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Risk management plans

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Josh runs a construction business. While creating a risk management plan, he identifies safety of his employees as one of his main business aims.

After talking with employees, contractors and clients, he sets his acceptable level of risk for safety procedures to zero. In his internal risk policy, he notes that safety procedures must be upheld at all the times and that no injuries or fatalities are acceptable.

He makes sure all his stakeholders are aware of this policy. He provides safety training for his employees and explains who is responsible for specific safety risks.

The example above maps out the steps that every risk management plan should include.

Focus on what matters most

Before you create a risk management plan, think about which areas of your business it will refer to. For example, you might only be interested in hazard-based risks. Some of the internal and external things to think about when creating your plan are:

- social, cultural, political and regional issues
- economic, technology and competitive trends
- government policies and law
- your business aims, policies and strategies.

Find out about [identifying and assessing risks \(https://www.business.gov.au/Info/Run/Risk-management\)](https://www.business.gov.au/Info/Run/Risk-management/).

Commit to reducing risk

Committing to quality risk management can help you create a stable business that prepares for unexpected events.

As a business owner, it's a good idea to:

- make sure your business aims links to your risk management plan
- clearly describe your risk management plan to everyone in your business
- show support for risk management
- set up a way of measuring the success of your risk management plan
- regularly check that your way of measuring is giving you useful information
- make it clear who's responsible for what
- provide enough resources at all levels of your business
- ask for feedback from everyone in your business, including customers and suppliers
- use feedback to update your plan
- explain risk management to new employees and in training programs.

Consult with stakeholders

Your risk management plan will be more specific and useful if you ask for feedback from the people, businesses or organisations you deal with.

Stakeholders can include:

- employees, contractors and sub-contractors
- clients, customers and suppliers
- business financiers, investors and insurers
- your local communities and local media
- government agencies.

Consulting with stakeholders will help you to:

- work out what your business considers as high and low risk
- get support for your risk management plan
- bring together different views and areas of expertise
- keep your risk framework up to date
- respond to unexpected risks.

Make your plan

Once you've gathered all the information, state the level and nature of risks that are acceptable or unacceptable in the workplace. Risk criteria set a standard you can use to assess risks to your business.

A good risk treatment plan should have information on:

- each risk type and the level of risk to your business
- suggested strategies to treat each risk
- timeframes for each strategy
- who's responsible for specific parts of the plan
- resources required such as money, staff and external help
- future action such as regular checking and updating of risks, if needed.

What to do...

- Consider these checklists to help you:
- [prepare your business \(https://www.business.gov.au/Info/Plan-and-Start/Templates-and-tools/Emergency-management-template-and-guide/Prepare-your-business-checklist\)](https://www.business.gov.au/Info/Plan-and-Start/Templates-and-tools/Emergency-management-template-and-guide/Prepare-your-business-checklist)
- [take action during an emergency \(https://www.business.gov.au/Info/Run/Emergency-management/Take-action-in-an-emergency\)](https://www.business.gov.au/Info/Run/Emergency-management/Take-action-in-an-emergency)
- with [business recovery. \(https://www.business.gov.au/Info/Plan-and-Start/Templates-and-tools/Emergency-management-template-and-guide/Business-recovery-checklist\)](https://www.business.gov.au/Info/Plan-and-Start/Templates-and-tools/Emergency-management-template-and-guide/Business-recovery-checklist)