

## Risk Assessment and Decision Making in Business and Industry: A Practical Guide

By Glenn Koller

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Glenn Koller's career is built on removing unnecessary risk from the very risky process of drilling for oil and gas around the world. Every day he battles the forces of nature, economics, government, and organizational politics armed with mathematics, a bit of software, and an impressive understanding of human nature. To describe his approach to risk management as pragmatic is understatement.

Dr. Koller assumes readers have no prior familiarity with the topic. He patiently walks you through what risk management is, how it works, and why so many organizations benefit from it. He introduces only the necessary amount of statistical building-blocks to help the logic build and is almost apologetic about the occasional reference to statistics or math. Along the way, it becomes obvious that he has guided you by the hand from one learning point to another with such subtlety that you arrive at the end of the book in about half the time you envisioned.

Definitely not a good beach read, you'll probably never see Koller promoting his book on Letterman. Nevertheless, he seems to have a sense for when he has stepped over the line into technical jargon and subsequently retreats to put an occasionally math-laden passage into highly relevant context with effective, real-world risk management examples.

The emphasis in this book is more on the development of good risk management process than on specific tools or techniques. Asking the right question is properly accorded the first position on the path and Koller puts a good deal of effort into suggesting ways to align the project correctly from the start. Thankfully, while the concept of modeling appears on most every page, software tools are generally downplayed and addressed only in the context of, "the help of any good off-the-shelf package." In short, the reader is encouraged to believe that "it's not the arrows, it's the Indian."

But the most interesting aspect of Koller's approach is his emphasis on interpersonal impacts of risk management and the importance of designing processes with an eye toward organizational dynamics. He pays careful attention to the possibilities of a winners-and-losers effect that may undermine the teamwork and morale required to successfully implement the chosen projects. He deals straight-on with the potential for some people to attempt to manipulate the system for their own benefit and doctor the numbers or omit key facts to make their initiatives appear less risky. That's why he proposes several ways to structure the risk assessment process to reinforce its apolitical benefit to the organization and subject it to the sunlight of peer review.

While this book was not written for marketing types, it is not difficult to see the transferable value of risk assessment examples on opening new power plants to new product introductions or channel developments. Here, the focus is on operational problems, methods, and tools highly applicable to today's marketing departments.

**Bottom line:** This book is worth reading because its focus is the bottom line and it doesn't get lost on the journey. You won't either.



Read an [interview with Glenn Koller](#).