

Week 1 – A framework for international risk management

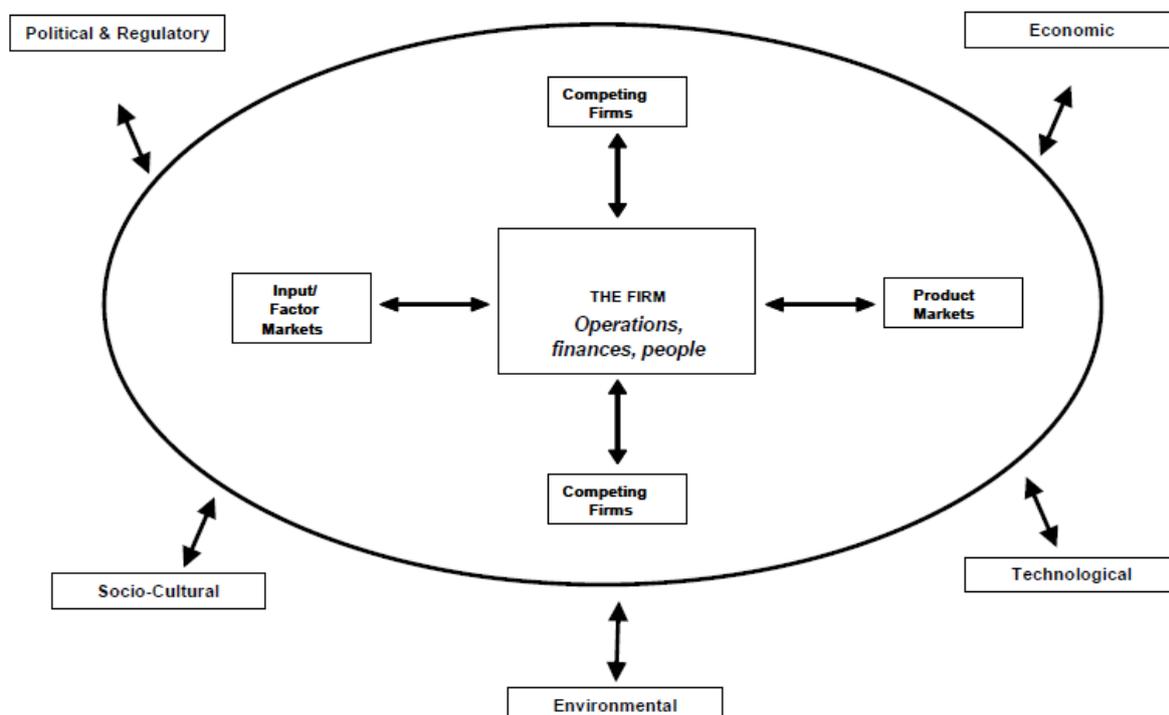
Risk video

- It is impossible to be certain of an event occurring, or of the severity of the consequences
- Risk is the uncertainty regarding the occurrence of events and the severity of the consequences associated with those events with respect to something that is valued
- It is difficult to make decisions given there is a limited amount of information available to us past and present, but these decisions need to be put into future context
- Understanding risk allows us to make more informed decisions and achieve objectives more effectively

Strategy and risk

- Strategy: ways for the company to achieve its objectives
- Risk: factors that may prevent the company from achieving its objectives
- Risk is a condition of decision making
 - e.g. OKI Printing Solutions aimed to maintain their world leader position in dot matrix printers, but did not foresee the innovation of desk jet printers by HP
 - e.g. Ray Kroc and expanding the McDonalds franchise

Taxonomy of risk



Week 2 – Establishing the context: business vulnerability

Inherent risk

- Inherent risk is the risk that a company is exposed to simply due to the way it is built, or the way it does business
- Risk is only relevant if it is capable of inflicting damage on something that is important to us

What's a business model?

- Drucker: who is the customer? What does the customer value?
 - Must be a monetary transaction to be a customer
- Magretta: what is the underlying economic logic that explains how we can deliver value to customers at an appropriate cost?
 - Businesses won't do things unless they make economic sense
- Richardson: a) value proposition b) value creation and delivery system c) value capture
 - Essentially the same as Magretta's definition
- Osterwalder: money earning logic of a company
 - Same elements in Richardson and Magretta
 - 'A business model describes the rationale of how an organisation creates, delivers and captures value' (Osterwalder and Pigneur 2010)

The Business Model Canvas (BMC e.g. Taylor Swift)

