



RISK DOCTOR BRIEFING

HEADLINE RISKS: SEEING THE BIG PICTURE

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Risk assessments are often undertaken in detail, or several assessments are conducted in different parts of an organisation, project or program. Detail may be appropriate for tactical decisions and specific treatment planning, but there is often too much detail to support high-level decision-making.

A **headline risk** makes sense of a large amount of detail by providing a summary of what might happen and what the consequences might be. It can either be developed bottom-up from a set of detailed risks that have common features, or by taking a top-down perspective to find risks that are caused by organisational-level sources or external sources that are not apparent from lower levels.

The benefits of using headline risks include:

- The summary leads to a high-level understanding of the important risks for the organisation, supporting strategic decisions and allowing corporate risk treatment to be dealt with confidently.
- 'De-cluttering' a large and sometimes messy set of risks generates a list that is more manageable, highlighting common themes that affect several parts of the organisation and facilitating clearer decisions.
- Consolidation can detect systemic or common-cause risks that might otherwise remain hidden because individually they have moderate or low levels of risk, allowing them to be addressed coherently.
- The high-level view of risks, and the understanding that is generated, provides managers with greater confidence as they approach and make decisions.

Developing headline risks can be particularly useful in the following circumstances:

- Risk assessments are often undertaken for individual business units in an organisation, or individual projects in a program or portfolio. An organisation also needs to understand how uncertainty affects it as a whole, but individual risk registers are not always best suited for this.
- An initial risk assessment sometimes needs to be very specific, to allow detailed analysis of risks and development of treatment options or to meet regulatory requirements. However, there may be too much detail for senior managers to gain a clear, high-level understanding about where the major uncertainties lie.
- Questionnaires are sometimes used with a business team to collect their initial thoughts about threats and opportunities as an input to a risk assessment workshop. This starts people thinking about uncertainty before they participate in a workshop, and the aggregated headline risks form a sound starting point for assessment, allowing risk identification to proceed quickly and efficiently.

To develop a set of headline risks:

- Include high risks, and set aside low or inconsequential risks.
- Combine moderate or low risks that feature in several places (for example due to common causes). Include these as headline risks if they relate to systemic matters, or if their treatment might require intervention from outside individual business areas or projects.

There is rarely a single 'best' set of headline risks, and there is no simple process to produce them. A great deal of judgement is needed, based on the detailed causes, controls and consequences in the risk register, to generate a suitable high-level list. The effort is worth it though – a small set of headline risks is easier to understand and promotes better and more informed decisions, leading to more effective management of risk at all levels.

[For more details, see <http://broadleaf.com.au/resource-material/headline-risks-seeing-the-big-picture/>]