's economic environment;
- Identifying the risks relevant to the roles/functions performed by the participants;
- Understanding some methods to identify, quantify, monitor and control these risks.

Equipping these decision makers in this manner will facilitate integration of 'risk management' process with their traditional management roles and enhance the effectiveness of risk management all through the organization. This will help the business organizations in deriving optimum benefits of the opportunities generated by the globalization process and help them grow.



Programme Contents

DAY-1

Session-1:

- Introduction of Participants and their Organization,
- Explain the Programme Design and Coverage

Concept discussion:

- Definition of Risk, environmental conditions necessitating sophisticated Risk management practices
- Illustrations of risks
- Risk management function and its integration with Management functions and processes in Organisation
- Upside, Downside and Uncertainty management, etc.
- Risk management steps Identification, Quantification, Monitoring and Management

Individual/Group Work:

Participants are requested to list out the risks faced (or likely to be faced) at individual, departmental and the entire organizational levels. Each participant also examines **his own role** to identify the risk management cycle components that he manages/handles as also his contribution to other linked roles for collective risk management.

Session-2:

Sharing and Discussions: Collective classroom activity

- Sharing of the risks listed, including omitted risk factors,
- Classifying risks so listed into various categories using various yardsticks,
- Sharing the logic and use of such classification in dealing with them systematically
- Collectively examining the validity of the management/operational parts of the role and the risk management process
- Risk management a part of various business functions like Working capital management, Inventory management, Starting a new project, Financial management, Production and Quality management, Marketing, Cost management, etc Give illustrations,
- Understanding the linkages among Corporate Governance, Risk management, Quality management, Efficiency management, etc

Risk management Cycle: Concept discussions

- Establish a business framework
- Identify all significant risks
- Measure risks
- Deal with the most important risks
- Monitor arrangements

OVERNIGHTWORK:

Each participant prioritizes the risks his Department and Organisation faces according to:
The impact of risk (intensity) expressed in 'very high', 'high', 'medium' and 'low'
The probability of its occurrence during the next three years

DAY-2

Session-1 and 2:

- Sample sharing of overnight work
- Concept discussions on Credit risk, Market risks and Operational risks based on the previous day's classification.
- Discussion on the concepts of Probability of default (PD), Loss-given default, Exposure at default, VAR, etc
- Concept discussion and illustrations of Quantification techniques and hedging techniques (like **4-T principles**), focusing on the high priority risks shared by the participants
- Turnbull Report and implementation of risk management framework

Session – 3:

Concept discussions on Project Risks in various stages of the project; Different hedging techniques, with illustrations

CONCLUSION:

The participants individually (or in groups of participants coming from the same organization) prepare a Risk profile and an action plan for improving the risk management system in their departments through their roles as also to enhance effectiveness of their role linkages with other connected role-holders same purpose. Sample sharing; Collection/sharing of feedback and suggestions

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Risk Protection !



Risk Management

It is neither possible nor desirable to completely eliminate risk from a business. Focusing entirely on prevention of risks completely may result in elimination of returns as well. Instead, what is required is an understanding of all the risks that arise from a particular business and then managing these risks effectively

What is Risk Management?

- ❖ A discipline for dealing with uncertainty
- ❖ A system of making choices
- ❖ A way for better understanding of potential liability
- ❖ A guide for responding to undesirable events.

Risk Management is a discipline consisting of three distinct dimensions:

Upside Management : Creating and capitalizing on opportunities where an institution has distinct advantages to achieve positive gains with improved chances of success.

Downside Management : Instituting controls and counter-measures to prevent or mitigate losses as a result of constraints posed by the organization's operating environment.

Uncertainty Management: Applying methods and techniques to reduce the variance between anticipated financial outcomes and actual results.

Customisable to specific needs and up-to-date

MVLCO is aware of the significant efforts organizations put into developing their risk management policies and understands that each organization has its peculiarities with regard to the risk management measures it has put in place. We are therefore prepared to customize our courses to your specific needs by placing greater emphasis on the areas that are most important.

MVLCO's trainers are practicing risk management consultants and are well aware of needs of an organization to protect its assets.

MVLCO's experts can help take your employees to the level they need to be able to act diligently in today's high-tech working environment and protect the valuable assets your organization works so hard to build.

Contact us now to get a more in-depth view of our employee risk management training programme.

