RISK DOCTOR BRIEFING

DEALING WITH BUSINESS UNCERTAINTY

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Faced with an increasingly uncertain world, there are some things every organisation needs to know if it is to survive and succeed. Here are my ten top tips:

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, with both long-term and short-term goals. Ensure goal congruence and alignment to focus your 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.* Use the techniques of value management or business process mapping to review your processes, products and people. Then you can identify and focus on the winners, and maximise 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, key contractors, strategic partners and major clients.
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 on your own terms, and keeping one step ahead of the rest. Lead the pack.
8. *Know your options.* Uncertainty always creates alternatives. Conduct a strategic opportunity review to identify possible ways ahead, select your preferred route forward, identify early-warning signs to indicate possible deviation, and develop 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 in order to reduce the effect of uncertainty on future operations.
10. *Know what you don't know.* Scope your uncertainty to define your areas of maximum risk exposure. 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 board room to shop floor, allowing you to take the right risks intelligently and safely.

Uncertainty poses a clear threat to business, but it also contains significant opportunity. Sources of uncertainty must be understood so that the resulting risks can be effectively managed. In the current uncertain business climate, now is the right time for businesses to assess the risks – not only to be aware of the threats but also to see what opportunities they might bring.