

Risk Management Quotes

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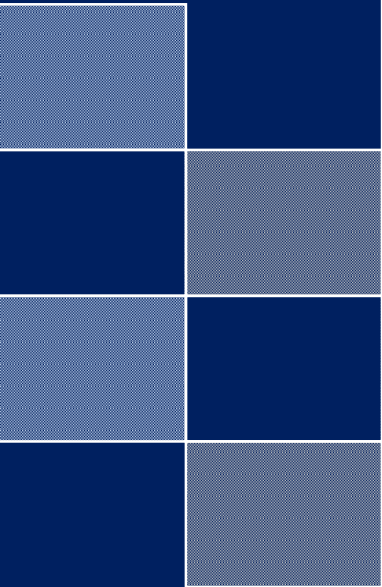


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Overview

A compilation of risk management quotes gathered from a wide range of sources.
The quotes are not arranged in any particular order.

“When models turn on, brains turn off.”

Til Schuermann

“Risk comes from not knowing what you`re doing.”

Warren Buffett

“Risk is like fire: If controlled it will help you; if uncontrolled it will rise up and destroy you.”

Theodore Roosevelt

“Risk management is about people and processes and not about models and technology.”

Trevor Levine

“Human beings, who are almost unique in having the ability to learn from the experience of others, are also remarkable for their apparent disinclination to do so.”

Douglas Adams

“When you find yourself in a hole, stop digging.”

Will Rogers

“Total enterprise risk management is critical, but implementing it is both expensive and easier said than done. Even the most sophisticated financial institutions are still basically silo risk managers.”

Danny Klinefelter

“While ERM is not a panacea for all the turmoil experienced in the markets in recent years, robust engagement by the board in enterprise risk oversight strengthens an organization’s resilience to significant risk exposures.”

COSO

“The financial services industry continues to evolve to meet the challenges posed by emerging technologies and business processes, new financial instruments, the growing scale and scope of financial institutions, and changing regulatory frameworks. A successful ERM process can help an organization meet many of these challenges by providing a framework for managers to explicitly consider how risk exposures are changing, determine the amount of risk they are willing to accept, and ensure they have the appropriate risk mitigants and controls in place to limit risk to targeted levels.”

Susan Schmidt Bies

“Given the central role of effective, firmwide risk management in maintaining strong financial institutions, it is clear that supervisors must redouble their efforts to help organizations improve their risk-management practices... We are also considering the need for additional or revised supervisory guidance regarding various aspects of risk management, including further emphasis on the need for an enterprise-wide perspective when assessing risk.”

Ben Bernanke

“For those organizations that choose to weather this economic storm with the aid of ERM, the benefits of their efforts today will likely remain long thereafter.”

Grant Thornton

“The major difference between a thing that might go wrong and a thing that cannot possibly go wrong is that when a thing that cannot possibly go wrong goes wrong it usually turns out to be impossible to get at or repair.”

Douglas Adams

“A foreign policy aimed at the achievement of total security is the one thing I can think of that is entirely capable of bringing this country to a point where it will have no security at all.”

George F. Kennan

“The only virtue of being an aging risk manager is that you have a large collection of your own mistakes that you know not to repeat.”

Donald Van Deventer

“Reality is that which, when you stop believing in it, doesn't go away.”

Philip K. Dick

“The financial crisis has underscored how insufficient attention to fundamental corporate governance concepts can have devastating effects on an institution and its continued viability. It is clear that many banks did not fully implement these fundamental concepts. The obvious lesson is that banks need to improve their corporate governance practices and supervisors must ensure that sound corporate governance principles are thoroughly and consistently implemented.”

Danièle Nouy

“It seems that the necessary thing to do is not to fear mistakes, to plunge in, to do the best that one can, hoping to learn enough from blunders to correct them eventually.”

Abraham Maslow

“Wise men say, and not without reason, that whoever wished to foresee the future might consult the past.”

Machiavelli

“Don`'t be afraid to take a big step when one is indicated. You can`'t cross a chasm in two small steps.”

David Lloyd George

“Even a correct decision is wrong when it was taken too late.”

Lee Iacocca

"There is a simple way of avoiding excess risk-taking by the managers of our financial institutions. It is to make it a crime ... had a crime for reckless management of a financial institution been on the books, Northern Rock and RBS would not have blown up."

Paul Collier

"If we listened to our intellect, we'd never have a love affair. We'd never have a friendship. We'd never go into business. Well, that's nonsense. You've got to jump off cliffs all the time and build your wings on the way down."

