

Opportunity Management/ Positive Risk Management

Peter Moore

Overview

- The process of using AS/NZS 4360 as an opportunity management tool
- Establishing the context for opportunity management
- Developing criteria to evaluate business opportunities
- Assessing opportunities for return to the business against the probability of realisation of opportunities

Context

- Is the process being used for:
 - Evaluating all business opportunities (across the business)?
 - Opportunities in one market?
 - Opportunities within business divisions (i.e. business improvement processes)?
 - To evaluate opportunities for priorities for allocation of resources?

Opportunity Assessment Criteria

- Return to the business
- Probability that the opportunity will be realised

Return Elements

- Return to the business:
 - Financial
 - Enhanced business reputation Competitive advantage
 - Technological improvement
 - Establishing critical mass in new markets

Return Criteria

- Financial (e.g. >\$10M, \$5m-\$10M, \$1M-\$5M, \$500K-\$1M, <\$500K)
- Business reputation (e.g. become market leader, improve market position, increase other opportunities)
- Technological improvement (e.g. develop leading edge technology, implement latest technology/processes, adopt best practice)

Probability Elements

- Almost certain
- Highly likely
- Probable
- Possible
- Unlikely

Probability Criteria

- Probability that the opportunity will be realised:
 - >90%
 - 70%-90%
 - 50%-70%
 - 25%-50%
 - <25%

Opportunity Level

- Outstanding
- Optimal
- Moderate
- Low
- Marginal

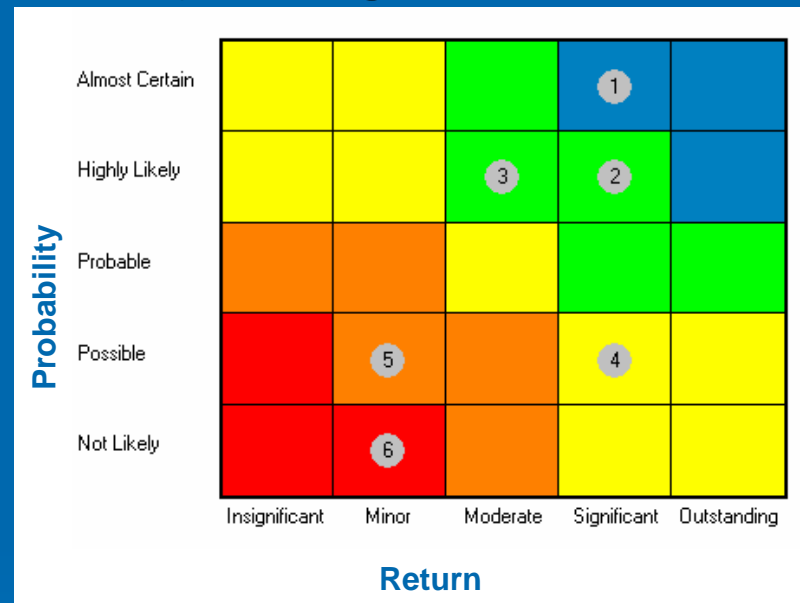
Opportunity Matrix

- Plot of opportunity return against probability of achieving the return
- The ability to identify the opportunities of greatest importance to the business
- The ability to quantify opportunities and apply best use of resources

Opportunity Level

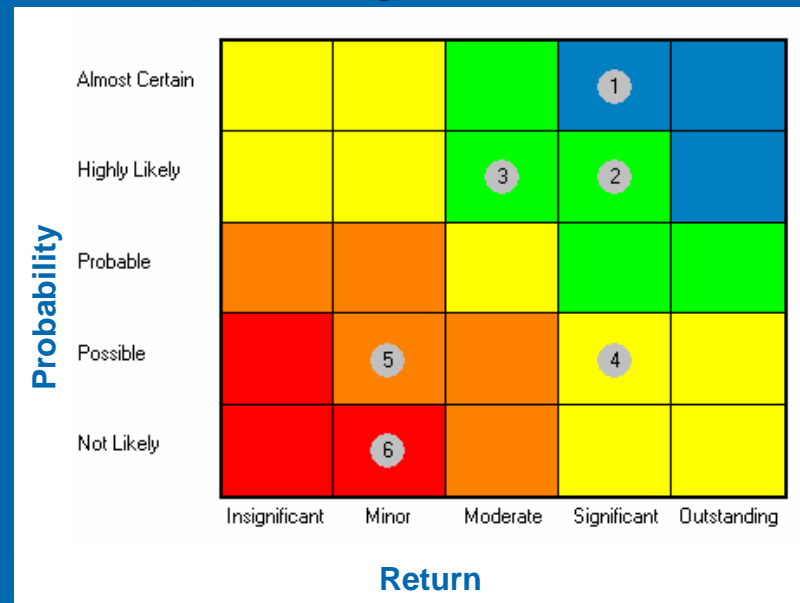
- The ranking of opportunities across the context (across the business/within business divisions)
- The ability to semi-quantify the potential returns to the business against the resources applied to achieving them

Opportunity Register and Profile - 1



Opportunity Rank	Opportunity	Return	Probability	Return
1	Project x in country Y	Significant	Almost Certain	Outstanding
2	ABC ore body	Significant	Highly Likely	Optimal
3	New factory in location Z	Moderate	Highly Likely	Optimal
4	Tender submission for project Delta	Significant	Possible	Moderate
5	Additional unit for client Alpha	Minor	Possible	Low
6	Upgrade existing facility to increase production	Minor	Not Likely	Marginal

Opportunity Register and Profile -2



Opportunity Rank	Opportunity	Return	Probability	Return
1	Upgrade financial management system	Significant	Almost Certain	Outstanding
2	Develop new marketing campaign	Significant	Highly Likely	Optimal
3	Develop new market strategy	Moderate	Highly Likely	Optimal
4	Upgrade HSE system	Significant	Possible	Moderate
5	Develop new range of products	Minor	Possible	Low
6	Establish foreign exchange hedge fund	Minor	Not Likely	Marginal