

**A framework for managing risk in a changing business**

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The rate of change in the business environment and its corresponding challenges present organisations with varying degrees of risk. Recent literature alludes to a growing concern that current business change initiatives provide less than satisfactory results. There are some methods available that address specific issues related to business change, but they lack a coherent and integrated approach to managing the risks associated with change. The aim of this research is to put forward a framework that provides the means for managing the risks of business change in an integrated and comprehensive fashion.

The research reviews the environment of the business under change, including the various business types, their industries, the types of change and the range of disciplines which provide the tools to manage the risks. The literature and business review provides the basis for testing a set of propositions by means of market research. All these facets are synthesised into a conceptual framework for managing risk through the complete solution life cycle; from risk identification through to process design, monitoring and control.

The framework is tested against an application that covers a wide range of business change types. This evaluation draws attention to the substantiation of the general framework while highlighting gaps. Software is key to supporting the framework. Available software offerings are reviewed and their shortcomings highlighted. Some supporting software has been developed to complement the existing range of market offerings.

In conclusion, the success of the research is evaluated, hypotheses are postulated and recommendations for further areas of study are made.

## **Proefskrif Samevatting**

Die tempo van verandering in die besigheidsongewing en die ooreenkomstige uitdagings, stel organisasies bloot aan verskeie risikos. Volgens onlangse literatuur toon huidige besigheidsveranderingsinisiatiewe nie die verlangde resultate nie. Metodes is beskikbaar wat sekere besigheidsveranderingsaspekte aanspreek, maar in meeste gevalle ontbreek 'n

duidelike en geïntegreerde benadering van die verandering, te bestuur. Die doel van hierdie navorsing is om 'n raamwerk daar te stel vir geïntegreerde en omvattende risikobestuur van besigheidsverandering.

Die besigheidssomgewing onder verandering word ondersoek, daar word gekyk na die verskeie besigheidstipes, industrieë, tipe veranderings en die reeks dissiplines wat risikobestuur se riglyne verskaf. Die literatuurstudie en besigheidsoorsig verskaf die basis vir die evaluering van voorstelle deur middel van marknavorsing. Al hierdie fasette word saamgevat in 'n konseptuele raamwerk vir risikobestuur oor die volledige lewensiklus van 'n oplossing, vanaf risiko-identifisering tot proses ontwerp, monitering en beheer.

Hierdie raamwerk is getoets teen 'n toepassing wat verskeie besigheidsveranderingstipes insluit. In die evaluasie word die aandag gevestig op die belangrikheid van so 'n raamwerk en terselfdertyd word gapings uitgelig. Die regte programmatuur is noodsaaklik vir die ondersteuning van so 'n raamwerk. Beskikbare programmatuur is ondersoek en tekortkomings is uitgelig. Ondersteunende programmatuur is ontwikkel om dit wat in die mark bestaan, aan te vul.

In die samevatting, is die sukses van die navorsing geëvalueer, hipoteses gestel en aanbevelings vir verdere studie gemaak.



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## Abbreviations

ABC	Activity based costing
AIM	Applied implementation methodology
APT	Arbitrage pricing theory
BPR	Business process redesign
CAPM	Capital asset pricing model
CBA	Cost benefit analysis
CID	Consumer idealised design
CNV	Cumulative net value
DBMS	Database management system
EIS	Executive information system
EMV	Expected monetary value
ERP	Enterprise requirements planning
EVA	Economic value added
IIE	Institute of Industrial Engineers
IRR	Internal rate of return
IT	Information technology
JIT	Just in time
LOB	Line of business
MCDM	Multiple criteria decision model
MIS	Management information system
MOR	Management of risks
MOT	Management of technology
NPV	Net present value
OPT	Option pricing theory
OR	Operations research
PE	Process element
PRIMA	Process industries manufacturing advantage
ROI	Return on investment
RONA	Return on net assets
RTC	Resistance to change
SD	System dynamics
SQC	Statistical quality control
TOC	Theory of constraints
TOP	Total operational performance
TQM	Total quality management