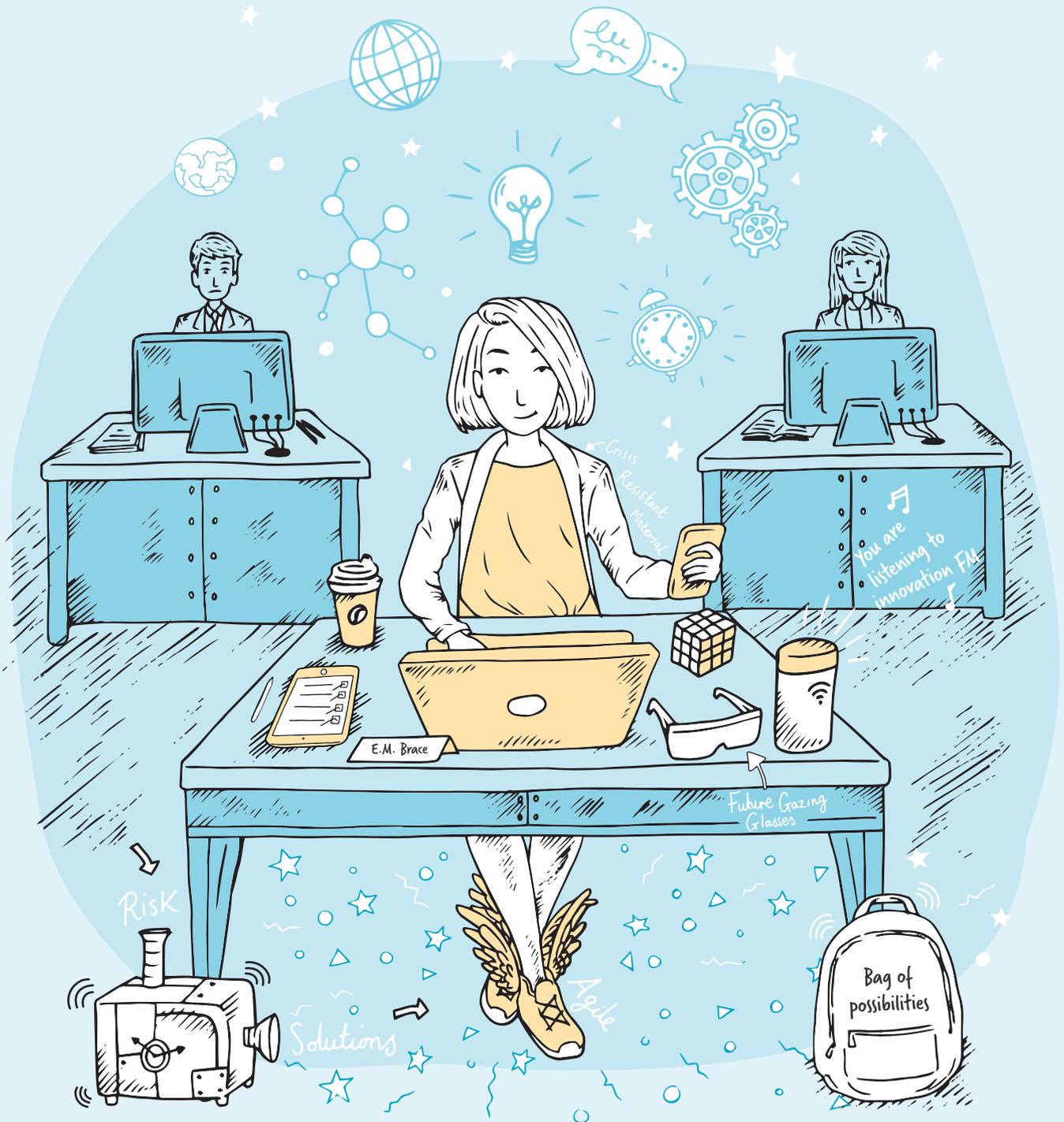


Risk-Intelligence:

How successful leaders thrive in an uncertain world



Positive words dating 2010 - present:



Negative words dating 1998 - 2007:

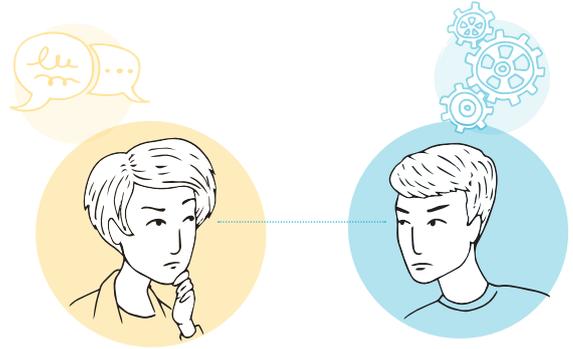


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Foreword

“It felt like standing at the edge of the Grand Canyon, wondering at its vastness.”