Ray Bradbury

"The more you seek security, the less of it you have. But the more you seek opportunity, the more likely it is that you will achieve the security that you desire."

Brian Tracy

"People who don't take risks generally make about two big mistakes a year. People who do take risks generally make about two big mistakes a year."

Peter F. Drucker

"We are pioneers and the history of pioneers is not that good."

Jeff Bezos

"If you look up the synonyms for the word 'risk; you will likely receive results such as: danger, hazard, threat, peril, and gamble. So, why do people, companies, governments, and countries expose themselves to risk? The answer is simple: without risk there is no reward. Being that risk is an inevitable part of life, it is of great importance to mitigate the exposure. Notice how I said mitigate vs. eliminate. The reason behind this is that if we eliminate all risk, we essentially eliminate all return. Proper risk management ensures that financial institutions create a roadmap to achieve strategic goals. It allows companies to seize opportunities and to mitigate adversity."

Kseniya (Kate) Strachnyi

"To be a leader in this new economy, you have to love risk—which means patterning your life on the heroic, not on the strategic. Acting boldly is better than acting knowingly."

Harriet Rubin

"Risk is what an entrepreneur eats for breakfast. It's what she slips into bed with at night. If you have no appetite for this stuff, or no ability to digest it, then get out of the game right now."

Heather Robertson

"You want a valve that doesn't leak and you try everything possible to develop one. But the real world provides you with a leaky valve. You have to determine how much leakiness you can tolerate."

Arthur Rudolph

"By definition, risk-takers often fail. So do morons. In practice it's difficult to sort them out."

Scott Adams

"If you only take small risks, you are only entitled to a small life."

Robin S. Sharma

"Unless you're running scared all the time, you're gone."

Michael C. Lynch

"The easy way out usually leads back in."

Peter Senge

"How many millionaires do you know who have become wealthy by investing in savings accounts? I rest my case."

Robert G. Allen

"There are one hundred men seeking security to one able man who is willing to risk his fortune."

J. Paul Getty

"If you are scared to go to the brink you are lost."

John Foster Dulles

"A desperate disease requires a dangerous remedy."

Guy Fawkes

"It seems to be a law of nature, inflexible and inexorable, that those who will not risk cannot win."

John Paul Jones

"There ain't no such thing as a free lunch."

Robert A Heinlein

"Good Risk Management fosters vigilance in times of calm and instils discipline in times of crisis."

Dr. Michael Ong

“Yesterday’s bullet won’t kill you. Tomorrow’s bullet just might.”

Bernie Provan

“To win without risk is to triumph without glory.”

Pierre Corneille

“Today’s scientists have substituted mathematics for experiments, and they wander off through equation after equation, and eventually build a structure which has no relation to reality.”

Nikola Tesla

“What we think, or what we know, or what we believe is, in the end, of little consequence. The only consequence is what we do.”

John Ruskin

“I have a right to be blind sometimes.”

Lord Nelson

“A theory’s assumptions always are and ought to be unrealistic. Further, we should attempt to make them more unrealistic in order to increase a theory’s fruitfulness.”

Satoshi Kanazawa

“Most of the time the capital markets act like there is no parameter risk. In times of crisis they act like there is only parameter risk”

Todd Bault

“Computers have enabled people to make more mistakes faster than almost any invention in history, with the possible exception of tequila and hand guns.”

Mitch Ratcliffe

“We demand rigidly defined areas of doubt and uncertainty!”

Douglas Adams

“Given our inevitably incomplete knowledge about key structural aspects of an ever-changing economy and the sometimes asymmetric costs or benefits of particular outcomes, a central bank needs to consider not only the most likely future path for the economy but also the distribution of possible outcomes about that path. The decision makers then need to reach judgment about the probabilities, costs and benefits of the various possible outcomes under alternative choices for policy.”

Alan Greenspan

“You should never make predictions, especially about the future.”

Samuel Goldwyn

“It was obvious that their profits were simply cash borrowed from destiny with some random payback time.”

Nassim Taleb

“If I had better foresight, maybe I could have improved things a little bit. But frankly, if I had perfect foresight, I would never have taken this job in the first place.”

Richard F. Syron

“Among the illusions which have invested our civilization is an absolute belief that the solutions to our problems must be a more determined application of rationally organized expertise... The reality is that our problems are largely the product of that application.”

Voltaire's Bastards

“If we do not recognize the fundamental difference that exists between price and value, then we are doomed. Historically this distinction did not really matter in corporate finance because the two, price and value, were supposed to be the same, to remain equal forever. Who has been telling us that? These people do not live in New York; they live in Chicago. The Chicago School of Economics has been telling us for a century that price and value are identical, i.e. that they are the same number.”

