
Top 5 risk management trends



Our **top 5 risk management trends** for 2012.

2012 has been a year filled with conspiracy theories about the end of the world, of a number of significant and public cyber crime events and a rocky economic year that continues to have a dark cloud hanging over the planet.

We also started to learn more about the causes of global warming with some dangerous warning signs being reported in the Arctic Circle, with Newsminter.com highlighting a [dramatic report card for the Arctic in 2012](#).

And social media has exploded in becoming a voice for public dissent and concern across the globe, as

highlighted by The Australian in the [response to the recent gun regulations discussions in the USA](#).

On the positive side, it has been a year of the ever expanding digital evolution. Forbes recent guest post article from John Humphreys, VP-marketing for Egenera talks about this change in "[How the internet of things will change almost everything](#)".

Devices are getting smaller, faster and applications continue to grow at unbelievable rates. Business Today highlighted this change in an article that details that [mobile devices are driving internet usage in India](#).

The human race is becoming more connected. Topics of the closed past are now being openly discussed, with many countries facing into old wounds.

The planet seems both larger and smaller at the same time, and 2012 was just the beginning!

So, what have we seen as the **top 5 risk management trends** (not in any particular order).

First is the **evolution of enterprise risk management**, both the tools and the frameworks. In 2012 many organisations either implemented, or began to implement enterprise risk management solutions through 3rd party vendors. In an area dominated by non-specific discussions, spreadsheets and word documents, the evolution has been slow and tedious but the reality of not implementing such frameworks and the associated technology is beginning to be seen in both organisational failures and the regulatory hammer of response.

Top 5 risk management trends

Second is the embracing of **external information and data in risk management**. Every day we read about a new invention or a new event for our competitors or our industry. We also realise that our industry could easily be impacted by parties outside our direct control. Organisations have begun to understand that Porters 5 forces model is just not a good theory but good business practice. Executives need to understand the world they live in, and they need to understand the risks this generates for their business.

The third trend is **scenarios**. Ever since Shell publicly highlighted their usage of scenario planning and developing scenarios on the future, there has been chatter in the corporate world on what it means. Scenarios are now a critical component of the planning processes. Organisations want to understand more about the future, and what could possibly happen in that future. Recent failures have been less about poor operational management and more about poor strategic thinking and strategic risk assessments. Scenarios provides the perfect tool to help consider all the future possibilities and to leverage this in strategic decision making.

The fourth trend is **digital**. When we refer to digital here, we mean all aspects, ranging from the internet, mobile, social and augmented reality. Conferences around the globe on risk management have a significant component dedicate to the New World Order of digital. There are blog postings, articles, discussions and papers discussing the risks surrounding digital technology. Organisations around the globe are embracing these risks and are all working through what it means for their future business models and operating environments.

The fifth trend is **passion and fun**. Risk management has been a career that has been guided by process driven approaches which lacked personality and excitement. Risk Managers of 2012 are beginning to embrace what is becoming a true ca-

reer and profession, and they are showing signs of passion and excitement in what they are talking about. This is also partly driven by a new breed of Risk Managers coming through who are Generation Y, and who bring a fresh look on the concepts of risk. They understand the individual focus of the customer, and the need to manage risks around a proposition that can see your business as the flavour of the month from one good idea to the bane of everyone's existence due to one mistake. Being a generation of social media and infographics, they embrace new ways of communicating, and leverage this to better understand risk and assist organisations to achieve their goals. In no way do they not realise that being in Risk means holding strong to your values and the need for appropriate mitigation controls to be implemented, but they do so in an engaging, passionate and constructive manner.

So, as we head into 2013, and a new Mayan calendar, it is always good to reflect on the **top risk management trends**, to recognise success and learn from failure. In Risk Management, we are evolving as enterprise risk leaders, leveraging the world of data and information around us, designing and assessing scenarios, embracing digital and most importantly doing it with passion and fun!

Written by: Scott on December 18, 2012.