

RISK INTELLIGENCE OVERVIEW

What is Risk Intelligence?

After spending 100's of hours looking into the psychology of risk, how it works and what makes people do what they do and make the decisions they make, the core finding is that much like emotional intelligence, risk intelligence is an attribute and skill that needs to be nurtured and developed. The starting point is to look at some key definitions and then integrate and define what Risk Intelligence actually is:

Key related definitions:

- RISK = effect of uncertainty on objectives.
AS/NZ ISO 31000:2009
- Innovation generally refers to changing or creating more effective processes, products and ideas, and can increase the likelihood of a business succeeding. Businesses that innovate create more efficient work processes and have better productivity and performance.
www.business.gov.au
- Agility = ability to move quickly and easily / ability to think and understand quickly
Oxford Dictionary
- Resilience = The capacity to recover quickly from difficulties; toughness.
Oxford Dictionary
- Organisational resilience refers to a business's ability to adapt and evolve as the global market is evolving, to respond to short term shocks—be they natural disasters or significant changes in market dynamics—and to shape itself to respond to long term challenges.
www.organisationalresilience.gov.au
- Empowerment = A management practice of sharing information, rewards, and power with employees so that they can take initiative and make decisions to solve problems and improve service and performance.
www.businessdictionary.com



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Based on the above definitions a conceptual integration of core Risk Intelligence components is listed and summarised below:

- ✓ Manage uncertainty
- ✓ Achieve objectives
- ✓ Have the ability to move, think and understand quickly and easily
- ✓ Focus on changing or creating more effective processes, products and ideas
- ✓ Constantly Enhance the likelihood of a business succeeding.
- ✓ Have better productivity and performance
- ✓ Share information, rewards, and power with appropriately and fairly
- ✓ Take initiative and make decisions to solve problems and improve service and performance.
- ✓ Display toughness in the face of adversity and have the capacity to recover quickly and respond to short term shocks,
- ✓ Have the ability to adapt and evolve personally and shape groups and organisational structures to respond to long term challenges.

By integrating the above attributes, we believe that Risk Intelligence can be defined as per the below:

- Risk Intelligence (RI) is a living skill and applied attribute that enables better decision making to proactively embrace opportunity and manage negative outcomes.
- By definition, RI incorporates agility and resilience.
- People with a well-developed RI are able to lead and empower those around them to achieve objectives and drive High Reliability Organisational (HRO) performance

Now that we have defined it, we need to look at application, which starts with Risk attitude and risk appetite. The two sides of the risk attitude coin that represent the extremes of each aspect are risk adversity and risk seeking.

Both have their pros and cons but the ability to know when to adopt which posture and how to apply a balanced approach that achieves risk equilibrium, is the inevitable challenge we all face in our own behaviours, as well as in trying to lead and manage others in a way that empowers them to make decisions.



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*“Only when we **embrace risk in a calculated way that integrates logic and process with empathy and understanding**, will we innovate in a sustainable manner & TURN RISK to OPPORTUNITY”*

Dr Gav Schneider

To find out more about Risk Intelligence, please contact:

Kandia Sofianos

Marketing Manager

E: kandia@risk2solution.com

M: 0499 772 318