It felt like standing at the edge of the Grand Canyon, wondering at its vastness.

Eighty or so of us in a room, discussing the skills risk professionals need to excel in their jobs, with a gulf between the two sides of the debate.

Half excitedly agreed that commercial nous and the ability to have meaningful discussions with decision-makers were very high on the list.

But the other half weren't at all on the same page (or even in the same book). Their role, they said, was to ensure risk is being managed, run risk reviews, report in a timely manner, and ensure risk process is followed. In fact, they looked blank at the suggestion of risk being seen as anything broader than that.

This was a huge surprise for me. I was troubled that there could be such differing opinions of what's expected of risk professionals. And probably, I speculated, differing views of what risk itself means for organisations - a chasm between it being seen as a strategic business priority or a set of operational tick boxes at the other end of the spectrum.

So what did this all mean for risk and the risk profession? And what could we do to close this gap and encourage a more consistent and broad-minded attitude to risk?

Back in the office we debated. We puzzled. We listened carefully to how we talked about risk and it occurred to us that we rarely just said 'risk', but instead talked mostly about 'risk management'.

Is this part of the problem, we wondered, always linking risk with compliance (the 'licence to operate') rather than with opportunity (the 'licence to innovate')? With negatives rather than the positives? Would a shift from 'risk management' to just 'risk' conversations encourage more engagement and informed discussions?

We also wanted to discover what else risk professionals could do to help the board and senior managers engage with risk. Instead of battling to show the value of risk management, should we be highlighting the value of risk itself in helping organisations thrive and be more competitive? A 'risk-intelligent' approach, if you will. How many new conversations might this approach open up?

After many interesting discussions, we'd come up with a lot of questions about where risk is headed. We wanted to explore them, and the idea of 'risk-intelligence' further, with valued strategic thinkers.

Our contributors have been incredibly generous with their time and their thoughts and we thank them for making this report so insightful.

These insights have motivated and challenged us. And as a result, we feel inspired to take a new look at risk every day. To ask what it can do for us, not what it might do to us.

We hope that it has the same effect on you and look forward to hearing your take on risk-intelligence and what it means for today's business world.

Happy reading!

Val Jonas, CEO Risk Decisions



Would a shift from 'risk management' to just 'risk' conversations encourage more engagement and informed discussions?



Val Jonas, CEO Risk Decisions



Introduction. Risk: a four-letter word?

“Life is inherently risky. There is only one big risk you should avoid at all costs, and that is the risk of doing nothing.”

Denis Waitley, motivational speaker



Risk. A simple four-letter word that, like many four-letter words, creates a tidal wave of strong feeling.

In some people, excitement. In others, fear. And plenty in between.

So why the huge spectrum of different attitudes to risk today? Why do some see it as an opportunity to be grasped at all costs, whilst others want it quashed as soon as possible before it ‘scares the horses’? And, most importantly, who is right?

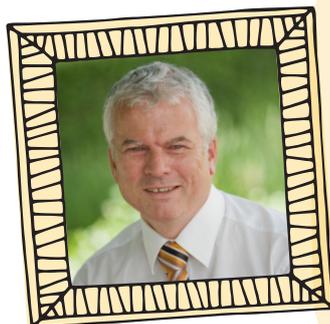
The past twenty years has seen the fall of seemingly untouchable business behemoths like Lehman Brothers and Enron. It’s seen the decline of established corporations like Borders and Blockbuster through their failure to innovate. And it’s seen the rise of giants like Facebook and Amazon that have blown us all away with their overwhelming influence and reach.

Uncertainty, along with death and taxes, it seems, are the only constant. As one of our contributors, Andrew Pyke, Managing Director at Keyholder Pty Ltd, so succinctly puts it, “There’s no such thing as a deterministic strategy.”

Where risk used to be the subject of background (and often backroom) chatter by risk professionals alone, it’s now becoming a louder, more persistent priority throughout organisations. The idea of a ‘risk-intelligent’ approach is starting to emerge.

This report delves deep into the relationship between today’s business world, its leaders and the role of risk. It looks at how risk is viewed today (the good, the bad and the, sometimes, ugly). It explores the real-life stories of how risk is being used to drive performance within organisations - to innovate, to be more agile and to shape the future. And it uncovers the rise of ‘risk-intelligent leaders’ and their impact on the businesses and teams they lead.

Finally, this report examines how we create a risk curious culture within organisations and what we need to do to change our relationship with risk for the better.



There’s no such thing as a deterministic strategy.

Andrew Pyke, Managing Director
Keyholder Pty Ltd

Chapter 1. Does risk have a PR problem?

"A ship in harbour is safe, but that is not what ships are built for."

