



## 7 Emerging Trends in Project Risk Management



The complexity of today's business is a crucial contributor to heightened risk exposure for organizations. Higher complexity also means the creation of new risks or mutation of existing risks leading to companies not meeting their objectives. Organizations are increasingly re-defining their risk management approach to keep pace with the change in the business environment and adapt to the surrounding complexities to maintain relevance and demonstrate value.

In this article, some of the emerging trends in risk management are outlined that will have an influence on business outcomes across industry segments in the coming years.

### **Technology, a source of risk and an enabler for effective risk management**

Traditionally, business models were enabled through the use of technology. Today, innovative technology drives new business models. Technology is increasingly becoming a source of business disruption. Other emerging consideration for risk managers, is to look at the rapidly changing technology landscape as a source of significant risk to the organization's existing business model and long-term survival.

### **The convergence of risk oversight with strategic planning**

Organizations appear to be struggling to integrate their risk oversight with their strategy development and execution. There needs to be an explicit focus on the interrelationship of risk-taking, strategy development, and implementation.

### **Treasury as a strategic business partner**

Proactively managing risks have led to changes in the responsibility of many groups within the organization. One of the trends we see related to risk management is the role played by treasury dept. Treasury is becoming more of a business partner, working with business units and across functions to ensure that sound decisions are made, particularly in the realm of financial risk management.

### **Risk Analytics: data-driven risk management**

The key benefits of risk analytics are the ability to expand risk factors to include granular specifications which provide a more holistic and factual basis for risk management.

Additionally, it can be used to supplement behavioural scorecards with predictive models to analyze transactions to refine further and enhance early warning signs.

### **The increasing role of the Board in defining risk management strategy**

Boards are demanding an integrated view of risk across the enterprise. Enterprise Risk Management (ERM) is the adoption of a holistic approach to risk management. ERM emphasizes a top-down, enterprise-wide view of the inventory of significant risk exposures, potentially affecting an organization's ability to achieve its objectives.

### **Focus on emerging risks**

Many organizations do no formal assessments of emerging strategic, market, or industry risks. Organizations need to be more proactive in integrating emerging risks into daily business operations. Risk assessment is mostly inward-focused as compared to being forward-looking and externally focused. Detailed analysis of competitor strategies/ benchmarking and scenario planning are not widely used.

### **Increased regulatory compliance requirements**

Organizations across the globe understand that regulatory compliance is an essential and critical concern. As the regulations change, there is a greater focus on transparency and an increased risk of non-compliance.

### **Conclusion**

The inclusion of risk management into the mainstream helps the organization play more offensively. Businesses are beginning to look at risk management as a value add rather than merely protecting the company from risk. Successful organizations view risk management as a strategic component of their value chain, delivering long-term sustainable growth and innovation.

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