

In ideal risk management, a prioritization process is followed whereby the risks with the greatest loss (or impact) and the greatest probability of occurring are handled first. Systems like the Committee of Sponsoring Organizations of the Treadway Commission Enterprise Risk Management (COSO ERM), can assist managers in mitigating risk factors. For example, the framework for ERM components includes Internal Environment, Objective Setting, Event Identification, Risk Assessment, Risk Response, Control Activities, Information and Communication, and Monitoring. In practice the process of assessing overall risk can be difficult, and balancing resources used to mitigate between risks with a high probability of occurrence but lower loss, versus a risk with high loss but lower probability of occurrence can often be mishandled. These risks directly reduce the productivity of knowledge workers, decrease cost-effectiveness, profitability, service, quality, reputation, brand value, and earnings quality. Intangible risk management identifies a new type of a risk that has a 100% probability of occurring but is ignored by the organization due to a lack of identification ability.