



RISK DOCTOR BRIEFING

THE FUTURE OF THE RISK UNIVERSE



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Where is the physical universe heading? While there is no doubt that the universe is currently expanding, scientists disagree about what might happen next. Will our universe continue to expand indefinitely, or will it reach a maximum and then collapse, or will it cycle between expansion and collapse?

The universe of risk management has the same three possibilities:

- **Expanding universe.** It seems likely that the scope and influence of risk management will expand as more areas of application are found for risk-based approaches. But how far can it go? Risk management might include increasingly more elements of personal, business and social life until *“Everything is just risk management”*. We could end up living in a risk-based world where all decisions are taken in the light of relevant uncertainty. While this might sound attractive to risk specialists, it is rather extreme. Risk is not the whole picture, and concentrating only on managing risk would be unwise.
- **Collapsing universe.** After initial expansion in the scope of risk management, we might reach a critical point when further growth is unsustainable, and interest in managing risk might collapse and disappear. This might happen quickly as people and organisations give up on risk management and lose interest, or it might just fade away. Alternatively risk management might disappear as a result of its own success. If risk management is absorbed into the nature of business, it could become invisible. If everyone naturally “thinks risk” as a normal part of daily life, then we might not need a separate discipline called risk management, since it would be accepted and practised by all.
- **Cycling universe.** A third option is possible which combines both expansion and collapse. Maybe the risk management universe might increase for a time then contract. Risk management has been more prominent at some periods of human history than others. Advances in technology, law and religion can be seen as human responses to uncertainty, seeking to make sense of the world and impose control where possible. Major changes in civilisations can perhaps be seen as cycles in the way risk is understood and managed, and the same might be true in the business world. Risk management may be expanding today, but perhaps this is just part of the latest cycle before we see a contraction, to be followed in turn by another period of expansion.

Only time will tell whether the risk management universe is expanding indefinitely until it encompasses everything, or whether a turning-point might be reached to be followed by collapse where risk management disappears, or whether some cycle of growth and decline might occur. What is certain is that, like our physical universe, risk management is not in steady-state.

Risk management is so fascinating because it is constantly changing. After ten years working in the field, the Risk Doctor & Partners team see ourselves as pioneers and explorers of this intriguing universe. Fellow-travellers can be sure of an exciting journey as the future of risk management unfolds before us in novel and unexpected ways, challenging us *“to boldly go where no man has gone before”* in our continuing exploration of risk management.