John A. Shedd, American Author and Professor

'Risk can help you make the ten best decisions you'll make this week.'

That's how Andrew Pyke talks about risk. And how he'd like others to talk about it too. He's passionate about re-framing discussions to focus on the opportunities associated with risk, to look at its benefits for business and for individuals.

Emma Bradley, Global Project Management Director - Innovation at GSK Consumer Healthcare, agrees. "We need to celebrate smart risk-taking, not prevent it!" she says, with equal amounts of enthusiasm. It seems the time is right too, as Roger Baker, General Manager, L3 MAPPS UK explains, "Leading organisations are much more open to risk right now."

It's clear from the beginning of talking to our strategic thinkers that there's plenty of support here for the value that risk can bring to business.

But (there's always a but...), before we get too carried away on this wave of positivity, risk commentary isn't always this enthusiastic.

Traditionally, discussions around risk cue an awful lot of eye-rolling. Maybe a couple of yawns. Or anxious, knee-jerk questioning about 'How much is this all going to cost us?'

And little or no discussion about the upsides that risk might bring.

So, our first question is: does risk have a PR problem?

'Yes,' says Bradley.

'Risk in the past has often been synonymous with risk management, which in turn has been synonymous with risk avoidance.'

Horst Simon, Risk Culture Builder, agrees 'Absolutely, most people have only seen the negative side of risk and have focused largely on risk mitigation.'

Certainly, over the past decade, approaches to risk in most businesses have been driven by the focus on compliance. This has led risk to be associated almost solely with problems and cost, and rarely with opportunities.

But risk appears to be a business problem, too, as it's been marginalised within many organisations – compartmentalised and isolated. Pete Madsen, the lead Partner, Advisory at Bentleys SA Pty Ltd, explains:

"Risk has often been seen as the responsibility of the risk function alone. Too many senior executives just haven't been interested in operational risk, in particular – they say 'The project guys can sort it'".

But is senior management alone to blame for this negative approach to risk? Not at all, says Pyke, who argues that risk managers have an equal responsibility for this state of affairs. "Discussions around risk by risk managers were frequently depressing, scary or boring. Tedious doesn't inspire and boring doesn't sell!"

So, perhaps it's not surprising that senior management hasn't traditionally been inspired to focus on risk, if they haven't been incentivised enough or shown the bigger picture about how risk affects them.

A shift in perception is needed. Pyke comments:

"We need to change the narrative from 'Here's another bad project' to 'Here are some phenomenal people taking on one of our biggest challenges.'"

"A change to focusing on the win, not just on the loss."

Some serious food for thought.



We need to celebrate smart risk-taking, not prevent it!

Emma Bradley,
GSK Consumer Healthcare



Introducing The Risk-Intelligent Leader



The good news is that we are seeing some vibrant green shoots arising amongst the nettles and the thorns of risk.

A new type of leader is emerging who's changing the way organisations and their employees view risk.

A leader who understands that risk brings immense opportunities for business today, who inspires others to approach it in a whole new way. A leader who, as Simon puts it, gets that "risk is reward". In fact, for many, without risk there is no reward.

We'll call her (or him) The Risk-Intelligent Leader. The next chapter will focus on the key attributes of the Risk-Intelligent Leader (not necessarily what you might expect), and why we're seeing this new type of leader now. These leaders aren't necessarily only those at the very top of organisations, but those with a risk-forward mindset that's helping them drive positive change at their level.

Why here, why now?

The rate of change and innovation in our world is accelerating faster than ever. Increased uncertainty, globalisation and complexity all mean that the old ways of staying ahead of the competition just aren't cutting it anymore.

In this changing and disrupted landscape, we need new tools and approaches that are future-proof and remain relevant – like a box of Lego blocks that we can adapt to suit different futures. Bradley explains:

"There's disruption in so many sectors of business which are driving awareness that the status quo doesn't guarantee long term success. There's no other option than to become risk-intelligent if you want to thrive as a leader and thrive as an organisation."

It's not just a top-down approach from leadership that appears to be effecting a shift in risk perception – there's also a bottom up driving force. Alvaro Medina, Chief Risk Officer at OHL Group, clarifies, 'Younger people really understand the benefits of using risk to be more competitive.' They may also be more likely to take risks to prove themselves, as they've been used to growing up in a disruptive world. They have less expectation of remaining with the status quo.

Less and less, it seems, are we hearing 'Well we tried that 20 years ago and it didn't work' in the face of new strategies or projects – it's about asking what we can do differently.

Risk-Intelligent Leaders are clearly starting to play a starring role in driving new attitudes and approaches to risk. So, what makes them tick?

