

Book Review

Managing Business Risk: a practical guide to protecting your business, edited by Jonathan Reuvid, Kogan Page Ltd; 8th edition (2012), 274pp., £50.00 (US\$99.00). ISBN: 9780749462826

INTRODUCTION

Business risks are constantly changing and evolving. The continued economic uncertainty and increased regulatory pressure increases concern amongst businesses in how they manage risk. This 8th Edition of *Managing Business Risk* therefore comes at an opportune time.

REVIEW

The book is a collection of essays written by various eminent professionals across the industry. The essays not only describe particular risks but also offer practical solutions currently available.

The book is divided into five different parts (chapters).

- Part one: Basic principles of risk management. This part serves as an introduction to the topic of risk management and its current developments.
- Part two: Risk issues for directors and senior management. This part deals with the tackling of risk issues directly from a director and senior management perspective.
- Part three: Legal issues relating to risk. This part looks at the effects of current laws, trends, and other aspects of legislation on business risk.
- Part four: Investment and operational risk in emerging markets. This part focuses on a broad type of risks in the emerging markets of Brazil, Russia and South Africa.
- Part five: Risk in ascendant Asia. This part tackles different types of risk in the Asian markets, specifically China, India and a more general look into Southeast Asia.

Each of these parts will now be discussed.

BASIC PRINCIPLES OF RISK MANAGEMENT

This section starts off with several introductory chapters, explaining the application of the core concepts of Sustainability Risk Management (SRM) and Enterprise Risk Management (ERM), and why these concepts are increasingly important in our current climate. Additionally, there is a section presenting some of the new opportunities created by the rapidly evolving internet phenomenon of cloud services. Then it continues with some more practical sections, describing guidelines to deal with risks in areas like organizational accidents and illnesses, logistics, and how to apply Converged Building Infrastructure Services (CBIS) to reduce risk. Lastly, the section concludes with a chapter on a method to manage security risks.

All the chapters in this section concentrate on those areas of risk in corporate management that have emerged as particularly relevant during the last year or two of the extended recession in Europe.

This makes the topics described very actual and even interesting for those with already a broad knowledge of risk management.

RISK ISSUES FOR DIRECTORS AND SENIOR MANAGEMENT

This part immediately focuses on issues that fall within the ambit of board and senior management responsibilities. Most of the continuing chapters cover these issues in a pragmatic manner from a number of different perspectives, namely a humanitarian (the relationship between business and human rights), strategic (embedding risk appetite in corporate strategy), environmental (how to handle business risk associated with climate change), and a psychological (the risks associated with personality and behaviour in the workplace) perspective. Additionally, there is one chapter that deals with the challenges and opportunities of developing enterprise risk management in the insurance sector. This could have been a potentially more interesting topic to anyone in the actuarial field, however it mostly focuses on a generic risk management perspective.

Lastly, there is a chapter that concentrates on the food sector. This specific chapter feels out of place, considering that so far there has been a very non-specific approach to the different topics. Nevertheless, looking at the issues from all these different perspectives provides an appealing read.

LEGAL ISSUES RELATING TO RISK

This section describes topical issues relating to legal and contractual risk. It starts off with an informative section on an upcoming business risk in Europe, related to the infringement of patents and damage claims. The next chapters have a more practical approach again, providing guidelines with regards to dealing with the management of litigation risk, the risk of slow payments, the implications of the 2010 Bribery Act, and the risks arising from breach of confidential information in IT. All the topics dealt with are very contemporary; one does wonder about the author's motivation to include specific topics and leave out other ones, but it is of course understandable that there are some limitations on the amount of things that can be discussed.

INVESTMENT AND OPERATIONAL RISK IN EMERGING MARKETS

This section strangely enough starts off with a topic only slightly related to the emerging markets, namely a topic about credit insurance. The other chapters however completely focus on the risks in the upcoming markets of Brazil, Russia and South Africa. One chapter about Brazil and Russia again detours from the generic perspective into an industry specific perspective (the automotive industry), but both countries have an additional more generic section on them later on in the chapter.

RISK IN ASCENDANT ASIA

This part starts off with a generic approach to the operational risk in Southeast Asia as a whole, while its subsequent sections focus only on China and India. Coincidentally, there is another chapter that focuses specifically on the automotive industry in both China and India. Both these countries have a chapter that describes their specific risks, while other chapters delve into the opportunities in India, the use of the concept 'guanxi' to reduce risk in China, and a comparison between both countries. Again, the choice for these specific topics might be argued, but each of them are well written and provide fascinating insights.

OVERALL OPINION

The book is well written and has been made very accessible, mostly as a consequence of its broad target audience (namely all directors in all fields of businesses). The content therefore is mostly practical in nature. Someone looking for an in-depth mathematical analysis of the topics described, should therefore look somewhere else. Someone who is not however, will not be disappointed.

While it is fascinating to read all the different professionals' views on their respective topics, it could be seen as a missed chance that the author did not add his own insights. An overall chapter, connecting all these different ideas, would have been very welcome. In its current state, the book feels more like a bundle of unconnected practical guides, which just all happen to be in the area of risk management. Instead of having each author write about their own topic, having multiple authors writing about the exact same (sub-)topic could have given the content more depth and a broader applicability; especially since the author has collected perspectives from mostly big industry players, some possible other viewpoints from smaller players are ignored. Regardless, the book is still a very stimulating read for anyone working in a risk environment; the book contains excellent practical guidelines from some of the biggest experts in the field.

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