



Weight management for risk-takers

By David Hillson

by a distorted image of the current situation as being too risky.

The result is risk-starvation, refusing to be exposed to any downside risk in case it gets out of control. This obsession can also mean refusing to try new situations where there might be upside risk. While risk exposure will certainly reduce under these circumstances, overall health can be endangered and lasting damage might be done.

A similar problem is risk bulimia, resulting in a repeated cycle of taking on too much risk followed by a forced risk reduction. The binge/purge sequence can be driven by a compulsion to take a lot of risk which then triggers feelings of guilt or fear of being overexposed, leading to a strong desire to get rid of risk at any cost.

Both of these conditions are clearly unhealthy, but they can exert a strong influence over behaviour, which can be hard to break. Fortunately there is another response to being risk-obese that does not bring the same problems.

The best answer to being in a situation where risk exposure is too high is to follow a balanced risk diet, aiming to reduce overall risk exposure in a steady and controlled manner until the right level is reached.

The detail of the risk-diet will be different for each individual or organisation, and the degree of risk exposure will need careful monitoring to ensure that it remains within acceptable bounds. A specific level of acceptable risk threshold should be set so that progress towards the goal can be measured, and so that we will know when to stop reducing.

Just as each individual has a different ideal weight, so the appropriate target level of risk exposure will vary between individuals and organisations. And instant results are not to be expected; moving from risk-obesity to a proper degree of risk will take time.

General health must be also maintained during the dieting period, giving attention to the usual processes of life such as exercise, work, rest and relationships. Similarly organisations seeking to reduce their risk exposure should not ignore other aspects of the business in the drive to shed risk, but must continue to manage client relationships, staff morale, marketing and communication etc.

Finally when the target is reached, new risk habits

must be established. We need to be aware of our **risk appetite** and manage it proactively on a daily basis. Do I feel hungry to take on more risk? Is that appropriate now, or should I resist the risk-seeking urge? Am I getting a balanced diet, including the right range of nutrients that will promote healthy growth? Or is there an area where taking on more risk or a different type of risk would bring useful rewards? Does my output match my intake, with sufficient activity to take advantage of the risk I have taken on board?

One last metaphor might be useful in this context. Anyone who has ever dieted will know that it is very common to gain weight when you stop dieting. The 'diet rebound effect' occurs because lower calorie consumption during the diet results in a slowing of the body's metabolism. When we return to normal eating habits after the diet ends, the metabolic rate remains low and extra calories are stored as fat, leading to increased weight.

As society, individuals and organizations seek to reduce their risk exposure in the coming months and years, the general rate at which we absorb risk may settle to a lower level than it has been before. When the downturn ends and we return to some semblance of normality, we will need to be careful not to become risk-overweight again due to the risk-rebound effect. Instead we need to find a new normal that fits our new circumstances, setting appropriate risk thresholds and controlling our risk appetite to ensure that we maintain good health and continued growth.

About the author

Dr David Hillson, PMP, HonFAPM, FIRM, is an international risk management consultant, and Director of Risk Doctor & Partners (www.risk-doctor.com). He is a popular conference speaker and award-winning author on risk. He is recognised internationally as a leading thinker and practitioner in the risk field, and has made several innovative contributions to improving risk management.

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According to government statistics, three-quarters of Britons are overweight, more than one-fifth are obese, and over a quarter claim to be on a diet at any one time. Weight is clearly a national obsession, on a par with the weather. And obesity is not just a physical problem in Britain today.

The nation is suffering from an epidemic of risk-obesity, resulting from uncontrolled risk appetite in recent years. This has affected credit-hungry individuals and organisations as much as financial institutions, as many of us have embarked on a risk-binge characterized by greed, naivety and lack of concern for the future implications.

Now we have seen the danger signs as the amount of risk taken on board has reached staggering proportions, and we all know something must be done.

The physical world offers a range of metaphors to illustrate how we might respond to the realization that we have become risk-obese. These offer warnings and helpful models for both individuals and organisations that feel they have taken on too much risk and need to do something about it. It is useful to draw on medical metaphors, but, in using them, I must emphasize that it is not intended to deny the reality of the genuine medical conditions mentioned, or to belittle, or undermine the challenges faced by those who suffer from them.

One condition suffered by some individuals and organisations that become aware of over exposure to risk is akin to anorexia. This is characterized by an extreme rejection of risk from any source, driven