



RISK DOCTOR BRIEFING

TEN THINGS EVERY BUSINESS NEEDS TO KNOW



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Everyone knows that “*business hates uncertainty*”. Uncertainty poses a clear threat to business, but it also contains significant opportunity. Sources of uncertainty must be understood so that these threats and opportunities can be effectively managed, avoiding and minimising unnecessary problems as well as capturing and maximising benefits. In the current uncertain business climate, it has never been more important for businesses to assess and manage their risks. But how do we do that when we are surrounded by uncertainty?

In *The Analects of Confucius*, the ancient Chinese philosopher says: “*Shall I teach you about knowledge? What you know, you know; what you don’t know, you don’t know. This is true wisdom.*”

(由，誨女知之乎，知之為知之，不知為不知，是知也。)

Taking our advice from Confucius, there are **ten things every organisation needs to know** if we are to survive and thrive in this increasingly uncertain world:

1. **Know your goals.** When times are uncertain you need to know where you’re heading. This includes strategic vision as well as tactical objectives, both long-term and short-term. Ensure goal congruence and alignment to focus efforts on what matters.
2. **Know your market.** Don’t assume you know what your customers might want – find out. Market intelligence is vital in identifying trends and opportunities that you can exploit. Reducing market uncertainty prevents wasted effort and optimises effectiveness.
3. **Know your business.** Review your processes, products and people, to identify and focus on the winners, and maximise return-on-investment (ROI) by increasing efficiency.
4. **Know your environment.** Be sure you understand the world in which you operate, including political, economic, social, technical, regulatory and legal factors that might affect you. Conduct an environmental scan to identify and challenge constraints.
5. **Know yourself.** Assess your organisational culture and attitudes, identify your strengths and weaknesses, and determine your risk appetite and thresholds. These have a significant influence on how you respond to uncertainty.
6. **Know your friends.** Create and strengthen partnerships with stakeholders who can provide support and stability in uncertain times, especially with your supply chain and key contractors.
7. **Know your enemies.** Understanding the goals and strategies of competitors keeps you focused on your own business. Seek to respond rather than react, setting the pace of competition and keeping one step ahead.
8. **Know your options.** Uncertainty always creates alternatives. Conduct a strategic opportunity review to identify possible ways ahead, then select your preferred route, and develop fall-back and contingency plans to keep you on track.
9. **Know what you know.** Perform a knowledge audit to define the intellectual capital in the organisation, ensuring that lessons are identified and learned from previous experience to reduce the effect of uncertainty on future operations.
10. **Know what you don’t know.** Scope the uncertainty to define areas of maximum risk, then assess and prioritise both threats and opportunities, taking proactive steps to minimise the downside and maximise upside exposure. Develop a risk-aware culture from boardroom to shop floor, allowing the right risks to be taken intelligently and safely.

By exploring and understanding these ten areas of knowledge, we can find our way safely through this world of uncertainty, and learn how to both survive and thrive.