Chapter 2. 'RQ' and the Risk-Intelligent Leader

"Life doesn't always present you with the perfect opportunity at the perfect time. Opportunities come when you least expect them, or when you're not ready for them. Rarely are opportunities presented to you in the perfect way, in a nice little box with a yellow bow on top. ... Opportunities, the good ones, they're messy and confusing and hard to recognize. They're risky. They challenge you."

Susan Wojcicki, (EO of YouTube)

Risk-Intelligent Leaders are defined by our experts as 'intellectually curious individuals with an innovative, experimental and visionary approach. They are creative, collaborative and good listeners, focused on getting stuff done today whilst looking ahead to the future. They have an appetite for change and disruption without being rash or careless. And, most importantly, they have very high levels of emotional intelligence.'

You could argue that these are traits of all effective leaders. Don't we want them all to be forward-thinking visionaries? Of course. However, there's a key difference between the Risk-Intelligent Leader and other leaders, and that is their attitude to risk.

Simon explains "Risk-intelligent leaders understand on a deep level the higher the risk, the higher the reward. And they understand the need to take the organisation with them if they are to exploit risk successfully."

Adding to this point, Baker makes an important distinction, "Risk-Intelligent Leaders can inspire change, identify and exploit opportunities but also be agile enough to identify when to pull the plug, fast." Certainly, it's not about unfettered risk-taking.

Our experts agree that it's a myth that leaders who take risks are uncontrolled and lack attention to detail – it's in fact the opposite. Pyke explains, "Those engaged with high risk activities are often incredibly thorough and controlled about how they engage – the downside is capped and they get out if things go wrong."

So, we're not just talking about risk-taking, we're talking about risk-intelligence, or 'RQ' if you like - RQ being the ability to make well-informed, risk-based decisions as well as taking calculated risks for the benefit of the business.

So is RQ a pre-requisite for today's successful leaders? Madsen would certainly support this view: "All effective leaders need to be risk-intelligent. This trait is essential to drive an organisation forward and make them competitive. Using risk is a key way that organisations advance."



Risk-Intelligent Leaders understand on a deep level the higher the risk, the higher the reward.

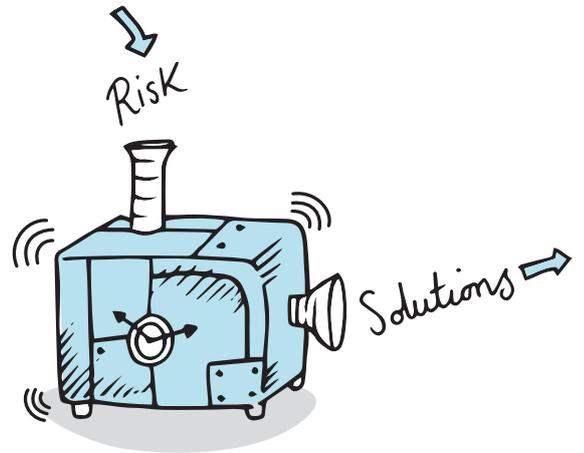
Horst Simon, Risk Culture Builder





Risk averse leaders have ground businesses to a halt, and that cannot continue to happen. My favourite quote on risk is 'Safe is risky. Risky is safe'.

Emma Bradley, GSK Consumer Healthcare



The flip-side

But what about those leaders who might be reading this, worrying about exposing their businesses to unnecessary risk? Isn't it better just to be risk averse? To play it safe, just in case?

Our commentators would strongly disagree. As Madsen explains, risk averse leaders actually expose their organisations to risk. He says that they simultaneously refuse to take the next progressive step whilst still expecting that things will continue in the same way. "Digital, and other, disruption has illustrated that this is folly."

Bradley illustrates, "Risk averse leaders have ground businesses to a halt, and that cannot continue to happen. My favourite quote on risk is 'Safe is risky. Risky is safe.' It says it all."

She continues, "The role of the Risk-Intelligent Leader is to drive the right conversations about risk. To develop a culture where taking risks is acceptable. To get the right risk levels (e.g. identify the percentage of a portfolio where they can take bigger chances or leverage whitespace opportunities). To celebrate learning from failure as much as learning from success."

Ambitious designs, for sure. But it's clear from our experts that organisations that have Risk-Intelligent Leaders are those most likely to survive, and that risk-intelligence is a pre-requisite for any ambitious, successful, modern leader.

The next chapter will look at how Risk-Intelligent Leaders are using risk today to drive performance and to outperform in our constantly changing and uncertain world.



Risk averse leaders actually expose their organisations to risk

Pete Madsen, Bentleys SA



Chapter 3. Va-Va-Voom! Risk as a performance driver

"You'll always miss 100% of the shots you don't take."

Wayne Gretzky, Former Ice Hockey Player and Head Coach



Some organisations have become risk-takers through necessity – societal pressure forces us to take more risks when times are hard.