Sylvain Raynes

“Never ask a barber if you need a haircut.”

Warren Buffett

“The fact that people are full of greed, fear, or folly is predictable. The sequence is not predictable.”

Warren Buffett

“What we learn from history is that people don't learn from history.”

Warren Buffett

“In the business world, the rear view mirror is always clearer than the windshield.”
Warren Buffett

“It is interesting that the (investment) industry has invented new ways to lose money when the old ways seemed to work just fine.”
John Stumpf

“In theory there is no difference between theory and practice. In practice there is.”
Yogi Berra (James Montier)

“Better to have a simple model backed by excellent people than the other way around.”
Paul Carrett

“Everyone is entitled to his own opinion, but not to his own facts.”
Daniel Patrick “Pat” Moynihan

“High leverage is unsafe, not just for a company but the entire economy... LBOs are reducing the safety. Management loses the power to do many things. It has no margin for error and less margin for additional risk.”
Franco Modigliani

“Bank failures are caused by depositors who don’t deposit enough money to cover the losses due to mismanagement.”
Dan Quayle

“In the middle of difficulty lies opportunity”

Albert Einstein

“Failure is often the first necessary step toward success. If we do not take the risk of failing, we will not get the chance to succeed. When we are trying, we are winning.”

Wynn Davis

“I always tried to turn every disaster into an opportunity.”

John D. Rockefeller

“Knowing our risks provides opportunities to manage and improve our chances of success.”

Roger VanScoy

“All you need is the plan – the road map – and the courage to press on to your destination.”

Earl Nightingale

“The greatest potential for control tends to exist at the point where action takes place.”

Louis A. Allen

“If you do not actively attack the risks, they will actively attack you.”

Tom Gib

“We must have courage to bet on our ideas, to take the calculated risk, and to act.”
Maxwell Maltz

“Risk! Risk Anything! Care no more for the opinion of others, for those other voices. Do the hardest thing on earth for you. Act for yourself. Face the truth.”
Katherine Mansfield

“Risk more than others think is safe. Care more than others think is wise. Dream more than others think is practical. Expect more than others think is possible.”
Cadet Maxim

“Every noble acquisition is attended with its risks; he who fears to encounter the one must not expect to obtain the other.”
Pietro Metastasio

“To achieve anything in this game, you must be prepared to dabble on the boundary of disaster.”
Stirling Moss

“Never tell me the odds.”
Star Wars - Han Solo Movie

"If we don't succeed, we run the risk of failure."
Al Gore

"Gain is commensurate with risk."

M. K. Soni

"A life spent making mistakes is not only more honorable but more useful than a life spent in doing nothing."

George Bernard Shaw

"I'd decided to take the risk, and either I'd succeed or else."

Yanni

"Far better is it to dare mighty things, to win glorious triumphs even though checkered by failure than to take rank with those poor spirits who neither enjoy much nor suffer much because they live in the grey twilight that knows neither victory nor defeat."

Theodore Roosevelt

"There are those who are so scrupulously afraid of doing wrong that they seldom venture to do anything."

Vauvenargues

"He who doesn't risk never gets to drink champagne."

Russian Proverb

"You'll always miss 100% of the shots you don't take."

Wayne Gretzky

“The first step in the risk management process is to acknowledge the reality of risk. Denial is a common tactic that substitutes deliberate ignorance for thoughtful planning.”

Charles Tremper

“What went wrong is we had tremendous concentration in the sense we put a lot of our money to work against U.S. real estate. We got here by lending money, and putting money to work in the U.S. real estate market, in a size that was probably larger than what we ought to have done on a diversification basis.”

Vikram Pandit

“Banks have come to realize in the recent crisis that they are paying the price for having designed compensation packages which provide incentives that are not, in the long run, in the interests of the banks themselves, and I would like to think that would change.”

Mervyn King

"Those who cannot remember the past are doomed to repeat it."

George Santayana

“We have seen a tendency to separate risks into rigid silos -- operational risk, market risk, credit risk and so on. But what we have found is that major shocks and problems do not come that way. For instance, in the financial world, you would see trading desks staffed with people who were experts in market risk, but they were trading instruments that were laden with credit risk. The skills you need to think about each of those kinds of risk are very distinctive, and unless you have an integrated view of risk, you could encounter major problems.”

