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RISK
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Optimisation through integration



MICHAEL FERENDINOS
enterprise risk business unit
head at Aon South Africa



CHANTELL ILBURY
scenario strategist at
mindofafox

To thrive in an increasingly complex operating environment, companies must undertake to make well-informed decisions using a variety of established techniques and disciplines.

The intricate and exhaustive nature of optimisation activities (see textbox on page 89) result in it being managed by different internal departments, and potentially by external consultants if an organisation does not have the specific skill sets. The benefits of adopting each activity are evident but can organisations derive more value when these activities are combined into a single methodology?

The Aon Enterprise Risk Management Centre of Excellence teamed up with mindofafox, a scenario planning and strategy company, which develops proprietary methodologies around the use of scenarios in strategic intelligence.

The idea was to investigate whether such traditional approaches to risk management

and strategic intelligence could be merged effectively while ensuring that the process can be easily adopted by organisations of all sizes and across all industries.

Numerous methodology overlaps were discovered. The team realised that removing these replications would immediately streamline the process, producing an integrated strategic risk-based decision-making methodology. Effective decision-making also appears to be much easier when these areas of expertise are addressed in a single conversation due to the elevated level of understanding and broader perspective provided.

At first glance, the three core benefits of this integrated methodology include:

- An analytical approach when evaluating

outcomes of specific decisions.


- Greater and wider ownership in organisational decision-making.
- The opportunity for continual testing and enhancement of the entire strategic risk-based decision-making process.

This integrated approach improves the capacity and agility of strategic thinking in the organisation.

The focus on decision analysis and quality, keeping corporate risk tolerance levels in mind, helps organisations avoid the pitfalls of biases in decision-making and solely relying on intuition.

A greater understanding of the strengths and weaknesses in the organisational decision-

making process is gained when delving into the reasons attributed to positive or negative outcomes. When creating an environment where a higher number of staff members feel part of the decision-making process and its execution, greater strategic commitment and buy-in are gained from all players. Finally, feedback loops within certain activities as well as within the entire risk-based decision-making process allow it to remain live and dynamic.

Integrating these interdisciplinary perspectives creates a systems-thinking approach to strategic risk-based decision-making, allowing organisations to deal with complexity with the mind of a fox: forward-thinking, agile and adaptive. 

THESE ACTIVITIES INCLUDE, AMONG OTHERS:



Organisational strategic planning, goal and objective setting in line with the six capitals: namely financial, manufactured, human, intellectual, natural, and social and relationship capital.



Identifying certainties by understanding the rules of the game and key assumptions.



Responding to uncertainties through an integrated risk and opportunity management programme that addresses preventable, strategic and external categories of risk.



Context setting and environmental scanning across political, economic, societal, technological, environmental and legal factors from global to local as well as industry-specific.



Developing and leveraging scenarios, possible futures and flags; key indicators of possible change.



Analysing key players or stakeholders according to the degree of influence and dependency.



Options analysis and strategic decision-making with clearly defined performance measurables.