Liz Lee-Kelley, Cranfield University

'Organisations should live on the edge and use their risk management to stop them going over the edge,' claims Simon. It's certainly a bold statement, but one that it seems that many organisations are beginning to take on board.

In this chapter, our strategic thinkers show how risk today is being used as a force for good, to help organisations live safely on the edge. To help them accelerate their growth. To drive increased performance and efficiency. To stay competitive.

We explore in more detail how risk is being used to deliver innovation, increased agility and the ability to shape the future.

First up – innovation.

Innovation

As you might expect, the relationship between risk and innovation appears to hinge on the enthusiasm of leadership within organisations. "There's an increased appetite in our organisation for risk taking for innovation. It's flowed down from the top through a process of setting strategic challenges," says Baker.

Innovation and risk are certainly tightly linked for many of our thinkers, but this relationship, they say, hasn't always been exploited. Several contributors highlight that innovation has traditionally come from 'burning platforms' rather than from organisations taking calculated proactive risks on a consistent basis.

Liz Lee-Kelley from Cranfield University, explains that the key to innovation is ensuring that you've engaged with risk before you enter crisis mode: "We're at the precipice of the need for innovation in the UK. We're about to step into the unknown with Brexit, an area that requires a need for innovation."

"Some organisations have become risk-takers through necessity – societal pressure forces us to take more risks when times are hard. We become more creative and innovative; those that don't, don't survive."

Horst Simon explains further how risk and innovation are linked: "Innovation rarely occurs without an open attitude to risk. It's about seeing the opportunity as well as the threats."



We use risk as a way to future-proof our organisation, using an analysis of opportunities to rank priorities against the market,

Roger Baker, L3 MAPPS UK

De-risk with risk

In fact, state many of our contributors, taking calculated risks can help organisations de-risk, as it allows them to innovate along several paths at once. By diversifying they're both lessening the risk to any one area of the business and de-risking the entire organisation - by refusing to stand still and be overtaken by competition or market forces.

At OHL, risk is being widely used to innovate and stay ahead of the pack. Alvaro Medina explains, "It helps us calculate contingencies to better prepare for deviations in project life. We use risk techniques to stress-test business cases to evaluate different scenarios and measure how well or badly things can go. It's innovation like this that keeps us extra competitive."

“We use risk techniques to stress-test business cases to evaluate different scenarios and measure how well/badly things can go. It’s innovation like this that can increase our competitiveness.”

Alvaro Medina, OHL

Risk is also being used to help set strategic direction at GSK Consumer Healthcare. “Risk is a tool that we use to prioritise innovations. We create a balance in our innovation portfolio that allows for sustainability and continuity of business as well as taking bigger bets on areas that might bring bigger rewards. We are able to do this by understanding and predicting risk,” says Emma Bradley.

Many organisations are also using risk as an innovation platform to cut through often dense and unyielding project plans and reduce project lifecycles.

Shaping the future

In the previous chapter we explored the Risk-Intelligent Leader’s flexible mindset. This is critical when it comes to shaping their organisation’s roadmap for the future.

“Fixed thinking doesn’t adapt to a complex world,” Pyke offers. In our uncertain world, he says, the past is not a roadmap to the future. It’s about adopting a strategy of adaptation which can help you, instead of one that will drive you to a certainty that you don’t have.

He believes that risk needs to be used in a far more proactive opportunistic way, adding, “Monitoring and assessing risk alone are completely inadequate when it comes to shaping the future of your organisation.”

So, sophisticated businesses are in fact using risk to guide and protect their organisations in a constantly shifting marketplace.

“We use risk as a way to future-proof our organisation, using an analysis of opportunities to rank priorities against the market,” states L3’s Baker. “It allows us to focus our resources and capability development on the most likely opportunities. Risk is also a tool for us to capture learning from experience and introduce continuous improvement.”

Is learning from mistakes part of the Risk-Intelligent Leader’s tool kit? Simon believes so. “You can use risk to learn from the past, but it’s even more effective to allow it to help you learn from other people’s mistakes.”

OHL has introduced a risk map of the entire organisation. Alvaro Medina initiated this as part of his team’s drive to shift the risk culture within the construction group. Now, two years into this exercise, his team maps the larger risks that the company as a whole is facing as well as general risk, looking at barriers to entry for new markets, potential growth of new markets and so on. This shows them which projects and markets to focus on, and which to abandon. Already, OHL has taken strategic decisions based on the risk map, including exiting key markets.

As Medina explains, “This map should be the stronghold of the strategic position of the company.”

It’s clear that many risk-averse businesses will lean towards caution precisely because they don’t know, or haven’t even thought about, what’s around the corner. However, there’s less need for caution from those organisations who’ve begun to shape their future using risk-based decisions. And a less cautious approach can lead to much greater returns in a highly competitive market.



