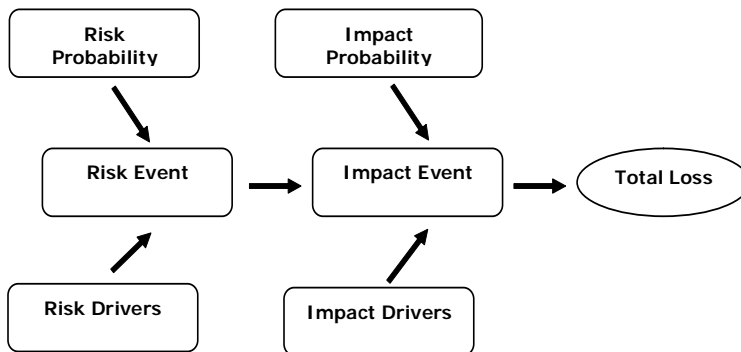




Manage Uncertainty?

Managing uncertainty may sound like a contradiction, but not only is it possible to manage the risks you take – you can also reduce them. Uncertainty and the need to take risks are an inherent part of any new opportunity. In fact, it's a good chance that the degree of your risk is related to the amount of financial return you hope to achieve, as well as, the financial losses you plan to avoid. Facing risk is difficult. We can help your company move beyond the swings of adventurous risk taking and over cautiousness that result in circular arguments and indecision.

We can help you manage the risks you take. It is difficult to remain objective, especially when each person in your company will have varying perspectives about the risks and possible rewards in a new opportunity.



Standard Risk Analysis Model

believe why something is a risk and why it can have a negative impact. The Drivers provide key insights for developing mitigation and contingency plans.

We then use a risk mapping tool to prioritize the risk events based on their “Expected Loss,” which is the Risk Probability times the Impact Probability times the Total Loss. As an example, a medium sized manufacturer of a new handheld inventory input device identified a Risk Event in which there was a 70% likelihood that their main competitor would respond with a lower price on their existing handheld. This would result in a 90% Impact Probability that they will miss their first year sales target by 10%. The Total Loss of 10% sales was \$200,000 in the first year.

The Expected Loss was calculated to be \$126,000 and was ranked as high priority. One of the Risk Event Drivers was the belief that the competitor had margin room in their existing handheld in order to lower the price. This observation resulted in an action to reverse engineer the competitor’s handheld product to confirm what margin room could be available to them. From this example, you can see how systematically identifying the Drivers provides the action plans.

Proactive risk management can be applied to any new opportunity project including product or software development, new acquisition planning, expanding production capacity, on-time scheduling or responding to competitive threats. The benefits are accelerated decision making, contingency and mitigation plans, risk reduction and increased speed to market.

Gain the confidence you need to explore new opportunities. Risk will always be a part of new opportunities, but you can manage that uncertainty and take only those chances that you want to take. Why not start today?

Doug Keeports helps companies innovate and manage uncertainty. He was the former VP of Engineering for a medium sized manufacturer in the Pittsburgh area. He is currently a resource partner with **InterLINK Management Consulting**, a Pittsburgh based group that develops sustainable leadership skills and integrated management solutions for small to medium sized organizations. Learn more at www.interLINKbusiness.com or contact Doug directly at dkeeports@interlinkbusiness.com