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ASH SHAW

Specialist Pension Scheme Auditors



Helpsheet No. 2 Ash Shaw's Positive Risk Management for Trustees

Helping you
manage
your
pension
scheme's
risks more
skilfully.



POSITIVE
RISK
MANAGEMENT



Helpsheet No. 2 Positive Risk Management for Trustees

WHY IS RISK MANAGEMENT SO IMPORTANT?

For anyone in business, whether for profit or not for profit, time is the biggest constraint. Given enough hours in the week, we could all achieve any target and complete all our 'to-do' lists. However, time is finite. No matter how hard we work or how cleverly we organise ourselves, there are only 168 hours in a week. Working 40-50 hours per week is not uncommon; some people work over 60 hours, but there is never enough time to do everything.

To make matters worse, we cannot manage time. We can only manage how we focus our attention in the available time. That is what risk management is about – paying attention to what matters most and not necessarily to those matters or people which make the most noise.

WITHOUT EFFECTIVE RISK MANAGEMENT

Let's start by having a look at some typical occurrences when a structured risk management approach is not adopted.

Take a moment to check if any of these apply to your board of trustees:

- Decisions keep getting postponed; particularly those decisions that would help you deal with the root causes of issues.
- You move from one deadline to the next, with little time set aside for strategic focus.
- Issues often come as surprises.
- Board papers are not available in advance of meetings.
- More and more reliance is placed key individual(s).
- Key risks are not documented.
- Practices and procedures remain stagnant.
- Breaches to the law and regulations go unnoticed.
- 20% of members (or advisers) are taking 80% of your attention.
- You receive too much or too little information.
- There is a lack of delegation.

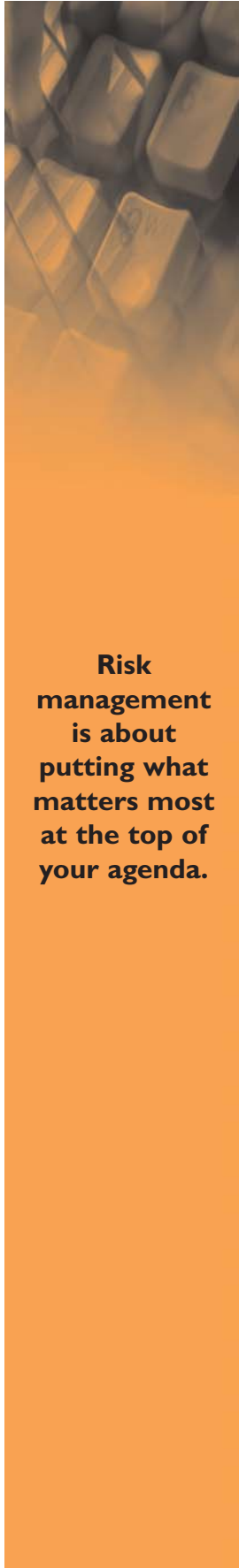
Effective risk management deals with a few simple shifts to focus on key issues and to bring lifelong benefits.

'There is nothing more frightful than ignorance in action.'

Johann
Wolfgang von
Goethe



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Risk management is about putting what matters most at the top of your agenda.

KEY SHIFTS

Approaches to risk management have come a long way. Managing risk is no longer just about reacting to particular events to minimise their effects and ensuring compliance with regulations; it is about developing a strategic approach to risk which can enhance a business's competitive advantage and contribute to shareholder value. It is about taking a proactive stance which ensures that less time is spent reacting to situations and more time is spent taking advantage of business opportunities.

STEP ONE: Set goals. Running a business is like running a relay race. You are responsible for running part of that race and you need to know where the race will finish.

STEP TWO: Identify and prioritise risks. This is about putting what matters most at the top of your agenda.

STEP THREE: Manage, evaluate and review risks. Risk management is an ongoing process and requires fine tuning and maintenance from time to time.

WHAT SHOULD YOU DO?

You may well be thinking that the above is very simple or you may think you practice these things already.

Be open minded. Imagine a better way. Remember, by managing risks more effectively, you will enjoy greater success in your role, as well as having more time and energy to enjoy life.