It's not about risk for risk's sake. There needs to be a willingness to explore alternate solutions, but not necessarily always being committed to breaking the 'norm'.

Emma Bradley, GSK Consumer Healthcare



Agile decision-making

The risk-intelligent leader isn't just using risk for innovation and shaping the future – there's a third element where risk is fundamental, and that's for increased agility. Specifically, for making faster, better decisions.

It's this agility, flexibility and speed of reaction that propels their organisations forward in their industries.

Andrew Pyke is an advocate of this approach. "Risk can't just be about endlessly admiring and analysing risks. It's about understanding the landscape for decisions, and actually making decisions in VUCA (Volatility, Uncertainty, Complexity and Ambiguity). It's about decisiveness as much as caution."

Of course, this needs to tie back to pre-set organisational strategies. "It's not about risk for risk's sake. There needs to be a willingness to explore alternate solutions, but not necessarily always being committed to breaking the 'norm,'" adds Bradley.

Tim Fenemore, project delivery expert, explains his approach. "Agility is a topical subject. Larger organisations can be perceived as those that everyone can rely on – but the two don't necessarily go together.

He goes on to say, "Agile organisations will be trying to tap into a lot of ideas, nurture a pipeline of start-ups and meld ideas together. That's how even large organisations get the positive tension of disruptors whilst working in collaboration. This calculated risk gives businesses the agility we want."

OHL use a close connection between their frontline and their risk team to speed up their decision making. "We're constantly asking our business people on the frontline what the real trends are in local markets, so that we can identify real-time opportunities and threats," says Medina.

L3 too has reaped the benefits of using risk for a more agile approach. "Increased agility allows us to be more competitive, take advantage of more opportunities and anticipate future challenges, all leading to improved performance," says Baker.

Crucially, this approach allows businesses to be proactive, not responsive. And with agility comes the magic – the ability to focus on strategy, without missing a potential golden opportunity.



We're constantly asking our business people on the frontline what the real trends are in local markets so that we can identify real-time opportunities and threats.

Alvaro Medina, OHL



Chapter 4. The curious case of risk culture

“Take risks: if you win, you will be happy; if you lose, you will be wise.”

Anonymous



Ask ‘what didn’t work’, NOT ‘who’ made the mistake. Allowing for failure is essential

Emma Bradley,
GSK Consumer Healthcare



We’ve seen how the Risk-Intelligent Leader is taking a dynamic and proactive approach to risk for better decision making, increased competitiveness, smarter innovation and future shaping.

But how do these leaders inspire their whole organisation to take a fresh look at risk? To embrace the opportunities as well as the threats? To disseminate their vision and create a risk curious culture throughout their business?

The reality is that cultural barriers still remain. “There’s a natural reluctance to talk about risk and be transparent – in our case construction is still a conservative industry,” observes Medina, at OHL. So, how do you create a culture that understands, accepts and even supports risk-taking?

Our experts identified 7 key cornerstones of a risk-positive culture

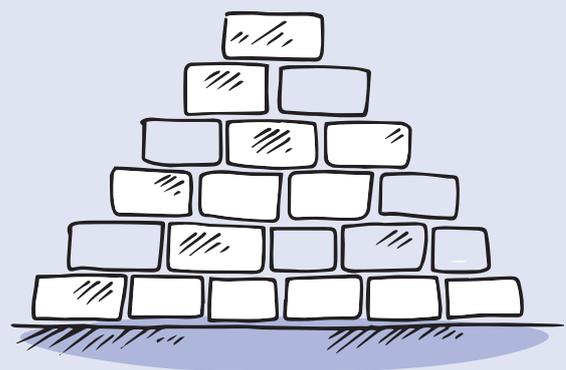
1.

You can only build on strong foundations

This is critical: risk curiosity cannot co-exist with a blame culture. There are numerous instances in the market of employees being held back by the fear of making a mistake. This embeds a grinding adherence to low risk, focusing on process and systems rather than land-grabbing strides towards innovation.

So what’s the answer? Start with baby steps – it takes time to create a culture shift, advises Emma Bradley. She recommends starting with a positive mindset evolution, as they did at GSK Consumer Healthcare. “Aim first for a foundation of trust and accountability – no more people saying ‘that’s not my job.’”

She adds, “Ask ‘what’ didn’t work NOT ‘who’ made the mistake?” This simple shift can make all the difference. Allowing for failure is essential.



2.

Create open communication channels (it's a two-way street)

Risk-Intelligent Leaders need to set an example here, creating a top-down transparency in communication. No cover-ups or glossing over the facts.

"Risk reports need to go down to the people making decisions day-to-day decisions, not just up to boards. Top down communication sets the tone for the whole business when it comes to risk," says Baker.

It's also important that Risk-Intelligent Leaders at all levels in the organisation feel comfortable and empowered to share threats and opportunities that they see associated with risk.



