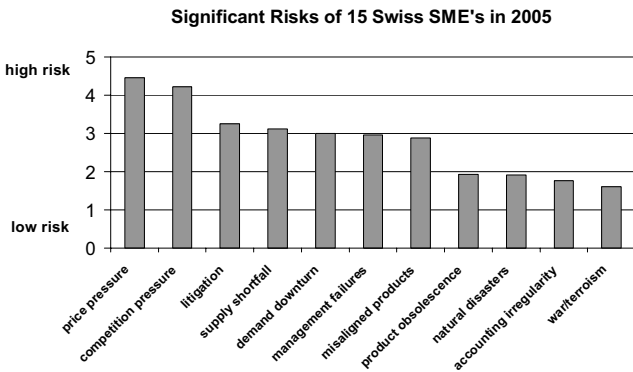


**News from Research Programmes on Risk Management Issues**

**ETH Risk Management Team – closing the gap between industry and academia**

At the ETH Zurich, Chair of Technology and Innovation Management of Prof Roman Boutellier, four PhD students - Berthold Barodte, Adrian Fischer, Eric Montagne and Hans von Pfuhlstein - have founded in early 2005 the ETH Risk Management Team (ETH RMT), which successfully implemented enterprise-wide risk management in small and medium enterprises (SMEs).

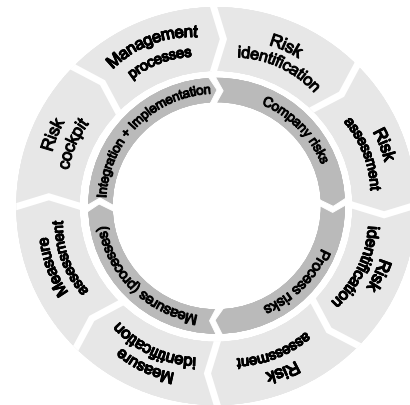
Their research in the field of risk management showed that due to non-existing or non-adapted risk management processes SME's often have problems identifying their risks and tackling them with the right measures. Risk management support for SME's is hard to find on the market, but new regulation as Basel II will force many SME's to implement a risk management process within the next years.



Analyzing 15 Swiss SMEs in 2005 and grading their risks on a scale from one (low) to five (high) ETH RMT recognized that price and competition pressure were the two biggest concerns. Risks occurring seldom to Swiss SMEs, such as war, terrorism and natural disasters are played down. Their low valuation might result from lacking procedure to assess risks in the long run and giving higher importance to probability of occurrence than to impact.

Based on these findings and the analysis of multiple risk management processes, ETH RMT has developed an easy-to-use risk management process tailored to SMEs. During 2005, this process was continuously improved. The ETH RMT risk management process is a combined top-down (company risks) and bottom up method (process risks and measures). The identification and assessment of risks lead to a prioritisation of a company's risks and their assignment to different processes. A closer analysis within the various processes results in process risks which are then evaluated. Measures are found and assessed. The risks of the various processes are integrated in a risk cockpit and the ETH RMT risk management process integrated in management processes.

**ETH RMT Risk Management Process**



This process has been implemented in several companies by projects of three to six months. The tools and techniques are always adapted to a company's specific needs and desires, taking into account the tools already in use by the company. Besides the improved awareness of risks and the availability of measure to tackle them, the process has in some cases provided additional benefits to companies by significantly reducing their insurance premium and getting credits at a lower rate.

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