ABSTRACT

As one of CPO major producer in the world since 2006 (Oil World Annual), Indonesian CPO's production is predicted to be increasing till 40 million tons in 2020. This condition indicates an opportunity to PT Graha Cakra Mulia, one of biggest private plantation company in Indonesia. But the fact, in 2010, a decreasing number of production's performance occurred in last three months. It was also followed by the increasing number of Losses and several plantation areas which were under budget production. This would trigger the company's awareness of operational risk.

In order to identify the risk and its severity of a company, The Committee of Sponsoring Organizations of the Treadway Commision (COSO) Guidelines is used. According to daily and monthly report, six risks were obtained which two of them were significant to the company, residual (restan) risk and rotten fruits risk. The result of Monte Carlo's simulation showed that the predicted Value At Risk (VAR) are 19.21935% and 9.030596% toward monthly TBS total production.

Analysis process toward this case results a suggestion to control the activities that depend on the internal company's capabilities. By using Net Present Value (NPV) analysis (interest rate=15%), it results NPV amount IDR 2,489,176,176.13,-. In conclusion, controlling activities is feasible to be implemented.

Key words: *operational risk management, COSO ERM, Values At Risk, NPV.*