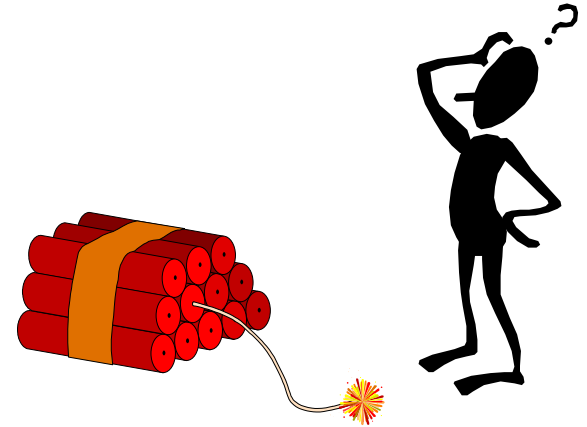


Common Flaws in Using Risk Management Disciplines

A Discussion Paper

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Herndon, Virginia

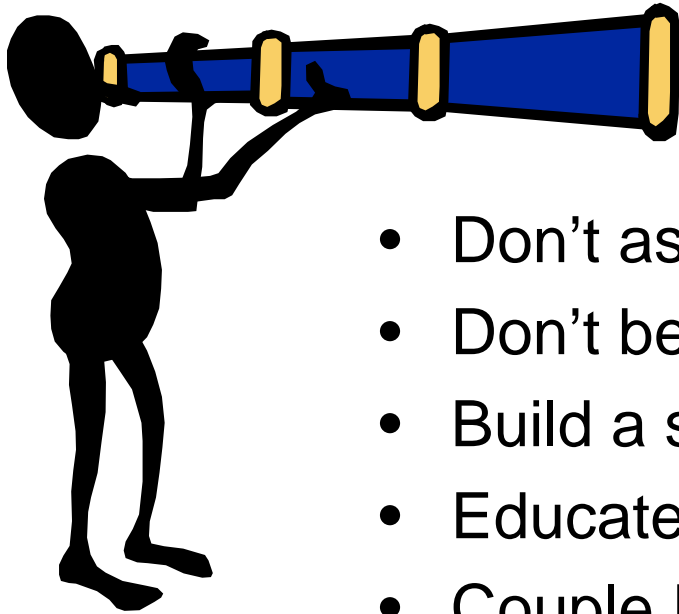
16 November, 2005

Common Mistakes in RM

- Misjudging the likelihood & consequences of risk
- Confusing cause and effect relationships (root cause?)
- Lack of adequate analysis before mitigating
- Believing risks are static
- Failing to reward those to identify risks
- Isolated attempts instead of institutionalizing RM practices



Lessons Learned in RM



- Don't assume people can judge risk well
- Don't be naïve about its cultural impacts
- Build a strong, well understood RM process
- Educate what/how to use RM
- Couple RM with other key practices or initiatives
- Align RM to support strategic vision

What Can We Do?

- Define the RM process clearly and educate others
- Discern differences between risk and 'normal' circumstances
- Simplify the RM approach with qualitative methods
- Reward those who identify risks
- Help everyone understand how RM supports the strategic vision

