

Risk Management – Illumination or Infoxication



Infoxication: A phenomenon related to the development of the Internet which refers to the difficulty or impossibility of taking a decision or keeping informed about a particular subject due to the endless amount of data and content that exists on the web or in electronic systems.

..... BY REBECCA COPE-LEWIS

Today, with risk systems or an Excel spreadsheet we can gather and report on a plethora of information. We can generate analytics on risks to objectives, risk interconnectivity, changes in cost exposure over time and much more.

This is all great, but are we asking too much of the front line (the people who are capturing all this data), and are we as risk managers too enthusiastic in capitalising on the opportunities that risk data can offer us? Are we putting our own risk management frameworks at risk of being less than effective? How much data do we really need to help us make sound risk-based decisions to enable us to meet our objectives?

Choices and mandates

Frameworks allow people to operate in a consistent manner but must have a fluidity to them, so they are effective and allow a degree of flex in the approach while still achieving the desired outcome.

So why, when it comes to spreadsheets and systems, do we suddenly become rigid and fixated on the need to complete every field just because it is there? And why do we develop the need to make people segregate each risk into five levels of Work Breakdown Structures, when three could suffice?

Just because you can does not mean you should, and it could negatively affect the entire “risk experience” of our colleagues – and that is definitely not one of our key objectives.

Why do invasive neurosurgery when a CAT scan is sufficient to expose and diagnose the problem? Our front-line people are not meant to be neurosurgeons and they do not need a multitude of reports showing them their risk data in various guises to make decisions on what to do next. If we want them to manage their risks, we must make sure that what we ask of them and what we provide is appropriate for them to make their decisions.

There is a balance between gathering data that you can use to make decisions and data that is collected because

your system allows it. Collecting too little data could result in the inability to produce SMART risk management plans. Too much data may be overwhelming and could conversely result in actually collecting less or poorer-quality data, creating a perfunctory mitigation plan.

Devil in the detail

Being a risk manager myself, I recognise that sometimes the devil is in the detail. Capturing additional information may not be considered ‘relevant’ at the front line. But it is important for correlating risk information or trying to understand the wider risk picture. It’s a balancing act.



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So, we must always ask ourselves “How much data do we really need?” to answer the relevant questions, and “Could we reach the same conclusion or plan with less?”.

Risks are sometimes hard to qualify and/or quantify, and as it is the role of our front-line people to provide the data on which we rely, we should make it as easy and relevant for them as possible.

There is an art to risk management, but it should not be a mystic art. Let us not be seduced by system or spreadsheet capability, but use it wisely to help illuminate and not to obfuscate. 

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