Richard J. Herring

“Conventional risk management has focused on avoiding the risks to a business strategy, rather than understanding and managing the risks of the strategy itself. While the protection of existing assets is necessary, it is not sufficient for competitive advantage. Unfortunately, when risk is defined by an organization only as the failure to adequately protect existing assets and prevent loss (unrewarded risks), the rewards of reasoned, calculated risk taking (rewarded risks) are often neglected at potentially high cost to the company’s future success. Avoiding the risks of non-compliance with regulations, operational failures and lack of integrity in financial reports are essential activities but are not sufficient for competitive advantage, and a diet of pure risk aversion likely will lead to extinction.”

Frederick Funston, Stephen Wagner and Henry Ristuccia

“Unfortunately, in many companies, the CFO is handling financial risk, the CEO is handling strategic risk, and the COO is handling operational risk, but no one is looking at all those risks as one.”

Jim Loucks

“The key to risk management is never putting yourself in a position where you cannot live to fight another day.”

Dick Fuld

“While the shortfalls in the risk management of some institutions need to be addressed, we must also rectify the deficiencies in regulation and avoid introducing further pro-cyclical standards. Only by addressing the full extent of these weaknesses can we hope to provide a solution that puts the banking industry on a firm footing for the long term.”

Hugo Banziger

“The financial services industry continues to evolve to meet the challenges posed by emerging technologies and business processes, new financial instruments, the growing scale and scope of financial institutions, and changing regulatory frameworks. The Federal Reserve Board, as the primary supervisor of state member banks and the consolidated supervisor of financial holding companies, has been working with other regulators and financial institutions to improve the effectiveness and relevance of regulation and supervision in this changing environment. The Federal Reserve has long emphasized the need for appropriate and strong internal controls in institutions we supervise, and we have taken a continuous-improvement approach to our risk-focused examinations. For many years, enterprise risk management across multiple organizational units within an entity has received increased scrutiny.”

Susan Schmidt Bies

“At the Federal Reserve, we believe that all banking organizations need good risk management. An enterprise-wide approach is appropriate for setting objectives across the organization, instilling an enterprise-wide culture, and ensuring that key activities and risks are being monitored regularly. Senior management must be involved in ERM, since they are the ones who decide the level and types of risk the organization is comfortable with accepting and what controls and risk mitigants will be employed to ensure that risk exposures stay within the agreed-upon levels.”

Susan Schmidt Bies

“Everything that can be counted does not necessarily count; everything that counts cannot necessarily be counted.”

Albert Einstein

“The fact that people are full of greed, fear, or folly is predictable. The sequence is not predictable.”

Warren Buffett

“A good rule of thumb is to assume that everything matters.”

Richard Thaler

“The technical explanation is that the market-sensitive risk models used by thousands of market participants work on the assumption that each user is the only person using them.”

Avinash Persaud

“To make a mistake is only human; to persist in a mistake is idiotic.”

Roman Cicero

"One of the key implementation issues that must be addressed is how to overcome a corporate culture that is lacking or even negative toward risk management."

Edmund Conrow

"Risk management should be an enterprise-wide exercise and engrained in the business culture of the organization."

Julie Dickson

"One cannot take risk management too seriously."

H. Felix Kloman

"The kinds of errors that cause plane crashes are invariably errors of teamwork and communication."

Malcolm Gladwell

"If you don't invest in risk management, it doesn't matter what business you're in, it's a risky business."

Gary Cohn.

"Risk is our business."

Oswald Gröbel

“I can assure you, as long as I’m here, as long as my colleagues are here, we do know about risks.”

Oswald Grübel

“We will not rest until we have controls that are as watertight as possible.”

Carsten Kengeter

“At Berkshire, I both initiate and monitor every derivatives contract on our books ... If Berkshire ever gets in trouble, it will be my fault. It will not be because of the misjudgments made by a risk committee or chief risk officer.”

Warren Buffett

“When our leaders accept the status quo, we run the risk of disaster.”

Max Bazerman

“My client loved risk. Risk, I had learned, was a commodity in itself. Risk could be canned and sold like tomatoes.”

Michael Lewis

“Risk it, go for it. Life always gives you another chance, another go at it. It’s very important to take enormous risks.”

Mary Quant

“You got to risk it if you want the biscuit.”

Len Goodman

“This awful catastrophe is not the end but the beginning. History does not end so. It is the way its chapters open.”

St. Augustine.

“Luck is unreliable.”

Amanda Ripley

“We gauge risk literally hundreds of times per day, usually well and often subconsciously. We start assessing risk before the disaster even happens. We are doing is right now. We decide where to live and what kind of insurance to buy, just like we process all kinds of everyday risks: we wear bike helmets, or not. We buckle our seatbelts, smoke cigarettes, and let our kids stay out until midnight. Or not.”

