



32 page Risk Mangement
Exercise

Risk Management

Every version of the AS 9120 standard has advocated risk avoidance and risk management. The new AS 9120 Rev B standard continues to expect organizations to identify and address risks affecting compliance of products and services, resulting in improved customer satisfaction.

Besides identifying the risks, organizations should address opportunities for improvements and corrective actions based on the risk analysis.

Note that while nonconformity and corrective action are requirements of AS 9120 Rev B, the concept of preventive action can be addressed through a risk-based approach where risks are determined and actions to address risks and opportunities are taken.

This risk analysis exercise is intended to outline several approaches / options for the management of risk at your company.

To prepare for the change, it is time to begin understanding Risk-Based-Thinking and begin looking at your processes in terms of risks.

Risk is defined as the combination of the probability of occurrence of harm and the severity of that harm.

When evaluating risk, it is helpful to address it using two (2) metrics or parameters:

1. Severity (if harm happens, how serious is the event)
2. Likelihood (what is the probability of a harmful event occurring)

Because this topic is so important, it will have an impact on your QMS.

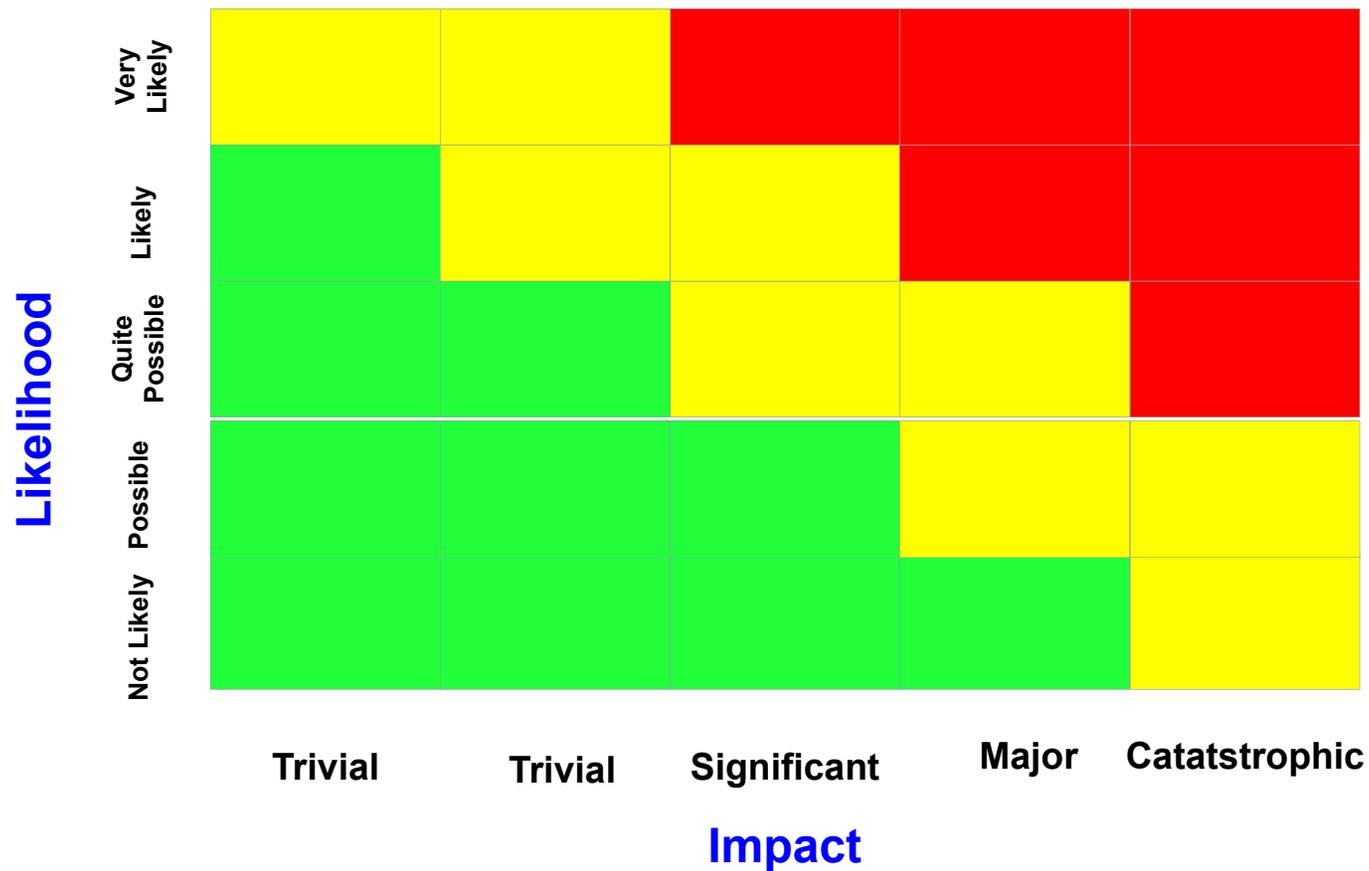
Includes PowerPoint presentation for continual improvement

Risk Management / Risk Analysis in AS 9120 Rev B

**Committed to
Continual
Improvement**

Risk-Based Thinking

An informal risk management system aimed at improvement



Risk-Based Thinking

Example: What can go wrong with a Process?

- Purchasing Process
 - Single Source supplier is wiped out by Tsunami
- What is the impact?
 - You are shut down
- What is the likelihood it will happen?
 - Unlikely (But it happens)
- How do you mitigate the risk?
 - Find another supplier
 - Revise design to allow other options