acceptable risk for your company given specific targets. If everyone is happy that they still have room to innovate within a coherently laid out risk strategy, then risks won't be seen as negatives, but as challenges. Challenges to be measured against future performance. A process to be achieved through ongoing training; "Risk management should be a continuous and developing process that runs throughout the organisation's strategy and the implementation of that strategy."(5). So far so good, the future looks bright.

One word of caution though, "A board that does not understand the strategy may not appreciate the risks. And if it does not appreciate the risks it will probably not ask the right questions to ensure the strategy is properly executed." (6). If your risk management planning lacks focus and you either can't identify future risks or act on them effectively once they've been highlighted, you could be in danger of crushing all your innovation at source. Consider what happened at Enron. The failure of the US corporate giant to effectively manage for future problems arose because its senior executives didn't understand its core business strategy in the first place, meaning that "sometimes the Board chose to ignore problems, other times it knowingly allowed Enron to engage in high risk practices," leading to a post collapse assessment stating Enron's management "poorly monitored risk management reports."(7). It seems that risk management reporting throughout the company was not only inaccurate, but was never coherently assessed either. In which instance, the faulty process itself becomes part of the risk in the first place, with incorrect problems being identified - or simply not acted upon at all.

And if, like so many other people in the UK, your heart misses a beat at the mere mention of the words, "Equitable Life", where the board had "problems with control of key areas of decision-making and risk management,"(8), you'll know that this is an area of future planning that although confusing, we just can't afford to get wrong. Risk Management can be simplified, and it's important that we take the time to properly train all our people to identify and assess risk information as part of a wider process of innovation and growth. After all, being able to "accurately measure and manage your risks is crucial to the success of your overall business."(9).

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'Can You Face The Future With Confidence?'

'Managing Risk As Your Business Grows…"

Scratch the surface of the subject we call Risk Management, and you'll quickly discover "a rapidly developing discipline (with) many and varied views and descriptions of what risk management involves, how it should be conducted and what it is for." (1). Indeed, many businesses faced with adopting a coherent policy in this area find that wading through the varied schemes and strategies on offer can rapidly turn into a risky venture all on its own, especially if you're the manager charged with making sense of it all.

"Everyone is looking for accurate information to manage risk: your shareholders, your customers, company executives, traders and portfolio managers. They're all tapping information from disparate systems." (2). So how do you draw all this information together, and assess which forecast is the correct one to act upon?

The key to managing risk comes in the way you identify it. Not just in terms of pin pointing the individual risks that your company faces, but also in the way you define the term itself. The most salient point about planning for future adversity is that although highly necessary, spending too much time and effort in this area can in reality have a negative effect on your day-to-day business. Plan ahead sure, but don't go overboard. See risk not as a negative, but in the context of innovation. You'll then be starting the whole process from a positive perspective. "The focus of good risk management is the identification and treatment of these risks. Its objective is to add maximum sustainable value to all the activities of the organisation."(3)

As your company grows, it will be the innovation of your business process, your people, your financials and the quality of your customer offering that will fuel this expansion. Great ideas will no doubt increase your profit, but they may also bring inherent risks as well. And this is where your risk management strategy should start. Across your whole organisation, from the bottom up, everyone should be encouraged to fuel innovation and nurture great ideas, but in order not to crush these sparks from the outset, the process of idea generation should be separated from the act of idea assessment. In short, you should not only encourage innovative thinking, but a separate framework of assessing each idea on its individual merits and possible risks. Thus making each member of staff free to innovate, but conscious of the wider considerations of taking risk into account when working with these new ideas. Your risk strategy…

…"Must be integrated into the culture of (your) organisation with an effective policy and a programme led by the most senior management."(4). Sounds good in theory, so how do you put it into practice?

Risk assessment and planning should be part of the same process, a process that starts with business wide performance management. Not just looking at your organisation in a historical context, but also considering future performance and the most risk-effective way to achieve your targets. In this way, both internal and external risks can be identified and assessed in a positive way that encourages innovation and invites an appraisal in to what constitutes an