Benefit from future uncertainty

Create sustainable value under uncertainty

Never waste a good crisis, always see the positives, say the optimists. Yet how do you prepare for a crisis or any form of future uncertainty? Together, Aon and De Ruijter have developed an innovative strategic risk management solution that enables your company to prepare for future developments and create sustainable competitive advantage and value.

Current Enterprise Risk Management (ERM) and more specifically strategic ERM practices assume a given set of objectives and strategies, valid for a certain period of time. In reality, external developments happen in quick succession, are generally interrelated and have a strong impact on the long-term success of the company. Today’s business environment demonstrates the need for methodologies and tools that enable senior management to take high-risk decisions in uncertain times.

Our solution
Scenario planning is a methodology that has proved its effectiveness in dealing with future uncertainty. Despite having attained a certain maturity level, in practice ERM is not perceived as a value adding activity. By integrating scenario planning and ERM, Aon and De Ruijter Strategy offer a unique solution comprising:

- Scenario development: taking an outside-in view of relevant uncertain developments;
- Risk Assessment: identifying risks and opportunities per scenario as well as trigger events to recognise developments in time;
- Real options planning: identifying and pricing real options;
- Quantification of the impact of scenarios and real options on business portfolio;
- Embedding methodologies and tools in ERM framework and business processes.

Our services are provided in partnership with your company’s professionals in order to promote fit for purpose solutions and foster knowledge transfer.

In 2003, Rabobank developed scenarios concerning the future of interest rates until 2010 and the future of the consumer until 2012. This exercise soon led to the realisation that ongoing growth was not a certainty at all. As early as 2007, the bank prepared EUR 30 billion in mortgages as security for loans from the European Central Bank in case of an emergency.

In 2010, the Dutch Ministry of Defence used scenarios to explore possible geopolitical environments in which the Dutch armed forces might need to operate and possible options for dealing with such situations.
Optimising risk and reward
Risk-reward ratios support strategic decision-making in optimising the portfolio of business activities or projects. Scenarios help us understand the impact of developments on future risks and rewards and how real options can help reduce the risk profile and/or increase rewards.

Deliverables and results
- Relevant scenarios and trigger events to understand and recognise future developments
- Overview of response strategies (call and put options) to create agility in each of the scenarios
- Portfolio view of future risk-reward ratios for business activities, projects or business ventures
- Early warning system based on risk indicators, to know when to exercise your options
- Methodology (process, tools and approach) and competence embedded in your ERM team

What are scenarios and real options?
Scenarios are multiple alternative, plausible views of the future. Each scenario contains numerous variables from the political, economic, technological, societal, environmental and legal domains. Scenarios are used to test the robustness of investment and business plans, create new strategies and new products.
Real options are predefined strategic choices, not only to manage risks, but to benefit from the upside of risks as well. Put and call options are used to respectively reduce the negative impact or create positive impact when a scenario materializes. We can support your organisation in developing scenario’s, selecting robust options and implementing strategic risk management.

Aon
Aon Corporation is the leading global provider of risk management services, insurance and reinsurance brokerage, and human resource consulting and outsourcing. With 61,000 staff worldwide, Aon delivers distinctive client value through innovative and effective risk management solutions.
For more information: www.aon.com/netherlands/risk-services/erm.

De Ruijter Strategy
De Ruijter Strategy is a specialist Scenario Planning company that was founded 20 years ago in the Netherlands. De Ruijter Strategy works for diverse clients, from industry associations to multinationals and governments. De Ruijter Strategy also has extensive experience in the training field.
For more information: www.deruijter.com/risk