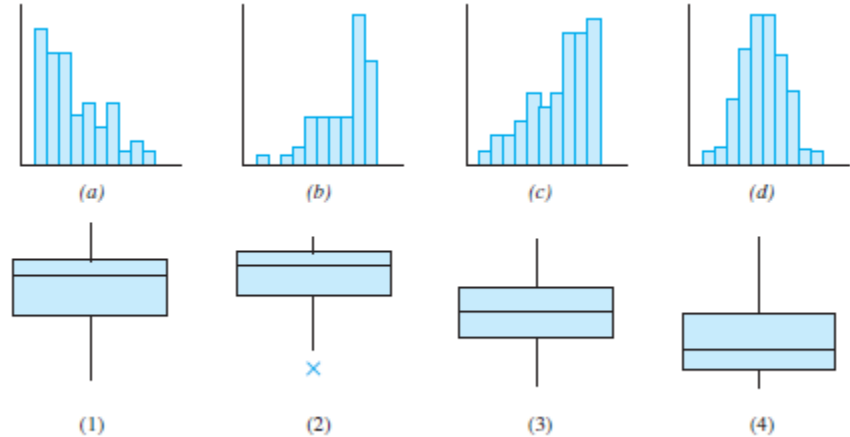


Future trends in Risk Management 2.0



Quantitative risk analysis is a given, but not the end in itself and you better have a good reason for the effort spent

Likelihood	Impact				
	Negligible	Minor	Moderate	Significant	Severe
Very Likely	Low Med	Medium	Med Hi	High	High
Likely	Low	Low Med	Medium	Med Hi	High
Possible	Low	Low Med	Medium	Med Hi	Med Hi
Unlikely	Low	Low Med	Low Med	Medium	Med Hi
Very Unlikely	Low	Low	Low Med	Medium	Medium



Read https://www.researchgate.net/publication/266666768_The_Risk_of_Using_Risk_Matrices

Watch <https://www.youtube.com/watch?v=71cRtz7qo2w>

Joke <https://www.linkedin.com/pulse/defence-risk-heat-maps-david-voise/>

Buy a book <https://www.amazon.co.uk/gp/product/0470387955/>

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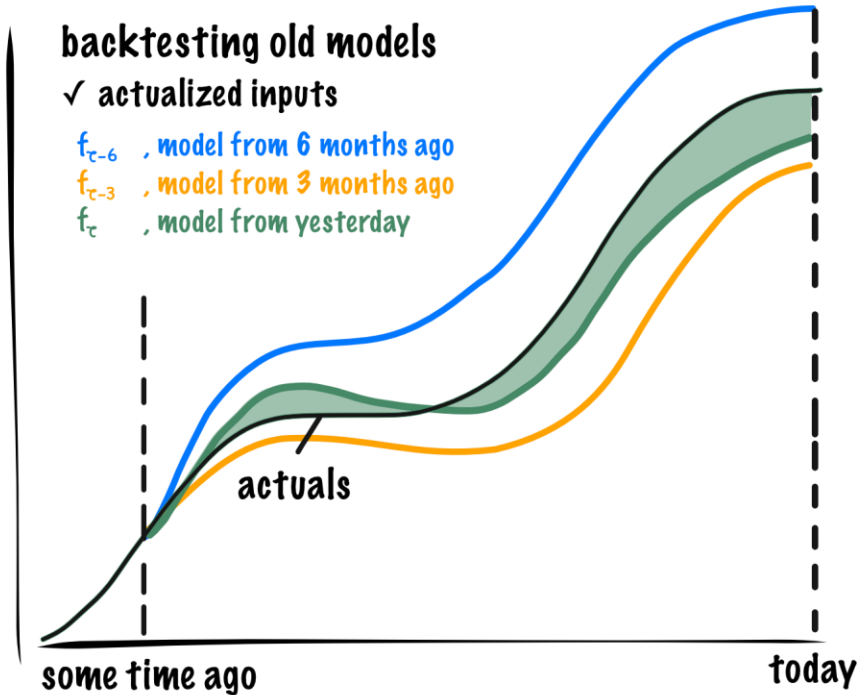
Provenance

Trials

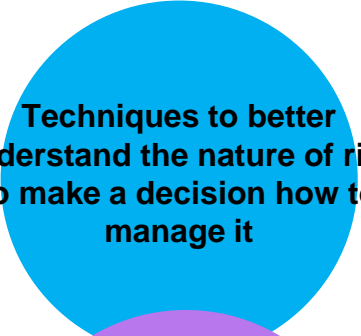
Information
Demand forecast for Below Projection.xls lesson file

SIP Input ? Chance of Whatever Graphs Avg Insert Average % Insert Percentile Insert Tail Risk ChanceCalc Settings About

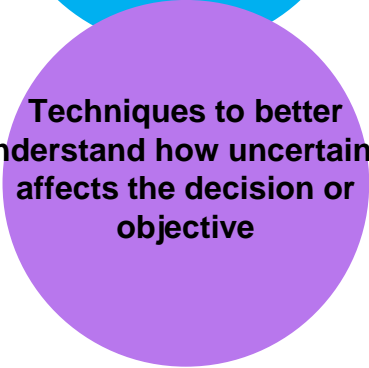
Without a back test you are just another person with an opinion



Reinventing the wheel is both naïve and immature




Techniques to better understand the nature of risk to make a decision how to manage it



Techniques to better understand how uncertainty affects the decision or objective

- bow-tie diagrams
 - FMEA / FMECA
 - HAZID, HAZMAT, HAZAN
 - 5 whys
 - influence diagrams
-
- scoring
 - decision trees
 - sensitivity analysis
 - scenario analysis
 - stress testing
 - various simulation techniques (agent-based, system dynamics or discrete event)



The irony is that while many risk management departments have been using heatmaps to rank risks, other business units have been using proper risk analysis techniques forever without calling it risk management

Since the idea to use risk management as decision making tool is much older than the idea to use risk management as an element of corporate governance, all we need to do is to open any good book on **decision science or probability theory** to find the tools.