



YOUR success as a manager and leader depends in a large part on your ability to take risks and make decisions that can create value for your organisation.

Even though you may feel that you have extensive experience in making tough personal and business choices, the increasing uncertainty and complexity in today's global and volatile environment pose difficulties for decision-making — especially in situations involving new jobs, new research and development projects, new products and new ventures.

What is risk?

Risk is often defined as “a combination of the probability and impact of an event”.

It is usually perceived as something “bad” that can happen to you or your organisation.

Indeed, most people view risk from this negative and narrow perspective and have the tendency to avoid risky activities. They focus on the development of defensive mechanisms such as risk controls, warning systems and insurance.

If you try to avoid all imaginable risks, life will be full of routines and become very boring. Most of all, it will not work.

Whether you realise it or not, you are constantly exposed to risks — in school, at work, on the street and even at home.

Hence, taking risks and making choices are unavoidable in everyday life. While you can mitigate risks to a certain extent, it is impossible to eliminate risks completely from your life.

Risk versus opportunity

The success of any organisation depends on its ability to create and grow value for its stakeholders.

This creation of value arises when organisations are able to identify and execute investments with a positive return despite all the risks involved. Hence, risk and opportunity go hand in hand.

Organisations must learn to limit the possible negative consequences of risk while optimising the potential benefits of its associated opportunity. This is the purpose of risk management.

Risk decision-making

Everyone makes decisions about a lot of more or less important things every day — whether or not to take an umbrella, what training course to enrol in, which business project to select, what price to put on a quotation, and so on.

How do you evaluate the everyday risks you face and come to the “best” decision?

In practice, people often have to make decisions under pressure and based on minimal information.

It is not advisable to solely rely on experience, intuition or *fengshui*. You should employ tools that can help uncover underlying risks and impact. This will help you make educated decisions that are more likely to yield better results.

Managing risks

Since you cannot avoid risks, you should try to manage them effectively.

Whatever the decision you need to make, your best approach is to become informed,

Dealing with risks

Risk management helps you handle the challenges of modern life and produce better results in your career



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emotionally aware and rationally capable of analysing seemingly conflicting information and risks to arrive at a sound decision.

It is not as tough as you might think.

Risk management helps you understand the impact of your decision on all pertinent aspects of operations.

It creates models and tools to predict outcomes, and build countermeasures to prevent unintended and undesirable consequences.

The final results are minimised risk and higher returns.

Hence, there are a growing number of leaders and managers in Asia — across industry sectors and functions — who are concerned about the challenge of making important decisions under uncertainty.

Increasingly, every decision-maker needs to know how to manage risks in a more systematic way.

Key to success

Since skilled risk management professionals already know how to apply risk management tools in their personal development and careers, they gain a competitive edge over peers.

Moreover, they contribute more to their organisations as they make better decisions and know how to minimise risks while harvesting opportunities.

Risk management specialists are, therefore, well prepared to be decision-makers and to assume leadership roles in their organisation.

The rise of new uncertainties and new corporate governance requirements has given risk management specialists a

higher profile within organisations.

It is not surprising then that the demand for risk management and risk management professionals has risen dramatically over the past 20 years.

Risk specialists can now be found in various management positions, working in a wide range of organisations and industries in both the private and public sectors.

Many companies have also set up risk management teams to help top management specifically understand and manage risks.

As this is an emerging and growing field, these organisations realise that they need professionals who understand how to identify and assess risks, while being innovative in working around such risks to create value and profits.

Article contributed by Marc Ronez, managing director of Asian Risk Management Institute, which offers a risk management designation programme, Certified Professional Risk Manager, with NUS Extension. The next course starts on Oct 2. Website: www.arimi.org

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