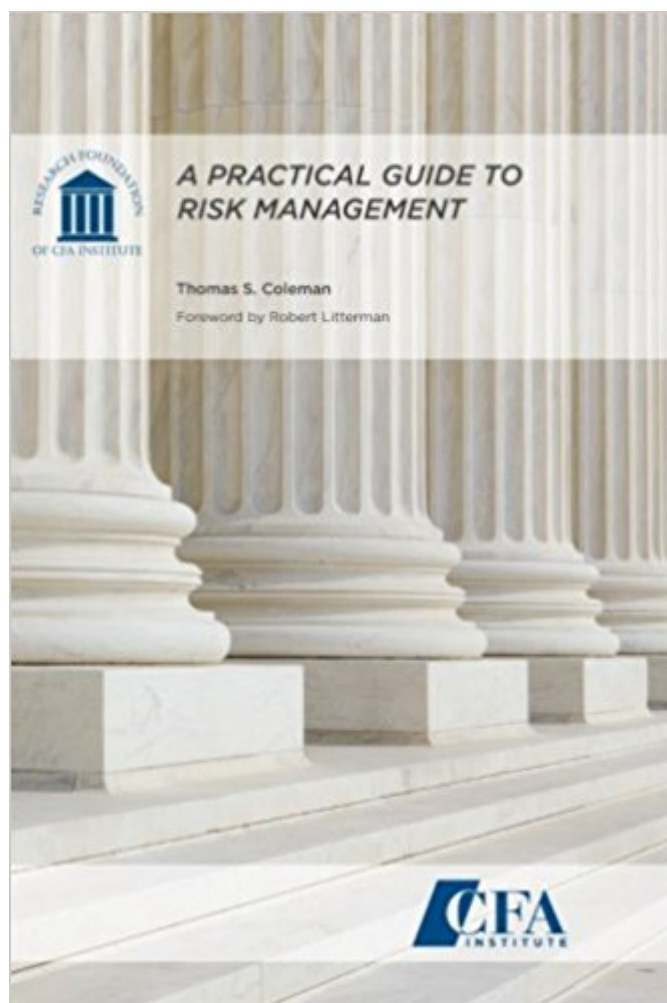


The book was found

# A Practical Guide To Risk Management



## Synopsis

Managing risk is at the core of managing any financial organization. Risk measurement and quantitative tools are critical aids for supporting risk management, but quantitative tools alone are no substitute for judgment, wisdom, and knowledge. Managers within a financial organization must be, before anything else, risk managers in the true sense of managing the risks that the firm faces.

## Book Information

Paperback: 228 pages

Publisher: Research Foundation of CFA Institute (July 8, 2011)

Language: English

ISBN-10: 1934667412

ISBN-13: 978-1934667415

Product Dimensions: 6 x 0.5 x 9 inches

Shipping Weight: 14.2 ounces (View shipping rates and policies)

Average Customer Review: 4.2 out of 5 stars [See all reviews](#) (36 customer reviews)

Best Sellers Rank: #175,675 in Books (See Top 100 in Books) #43 in [Books > Business & Money](#)  
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## Customer Reviews

This book is focused on risk management for a financial firm, and is mainly devoted to the analysis of financial risk. Some interesting ideas arise: (i) Risk management is too important a responsibility for managers to delegate it. (ii) Risk management is about taking advantage of opportunities: *controlling the downside and exploiting the upside* (distinguishing between downside risk and upside opportunity). (iii) The only outcome that matters is future cash flow and profits of the firm. Here I summarize some of the main ideas from each Chapter: In Chapter 1 the author presents some concepts about risk measurement and management. Chapter 2 has a very interesting discussion on probability and intuition, including a nice set of examples on how intuition might fool you in measuring probabilities. It discusses Frequency type and Bayesian type probabilities. In Chapter 3 Coleman shows the importance of soft managerial skills in risk management discussing the importance of managing people, processes, data, etc. In my opinion this discussion is too light and brief given its importance in the final outcome. In the section Organizational Structure, there is an interesting discussion regarding the structure of the risk management department and the role of the CRO. In Chapter 4 the author lists and discusses several financial disasters. They are separated into Idiosyncratic and Systemic problems. There is not much more than that, but the data in

interesting. The list of lessons learned in Page 119 is worth reading. Chapter 5 presents quantitative risk measurement techniques, with a strong emphasis on VaR (including a brief discussion on the models to estimate it) and volatility.

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Making Enterprise Risk Management Pay Off: How Leading Companies Implement Risk Management  
Fundamentals of Risk Management: Understanding, Evaluating and Implementing Effective Risk Management  
Financial Risk Management: Applications in Market, Credit, Asset and Liability Management and  
Firmwide Risk (Wiley Finance)  
Enterprise Risk Management (Financial Engineering and Risk Management)  
Operational Risk Management: A Complete Guide to a Successful Operational Risk Framework  
ISO/IEC 31010:2009, Risk management - Risk assessment techniques  
COSO Enterprise Risk Management: Establishing Effective Governance, Risk, and Compliance (GRC)  
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