
Risk Doctor Briefing

Managing Risk Across Borders

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Many organisations conduct business internationally in our connected world, and we need to consider the particular risks that might arise from operating or trading across borders. We recently learned about the risk approach adopted by AECL (www.AECL.co.za) whose business involves transporting toxic chemicals and high-explosives across Africa. They have identified the following five risk categories for their business, together with sample generic risks in each category, to ensure that risk is understood and minimised as far as possible (*):

1. **Economic and financial risks.** This category includes: price fluctuations; maturity of banking systems; tax requirements; foreign exchange risk; interest rate risk; access to capital; data integrity in financial systems; infrastructure neglect; compliance with country-specific laws/regulations; unmanageable inflation; adequacy of in-country public liability coverage; additional in-country import tariffs and quotas.
2. **Environmental risks.** This group of risks covers natural or man-made disasters, including: irremediable pollution; persistent extreme weather conditions; vulnerability to geomagnetic storms; rising greenhouse gas emissions.
3. **Geopolitical risks.** These are risks relating to politics, diplomacy, conflict, crime and governance, including: entrenched organised crime; political instability; failure to resolve diplomatic conflicts; cultural disconnect; pervasive corruption/bribery/fraud; terrorism; piracy; trade embargos; political sanctions; lack of cross-border agreements.
4. **Societal risks.** Risks in this category relate to population dynamics, social stability and human survival, including: availability of skilled/experienced personnel; adequacy of electricity supply; chronic diseases; increased safety incidents; unmanaged migration; vulnerability to pandemics; water supply crises.
5. **Technological risks.** These risks depend on the nature of the specific business, but would usually include: critical systems failures; cyber-attacks; adequacy of internet connectivity; ineffective intellectual property protections; data breach/fraud/theft; scarcity and availability of raw materials.

Your business may not involve cross-border transport of toxic chemicals or high explosives. But if there is an international aspect to your operations, you might like to consider these risk categories and see whether any of them might be relevant. In our globalised world most of us are exposed to some degree of cross-border risk, and the AECl approach offers insights that could be helpful.

(* Used with the kind permission of Gillian Edworthy, Group Risk Officer, AECl.

To provide feedback on this Briefing Note, or for more details on how to develop effective risk management, [contact the Risk Doctor \(info@risk-doctor.com\)](mailto:info@risk-doctor.com), or [visit the Risk Doctor website \(www.risk-doctor.com\)](http://www.risk-doctor.com).

About the Author



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Dr David Hillson CMgr FRSA FIRM FCMI HonFAPM PMI-Fellow is The Risk Doctor (www.risk-doctor.com). As an international risk consultant, David is recognised as a leading thinker and expert practitioner in risk management. He consults, writes and speaks widely on the topic and he has made several innovative contributions to the field. David's motto is "Understand profoundly so you can explain simply", ensuring that his work represents both sound thinking and practical application.

David Hillson has over 25 years' experience in risk consulting and he has worked in more than 40 countries, providing support to clients in every major industry sector, including construction, mining, telecommunications, pharmaceutical, financial services, transport, fast-moving consumer goods, energy, IT, defence and government. David's input includes strategic direction to organisations facing major risk challenges, as well as tactical advice on achieving value and competitive advantage from effectively managing risk.

David's contributions to the risk discipline over many years have been recognised by a range of awards, including "Risk Personality of the Year" in 2010-11. He received both the PMI Fellow award and the PMI Distinguished Contribution Award from the Project Management Institute (PMI®) for his work in developing risk management. He is also an Honorary Fellow of the UK Association for Project Management (APM), where he has actively led risk developments for nearly 20 years. David Hillson is an active Fellow of the Institute of Risk Management (IRM), and he was elected a Fellow of the Royal Society of Arts (RSA) to contribute to its Risk Commission. He is also a Chartered Fellow of the Chartered Management Institute (CMI) and a Member of the Institute of Directors (IOD).

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