Amanda Ripley

“The public totally discounts low-probability high-consequence events. The individual says, it’s not going to be this plane, this bus, this time.”

Amanda Ripley

"Don't try to buy at the bottom and sell at the top. It can't be done except by Liars."

Bernard Baruch

"If you spend more than 13 minutes analyzing economic and market forecasts, you've wasted 10 minutes"

Peter Lynch

"Indeed, better risk management may be the only truly necessary element of success in banking."

Alan Greenspan

"In some cases, firms may be practicing good risk management on an exposure-by-exposure basis, but they may not be paying close enough attention to aggregation of exposures across the entire organization. Rapid growth can place considerable pressure on, among other areas, an organization's management information systems, change-management controls, strategic planning, credit concentrations, and asset/liability management. An organization must also understand how its various business components, some of which can be quite sophisticated and complex, dynamically interact. A successful ERM process can help to meet many of these challenges."

Susan Schmidt Bies

"A RISK is a potential for a LOSS. The LOSS is the realization of that negative potential. A RISK is running across a busy street blindfolded. A LOSS is getting hit by a car while doing that."

Riskviews

"ERM is not an EASY button from Staples."

Riskviews

“Risk is ‘exciting’ but management is ‘boring’.”

Keith Baxter

“ERM is really about managing residual risk – that is, things that could happen.

That’s what senior management needs to know.”

Jason Toledano

“The concept of ‘inherent risk’ is impossible to measure or even define. The idea of looking at risk absent all hard controls, soft controls, or mitigations, provides little or no useful information in most cases.”

Todd Perkins

“It takes 20 years to build a reputation and 5 minutes to ruin it and if you understand this you will do things differently”

Warren Buffett

“It’s important to take risks but it’s idiotic to take them blindly.”

Terry Levine

“Enterprise risk management is no panacea, and I know some people who question whether it really exists. But anything that gets people and the institutions they’ve built to look at risk from multiple angles, with an eye to building value, is a most welcome thing.”

Mark A. Hofmann

“One thing that makes it possible to be an optimist is if you have a contingency plan for when all hell breaks loose.”

Randy Pausch

“Always putting yourself in position to control your response to situations – not have them dictated to you by the choices/actions of others.”

Professor Pinch

“Fail to identify the strategic risks and you fail as a business, no matter how well you manage your operational and project risks.”

Keith Baxter

“Thoughtfully assessing and addressing enterprise risk and placing a high value on corporate transparency can protect the one thing we cannot afford to lose: trust.”

Dale E. Jones

“Like a well-prepared meal at a fine restaurant, ERM is best taken one course at a time, not mixed up on a single, giant plate.”

Joanna Makomaski and Beaumont Vance

“We get top ten risk reports at every meeting but number one is always people risk. Technology usually shows up somewhere. What does that mean, and what are we supposed to do about it?”

Bank director

“Adventure without risk is Disneyland.”

Douglas Coupland

“You don’t concentrate on risks. You concentrate on results. No risk is too great to prevent the necessary job from getting done.”

Chuck Yeager

"The crisis has highlighted the critical importance of sound corporate governance for banking organizations. Careful implementation of these principles by banks, along with rigorous supervisory review and follow-up, will enhance bank safety and soundness as well as the stability of the financial system".

Nout Wellink

“ERM is not a panacea for all of the uncertainties facing companies. Nor is it a guarantee that bad things will never happen.”

RIMS

“The key to successful ERM practices depends on the behavioural attributes of the organization at all levels.”

RIMS

“If you treat risk management as a part-time job, you might soon find yourself looking for one.”

Deloitte

“Risk and time are opposite sides of the same coin, for if there were no tomorrow there would be no risk. Time transforms risk, and the nature of risk is shaped by the time horizon: the future is the playing field.”

Peter Bernstein

“Risk is just an expensive substitute for information.”

Adrian Slywotzky and Karl Weber

"We simply attempt to be fearful when others are greedy, and to be greedy when others are fearful."

Warren Buffett

"Wall Street is the only place that people ride to in a Rolls Royce to get advice from those who take the subway."

Warren Buffett

"If you don't know the Jewelry, know the Jeweller"

Warren Buffett

"Experience traders control risk, inexperienced traders chase gains."

Alan Farley

"The market can remain irrational longer than you can remain solvent."

John Keynes

Thank you for reading; I hope you've enjoyed the compilation of risk management quotes.

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About the Editor

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