The following paragraphs set out three proven steps to allow you to discover how powerful effective risk management can be in making your life easier.

STEP ONE: Set goals

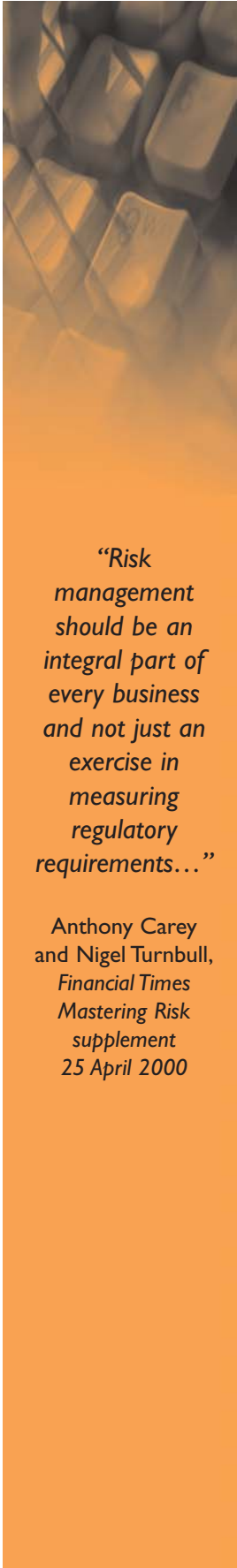
Who are your key stakeholders? What do they want to achieve? What are your main goals? How are you organising yourself to achieve them?

Whatever your goals, you may expect to realise the following benefits:

- You will know that the key stakeholders are being looked after.
- Other people will be educated as to how you work and can therefore plan accordingly.
- A sense of achievement sharpens your self-esteem and promotes greater motivation.



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“Risk management should be an integral part of every business and not just an exercise in measuring regulatory requirements...”

Anthony Carey and Nigel Turnbull,
Financial Times Mastering Risk supplement
25 April 2000

STEP TWO: Identify and prioritise risks

What risks do you face? How will you ensure that you have identified all your risks? What risks are most important?

Consider,

- Investment management and strategy
- Scheme administration
- Payment of contributions and benefits
- Legal requirements
- New opportunities
- Information used for decision making

Why not list all your risks now?

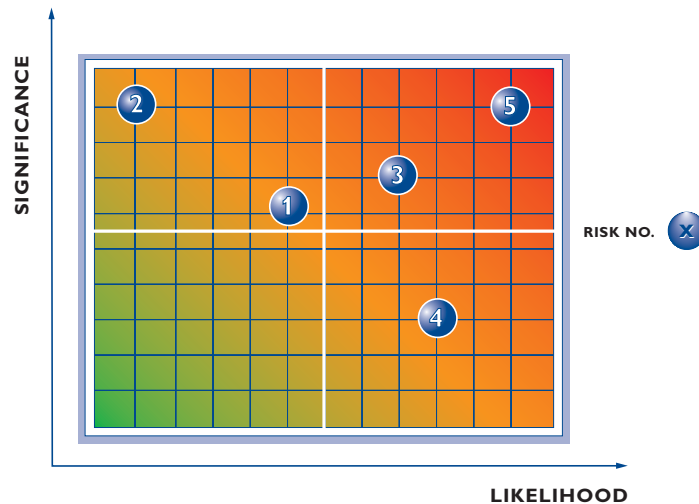
1. *For example: contributions from the company are not paid on time*
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STEP TWO: Identify and prioritise risks (continued)

How significant and likely are the risks listed above? Now plot them on the risk map below.



STEP THREE: Manage, Evaluate and Review Risks

How will you control your risks? What information will you need? How will you ensure the information is reliable?

From time to time, risks need to be re-evaluated to ensure that they make sense and that new risks are added to the risk list and prioritised. For example, consider what's new, what's complex, what's broken and what your advisers say.

HOW WE CAN HELP YOU

Our help and advice will be more effective if you have identified your issues. However, the issues can sometimes be complex, so feel free to use us to help you clarify your current situation.

The following checklist should help, but feel free to create your own questions.

