

# Elevate Your Business Results with Risk Management

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When the topic of 'risk' comes up, a whirlwind of emotions stirs among leaders and employees. Some leaders are eternal optimists, steering clear of discussions about risk to ward off negativity. Cautious leaders only focus on reducing risks and unintentionally miss growth opportunities.

## **BUT WHAT EXACTLY IS 'RISK'?**

According to the Merriam-Webster dictionary, it's the "possibility of loss or injury: peril," or something that "creates or suggests a hazard."

Webster talks about the risk to investments: "the chance that an investment, like a stock, might lose value".

The truth is, that risk is an integral part of every decision we make, woven into the fabric of our lives.

Think about it:

- You touch the pan to see if it's hot before cooking to avoid a nasty burn
- You slip on shoes before heading outdoors to shield your feet
- You glance both ways when crossing the street to dodge any oncoming vehicles.



## **UNDERSTANDING RISK MANAGEMENT**

Now, let's put a more business-centric spin on this.

Enter the concept of 'risk management.' In simple terms:

**Risk Management:** *A strategic approach to safeguarding your company against loss, injury, or hazards while protecting its value to investors.*

When we make decisions, we think about how they will affect our lives and careers. Businesses do the same. They consider the consequences of their choices. When organizations embrace risk management, it's not about predicting gloomy outcomes. Instead, it's about being proactive and having a solid plan to handle challenges.

Companies with strong leadership are typically well-versed in risk management. They understand its importance and incorporate it into their decision-making processes.

But, for some, especially newer businesses, the topic of risk is taboo. They fear it's synonymous with negativity and choose to bury their heads in the sand.

The problem with ignoring risk is that it leaves you unprepared and indecisive when unforeseen challenges arise.

Risk management doesn't fix problems. Risk management identifies potential roadblocks and eliminates blind spots in your business strategy.

## **INCORPORATING RISK MANAGEMENT INTO YOUR OPERATIONS**

Here's a simple process to help your company start thinking about risk objectively and allocate resources and attention to the scenarios that really matter.

### **1. List Potential Risk Events**

Gather your team, grab a whiteboard, and start listing all conceivable risk events or scenarios, no matter how improbable.

This exercise helps everyone understand risk, set limits, and define acceptable risks.

Don't worry about 'asteroid collision' scenarios. They're unlikely and out of your control.

### **2. Identify the Top 3 Risk Scenarios**

Isolate the three most plausible risk events and delve into what might trigger them.

Explore ways to mitigate these risks.

Should you address them immediately or track and tackle them later?

Create plans and align your team on what to do before risks surface.

### **3. Track and Evaluate**

Integrate risk management into your regular management meetings.

Take a look at what happened, how you dealt with the main 3 risks, and if any new risks showed up or replaced the original top 3.

Keep an eye on emerging risks that might need your attention.

## IN CONCLUSION

Risk is an inherent part of business; it's unavoidable. Avoiding it or pretending it doesn't exist only increases the odds of a threat to your business.

Instead, embrace risk and incorporate risk management in your operations. Identify potential threats, create contingency plans, and track your progress.

**As you do this, you'll find that your employees and managers become more prepared for challenges. Your company culture will become stronger, and you'll prepare your team to navigate today's unpredictable business currents.**

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