Risk reports need to go down to the people making day-to-day decisions, not just up to boards.

Roger Baker, L3 MAPPS UK



3.

Trust is everything

Once you've established a no-blame culture, trust is a key component to build. Again, this shifts away from fear-based decisions and stalemates.

"When we embrace risk, people feel more secure. They understand that we can help them to share risk with their bosses. People feel safer when someone is hearing them." says Medina at OHL.

Andrew Pyke believes there's a need to get the ground rules clear: "What happens when someone fails? Will you as a leader take the heat for a decision that goes wrong, taken in VUCA, by a team member? Really?"

4.

Be in it together

Where risk is siloed and cut off from the rest of the business, organisations can become sluggish and slow. They stick to checklist-focused, reactive risk in its most limited form.

Instead, there's a strong argument that everyone needs to be responsible for risk, rather than ring-fencing it as a discrete management function. This allows more opportunities for risk-based decision making.

As Horst Simon says, "CROs aren't superhuman – they can't be responsible for all risk. Every employee is a risk manager." And he cites the same example that L3's Roger Baker uses in talking about two-way communication: "Risk reports only go up through organisations – they also need to go down to the people making everyday decisions."

Pete Madsen agrees, "Risk isn't the domain of a dedicated area, but a culture that needs to be understood and embedded across a business."

For the Risk-Intelligent leader, this means driving an openness and responsibility for risk, with senior leadership teams who can, in turn, pass this down through their teams. OHL has found that the education of decision-makers within the organisation about risk is often led by leaders coming up through the ranks.

Medina says curious leaders can help educate the other leaders and show them the techniques and calculations that might improve their work. "Essentially, those who understand risk need to be passionate advocates and convert the non-believers."



CROs aren't superhuman – they can't be responsible for all risk. Every employee is a risk manager.

Horst Simon, Risk Culture Builder



5.

Sell with stories *(and watch your language!)*

Much of risk-related talk today is about processes, systems, checklists. So far, so dry.

To drive a risk curious culture that fuels innovation and progress, we need to find new ways to communicate with our stakeholder communities. Emma Bradley champions storytelling. She believes that using stories to exchange failures is a compelling way to get people to do things they don't necessarily want to, or fear doing.

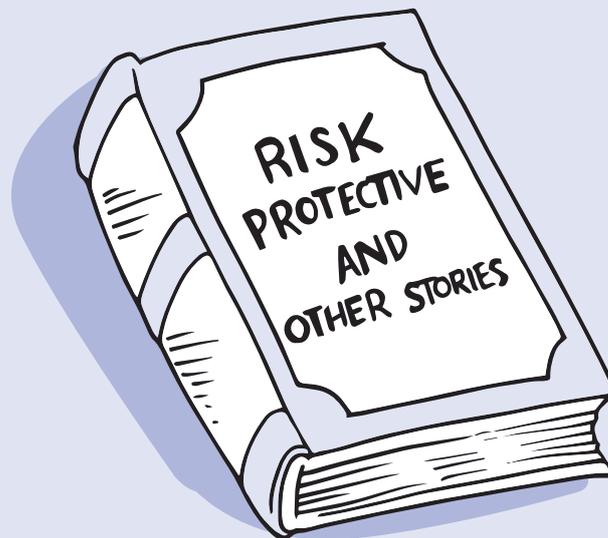
"People love to hear horror stories," she says, "So you need to balance these with positive stories of the opportunity associated with risk. It's reinforcing the positives that can drive a cultural shift and change the muscle memory."

Organisations are often good at selling to customers, but not internally, she says. Leaders need to speak to their teams' desires and needs, to respond to the 'what's in it for me' impulse and show the upsides of risk-taking.

It's in this way that stories of positive risk-taking empower employees to take a risk. "Your people transition to a 'they tried it, so can we' mentality, obviously with the right checks and balances in place and a governance model," Bradley concludes.

Medina firmly agrees, "Sharing mistakes and lessons learnt is important to positively impact risk culture."

Tim Fenemore argues we can go further and look at the language risk management is wrapped up in. "The term risk is in itself ambiguous. Is it a risk to the project schedule? Cost? Safety? We need to qualify it as it's not always clear what we're talking about. Think about the impact. Some language doesn't translate to certain environments." Tim calls for risk language to become more coherent and mainstream instead of technical and full of jargon.



6.

Fail fast and learn from mistakes

Organisations are slowly becoming more mature when it comes to failure. In risk, it's as essential to know when you've failed, to accept your project's limitations or kill it quickly and move on. Even more importantly, it's critical to meet after the event to understand what happened and the lessons that can be learnt. Often, the learnings can be greater than the original aim.



7.