- Where should we start?
- How do we organise a risk workshop?
- We constantly feel surprised.
- What controls do we have?
- What controls do we need?
- We are missing important deadlines.
- Trustees' meetings are dreaded.
- We are powerless to change the way the scheme or advisers operate.
- We are not well prepared.
- We need reassurance that the scheme is operating effectively.

You are welcome to a free consultation before making a decision. To arrange a 30 minute, no obligation meeting with either Gareth Burton or Terri Jarvis, please call Andrea Gardner on 020 7917 2987 or email andrea@ashshaw.com



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FURTHER READING

- Business Guide: Managing Business Risk by CBI and in association with KPMG
- Risk Management for Pensions, Endowments and Foundations by Susan M Mangiero
- Managing Risk by Alan Waring and A. Ian Glendon
- The Seven Habits of Highly Effective People by Steven Covey

BENEFITS

In summary, the benefits of effective risk management include:

- Attending to the things that matter most;
- Learning to say 'No', and hence having more time and energy
- Taking advantage of new opportunities
- Identify opportunities for better service
- Better value for money
- Using professional advisers to help you take a step forward
- Working fewer hours, having more time to rest and enjoy life
- Feel relaxed and have peace of mind



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Who uses Ash Shaw?

Ash Shaw is for Trustees, Pension Professionals and Accountants who want effective relief from their pensions headache.

Client comments

"This has been the nicest and quickest audit ever in 30 years." Among the improvements they identified were "Promises kept", "A positive attitude" and "Help all along the way without being condescending".

*"It's not like other companies where I used to get plagued by questions which showed that they didn't know what they were doing".
"At (firm) we were just a file tucked away somewhere, (Ash Shaw) listened to us and knows what we are about."*

Are you looking for **effective** relief from your **pensions audit** headache?

The role of the pension scheme trustee is becoming more and more demanding. That's why more trustees are seeking greater help from their accountants, but finding a real lack of interest and urgency. However, the gap between using just any 'accountant' and an 'expert' is just a few short steps away.

Being surprisingly passionate about pensions is not just about having great advice to offer. It entails understanding your needs and delivering easy to understand advice at the right time.

What difference will you see?

Do you have time to teach your advisers your business? Whether they are a trustee, secretary to the trustees or professional adviser, our clients want to make the best use of their time. They have shifted from believing that all accountants are the same. Our clients switched to us because they were ready, willing and eager to making the following shifts in the first year.

Current situation

- No personal relationship
- Poor service
- Lack of industry experience
- Unexpected fees
- Late accounts
- Dealing with staff who 'dabble'
- Business not valued
- Numerous staff changes
- Lack of independence
- Feel alone, isolated

By working with Ash Shaw

- Distinctive personal service
- Great service
- Guaranteed industry expertise
- Agreed fees with no surprises.
- Accounts delivered on-time
- Working with proven expertise
- Client focused from day one
- Staff continuity
- Totally independent service
- Access to practical help and advice



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How do we work?

We appreciate all trustees are different. That's why we tailor our service to your needs, helping make your life **easier**.

We **listen** to your requirements which enables us to deliver the right solution at the right time. Our approach is proven to be simple, efficient and effective.

Whether it's a one-off project or as an ongoing professional adviser, we will get to know and understand your situation and **deliver the best possible solution** using our team of talented individuals. Our services include:

- ✓ Auditing
- ✓ Accounting
- ✓ Process improvements
- ✓ Risk management
- ✓ Training

How much does it cost?

There are three levels of service to suit your individual needs.

Where do I find more information?

You are welcome to a free consultation before making a decision. To arrange a 30 minute no obligation meeting with either Gareth Burton or Terri Jarvis, please call Andrea Gardner on 020 7917 2987 or email andrea@ashshaw.com

Our independent client service review found a very **real distinction** in **service** and **service quality** between Ash Shaw and the larger firms and that there are very few other firms, if any, offering this level of personalised service.

Email helen.olphin@elwardolphin.com to find out more

Client comments

"Every time I had a problem (Ash Shaw) had a solution. They don't mind providing help if you are stuck on something."