



# RISK MANAGEMENT IN THE NEW WORLD

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## *FOUR ESSENTIAL TIPS*

# RISK MANAGEMENT

What are business risks and why is risk management so important?

When it comes to a business, risk is everywhere. Success in businesses greatly depends on the company's ability to recognize and manage possible risks associated with potential opportunities and returns. Today, given the increasingly digital and interconnected global environment, business risks are

occurring with greater frequency and velocity than ever before. As organizations are constantly innovating and changing the way they operate, the risk involved also changes accordingly. Hence, traditional approaches and control measures are no longer good enough.



*“The first step in every risk management process is to acknowledge the reality of risk”  
– Charles Tremper*

## Importance of risk management

Effective risk management is increasingly becoming a vital element for delivering successful projects. And the value that **enterprise risk management** can provide to large and small organizations should not be overlooked.

It's not just about protecting the organization's tangible and financial assets; rather, risk management focuses on the enterprise-wide risks that have the potential

to derail your business strategy. In this environment of unprecedented risks, risk management is imperative. If companies want to create and maximize value for their shareholders and stakeholders, they must approach and evaluate risks in a very systematic way.

## Four Effective Tips for Effective Risk Management

**Create a risk aware culture:** It is important for organizations to educate the workforce in practical aspects of risk management, and that includes the most senior business executives and the corporate board of directors. Risk management responsibilities should be clear. Whether it is intuitive actions based on experience and expertise in risk management or whether it is a result of institutionalized risk policies and procedures, effective risk management is typically a key factor in any business' success. Training and building awareness can help in building a **risk management culture** that will drive business success.

**Allocate adequate resources:** Efficient risk management requires considerable expertise and resources to be invested into activities ranging from basic risk control to advanced quantitative risk analysis. The cost of these resources might prove to be quite high, but the cost of losses due to lapses in risk management can be much higher. Investment in risk management capabilities will prove to be a payoff for companies in the long run. Due to the potentially extreme cost of mistakes, risk managers must be well trained.

**Continually re-assess risk:** Risks are highly dynamic. Factors such as market conditions, volatility levels, financial strength of counter parties, physical environments, and geopolitical situations change constantly. These changes can catch companies off-guard, or they might go unnoticed. Exposures to risks that result from business activities may also change. To ensure effective risk management, companies must reevaluate risks on an ongoing basis. Also, forecasting future exposures is necessary since hedge decisions are based on projected risk levels.

**Review cost of risk mitigation:** Transferring risks through hedge transactions or other activities is often regarded as an effective and advisable risk management technique, but risk mitigation strategy may largely depend on the hedge costs. Moreover, risk mitigation strategies also depend on the capacity of the firm to sustain risks and possible losses.

## LATEST INSIGHTS



### Strategies to Combat Risk of E-Commerce Fraud

Security of confidential user information and other forms of ecommerce fraud have always been a significant concern. Our latest blog talks about ways in which e-commerce companies can detect and overcome fraud.

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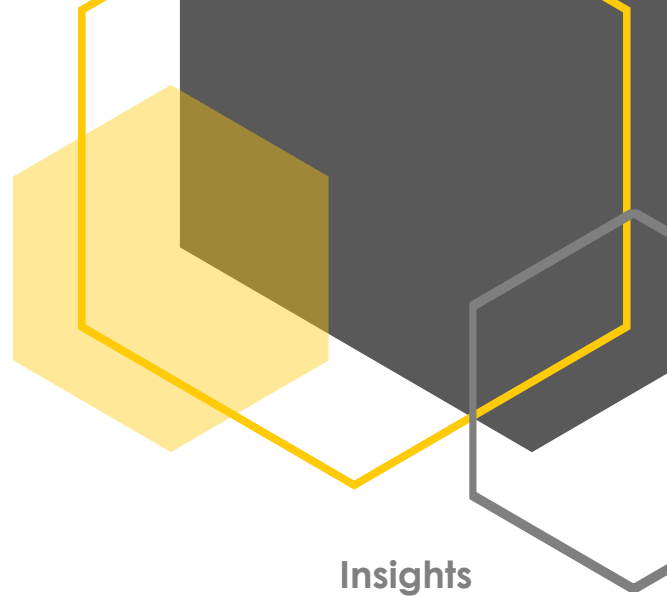
### Risk Assessment Solution for an Animal Nutrition Company

In our latest engagement, we helped an animal nutrition company gain detailed insights into the industry risks and potential threats.

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# Success Story

## Risk Assessment Solution for an Animal Nutrition Company



### Challenge

A renowned animal nutrition company wanted to gain detailed insights into the potential industry risks that would lead to negative results.

### Benefits

Helped the client gain detailed information on the psychographics and demographics of the target markets while taking into account the end-user demands for different geographies.

### Insights

Helped focus on developing a dashboard that enables easy comparison of risk factors across business units.

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Infiniti Research is a leading provider of actionable market intelligence and advisory solutions that help global organizations in entering, competing, and capturing maximum market potential. Our experienced market researchers follow highly tailored and proven methodologies to support clients with succinct answers for business decisions in areas including Market Opportunity Assessment, Emerging Market Planning, Benchmarking, Value-Channel Analysis and Customer Segmentation.

With a team of 500 researchers spread across four continents we are able to understand diversity in local behavior and business environment, overcome language complexities, proactively identify complex multi-level regulatory issues, and obtain high-quality information on private companies. By using Infiniti as your research partner, you can supplement and augment your internal resources on a flexible basis, increase the productivity of your team, and simultaneously cut costs.

Our researchers have extensive experience in deep dive custom research and consulting assignments for over 100 Fortune 500 companies and numerous small and medium-sized companies across several industry verticals.



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