

Exploiting future uncertainty

**CREATING VALUE FROM RISK**

**Dr David Hillson**

The Risk Doctor

**GOWER**

# Contents

<b>PROLOGUE</b>	<b>8</b>
<b>INTRODUCTION: WHAT'S NEW?</b>	<b>13</b>
<b>CHAPTER 1: RISK MANAGEMENT AND BETTER BUSINESS</b>	<b>23</b>
The long view back	24
Opportunity knocks	27
Better safe than sorry? You can be too careful	29
Risk management – It's not hard	33
What about luck?	35
Prove it! The value of managing risk	37
What's the cost?	40
Why bother? The benefits	44
Does risk management crush innovation?	47
What about maturity?	49
Problems with risk appetite	52
How is it for you?	55
<b>CHAPTER 2: RISK CONCEPTS</b>	<b>59</b>
Universal laws of risk management	60
What exactly is a risk? (And what isn't)	62
Why risk includes opportunity	67
Minimising surprises	69
Dealing with "Unknown-Unknowns"	71
No risk? No chance!	75

<b>CHAPTER 3: MAKING IT HAPPEN – RISK MANAGEMENT IN PRACTICE</b>	<b>79</b>
What's in a good risk process?	80
<b>Step 1: Getting started</b>	<b>84</b>
It's all about objectives	84
How high is high?	86
<b>Step 2: Finding risks</b>	<b>89</b>
Use your imagination	89
Past, present and future	91
How to find opportunities	94
Better brainstorming	96
Assume nothing, challenge everything!	99
The devil's in the detail	102
<b>Step 3: Setting priorities</b>	<b>106</b>
Get your priorities right	106
Problems with probability	108
What's your biggest risk?	112
Identifying overall risk exposure	115
To quant or not to quant?	120
Decision trees	123
<b>Step 4: Deciding what to do</b>	<b>126</b>
Think strategically	126
The Seven As test	128
<b>Step 5: Taking action</b>	<b>132</b>
Get the frogs off the log	132
Turning plans into action	134

<b>Step 6: Telling others</b>	<b>136</b>
Who needs to know?	136
<b>Step 7: Keeping up to date</b>	<b>139</b>
The risk rear-view mirror	139
<b>Step 8: Capturing lessons</b>	<b>141</b>
Don't make the same mistake twice	141
GIGO – Drawing the right conclusions	144
Flexibility – The key to success	146
 <b>CHAPTER 4: THE P-FACTOR – PEOPLE</b>	 <b>151</b>
Ten key concepts	153
Understanding risk attitude	154
What drives risk attitudes?	158
It's just not rational	160
Optimist, pessimist ... or realist?	162
Motivate!	164
Too busy? No way!	167
What about intuition?	169
 <b>CHAPTER 5: THE WIDER WORLD</b>	 <b>173</b>
After the crisis	174
Risk management – An unaffordable luxury?	176
Learning from counter-terrorism	179
Nightmare on Downing Street	182
Man overboard!	186
Let's get personal	189
DANGER ahead	191
Changing the future	194
The longer view forward	197

<b>CONCLUSION: OVER TO YOU</b>	<b>201</b>
<b>EPILOGUE</b>	<b>207</b>
<b>ABOUT THE AUTHOR</b>	<b>211</b>
<b>USEFUL REFERENCES</b>	<b>213</b>
<b>INDEX</b>	<b>217</b>