

Risk Assessment: Effective Communication

The risk assessments are next to hopeless without effective communication.

To communicate risk effectively, it is important to understand the stakeholders and challenges faced by them in assessing the risks to act on. Therefore, a qualitative representation of risk relies on natural language would be necessary for risk assessments to be more readily understood by a wider audience. One interesting way to attract stakeholder attention is to convey risk communication with anecdotes, which is still one of the most powerful forms of communication by creating a picture in mind. However, expressing risk in time and monetary value can also be effective as it is difficult to express a risk without adding a tangibility on. Therefore, a combination of both qualitative and quantitative communication is most effective for risk communication. However, it is also important to avoid misinterpretation of qualitative risk representation due to imperfect alignment between qualitative representation and underlining quantitative assessment. For example, two “medium” risks should not be arbitrarily expressed as a “high” risk.

Risk communication is important for promoting accountability, while providing realistic expectations. Personalities and organisational responsibilities of stakeholders can impact not only how you communicate but also what you communicate. Therefore, another most effective risk communication strategy is to customise risk reporting based on the target audience as risk appetite and risky behaviour of the audiences varies between different levels of an organisation. For example, at the operational level, risk management is specific to individual projects and a senior technical person would like to understand the risk impact on a product design, whereas at top-management level, risk management is specific to overall organisational impact and a CFO would like to understand the risk impact on monetary values as at CFO level the concerned is more about cost and budgets.

Traditionally risk assessment is involved estimating the probabilities and consequences of unintended events, and in many cases, the uncertainty associated with the risk implicates, conflicting perceptions and viewpoint. Therefore, it is important to note that an assessment of risk is subjective and risk-based decisions can be varying between different personalities based their backgrounds and viewpoints.

Reference List

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