Get the board on board

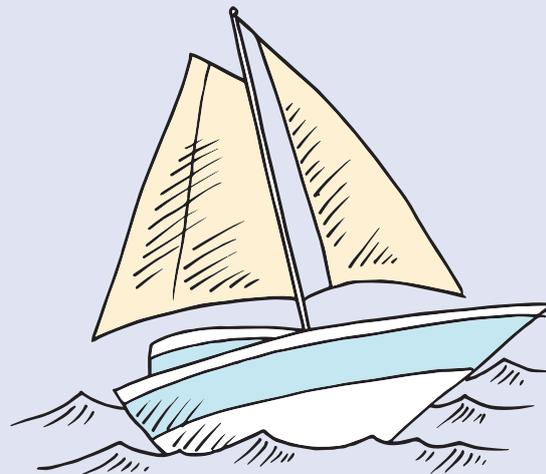
"Your board of directors are the owners of all risk and must be fully engaged. An understanding of risk has gone way beyond a 'nice to have'. If boards don't get it, they aren't fit for purpose! We shouldn't have to motivate them or beg them to understand it," argues Horst Simon. Still, a lack of buy-in at this level can be the single biggest barrier to a robust risk strategy and culture.

Key to fostering support and commitment is to show the board how it's relevant to them. It's critical to make it relevant and interesting, so it's not pushed down to middle management. This means getting beyond the negativity and drawing out the value, the return on investment, the opportunity.

"Look to the future more than the past – look through the windscreen not just at the dashboard. Emerging risk is more important than last month's risk report," Horst Simon adds.

Bringing a broad perspective to this key stakeholder audience can help, as Pete Madsen comments, "Sometimes the challenge is that one person's risk is another one's opportunity."

"Don't give them a 30-page report with just information – provide analysis," recommends Emma Bradley. "Boards have to be more open to risk because it's where they are going to be able to find opportunities to increase profits and grow. The alternative is often only minor improvements to what's out there already."



Conclusion

“We take a lot of calculated risk, but we make sure that no one risk is going to topple everything. Protecting the downside is critical.”

Richard Branson

Nothing is easy in business these days, that's for sure. We're fighting against a backdrop of constant change, increased competition and disruption. It's tough out there.

The emergence of the Risk-Intelligent Leader, and a thirst for capitalising on the opportunities that a sound understanding of risk brings, are bright lights in our often times murky environment. If used in the right way, risk can become the key to navigating our way through the fog and adapting to rapidly changing forecasts.

Risk is today being grasped with both hands by many organisations, to be used in innovative and creative ways to increase competitiveness and performance. At the same time, risk-positive cultures are springing up to ensure that this approach is sustainable. We hope that this positive trend continues to grow and evolve.

There's certainly no doubt that doing nothing is not an option.

As Andrew Pyke sums up: 'All hard and serious ventures carry risk, opportunities, uncertainties, assumptions, constraints and general VUCA. It's not a choice if you want to do serious and hard things. The choice is more about how to engage with the risk. *The greater risk is being oblivious and getting caught out, without awareness or a plan.*'

Tim Fenemore, project delivery expert, agrees: 'The key thing is that no business can stay where it is. You have to take that leap of faith. Innovation requires a level of risk but to survive you've got to accept and embrace change.'

'It's exciting that we've got to a point where risk tools and thinking are tried and tested – so now we need to apply risk techniques in innovative and responsible ways.'

Our contributors predict more leaders taking bigger risk decisions for greater rewards. As Pete Madsen says, "If you're not a Risk-Intelligent Leader, you're not a real leader."

They urge organisations to view risk in a whole new light. To see opportunity, not just threat. To see a tool for innovation, agility and shaping the future, not just systems and processes.

On that note, we were overwhelmed by the generosity of our risk leaders, sharing their thoughts and time with us as we explored what makes a Risk-Intelligent Leader. Each and every contributor has helped us dig even deeper into the role of risk in today's organisation and we're truly grateful to this brilliant community for opening up the potential that risk offers.

This paper aims to be the starting point of a wider discussion around the role and potential of risk in today's market. We hope that you will join us in this debate so that together we can drive risk forward as a force for good.



The key thing is that no business can stay where it is. You have to take that leap of faith.

Tim Fenemore,
Project delivery expert





At Risk Decisions, we believe in a world where risk is a force for good.

We help visionary leaders embrace risk to shape the future. We collaborate with global organisations, disruptors and thought leaders, whatever the stage of their journey. Through our products, services and experience, we enable them to create risk strategies that positively transform their businesses.

Community is at our heart. It powers the trusted relationships we build with our customers and shapes the one team, one goal spirit that our people share. It also gives us our place in the world, bringing people together. Our teams work across Europe, North America and Asia-Pac to enable risk to support your organisation to be the best it can be.

Join us for the adventure.

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