

Risk Management Services

An Essay by Christopher Bek
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Summary—This essay lays out the pathway for a company directed towards producing forward-thinking, self-aware, philosophic and scientific essays, books and holistic risk management models and practices.

Quotation—A successful business executive is a forecaster first—purchasing, production, marketing, pricing and organizing all follow. —*Peter Bernstein from his 1996 landmark classic Against the Gods: The Remarkable Story of Risk*

There is an ancient story of three brothers from a family of healers. The youngest brother was a great surgeon, so his name was known among the Lords. The middle brother prescribed elixirs, so his name was known throughout the district. The oldest brother saw the spirit of sickness before it took shape, so his name was only known within their house. The oldest brother solved problems before they existed. Risk Management Services solves problems before they exist by producing forward-thinking, self-aware philosophic and scientific essays, books and holistic risk management models and practices. We recognize Bernstein's claim that executive-level thinkers are first and foremost: forecasters, predictors, analysts, actuaries, prognosticators and prophets. Such self-aware thinkers endeavour to see reality from the perspective of reality itself (ie. sub specie aeternitatis, Latin for under the aspect of eternity).

Do you know what a paradigm shift is? There is an ancient story of three monks that happened across a flag blowing in the wind. The first monk said the wind was moving (geocentricity). The second monk said the

flag was moving (heliocentricity). The third monk then trumped the first two by claiming it is only our minds that are moving (psychocentricity). So, whereas Copernicus went from geocentricity to heliocentricity, The Theory of One takes us from heliocentricity to psychocentricity. Do you know what a paradigm shift is? According to Leaderchat.org, "95 percent of people believe they are self-aware, but the real number is 12 to 15 percent." I believe we can turn that around so only 12 to 15 percent are not self-aware. But, as it stands, I don't believe the 85 to 88 percent of people who are not self-aware know what a paradigm shift is. For clarity, consider the story of a Frank & Ernest comic strip that shows a chick breaking out of its shell, looking around and proclaiming: Wow, paradigm shift!

Do you know how to leave the cave of behaviourism? Another paradigm shifting story can be found with Plato (428–348 BC) who used his famous allegory of the cave to illustrate the difference between spurious belief and genuine knowledge—a distinction that lies at the heart of his most important work The Republic. An allegory is the figurative treatment of one subject under the guise of another. Imagine prisoners chained inside a cave such that they only see the shadows projected on the wall from the fire behind them. A prisoner named Socrates breaks free of his chains and climbs out of the cave into daylight. After a time, his eyes adjust to the light and he returns to the cave intending to free the prisoners. But back inside the cave Socrates now has trouble making out the shadows. And his obvious attempt at liberation only serves to anger the prisoners for revealing the illusionary nature of their existence. They become so overwrought with anxiety that they

proceed to kill him for it. Risk Management Services endeavours to show the way out of the cave of behaviourism.

Do you believe in freewill or fate? The Monkey's Paw is a supernatural short story by WW Jacobs, first published in England in 1902. According to the story, three wishes are granted to the owner of The Monkey's Paw. The owner wishes for money, and receives money after his son is killed in a fatal accident. His second wish is for his son's return. Finally, the owner wishes for his son to disappear. The wishes come with a high price and interfere with fate. Ralph Waldo Emerson said, "Intellect annuls fate. So long as man thinks, he is free." The Bernoulli Model facilitates self-awareness in generating intelligence, thereby annulling fate. So long as man uses The Bernoulli Model, he is free to create value. For example, operations could generate eight different possible scenarios for each of the following: hedging strategy, insurance deductible arrangement, dividend policy, and gearing decision. First optimize locally, then global optimization. The Bernoulli Model employs advanced mathematical algorithms like Monte Carlo simulation, neural networks, and genetic algorithms to compare and contrast the risk-reward efficiency and risk tolerance levels for each of the different possibilities. The approach is holistic (ie. global optimization) as policy decisions for: insurance, hedging, dividend and gearing may be solved simultaneously.

Business Plans typically include the following seven sections: executive summary, company description, products and services, market analysis, strategy and implementation, organization and management, and financial plan and projections. Business models have been reinvented. Supply chains

have been restructured. New scientific breakthroughs have been suddenly realized. Productivity is able to thrive virtually. Organizations have been transformed in tackling global challenges that even the most forward-thinking leaders could never have fathomed.

Executive Summary. Risk Management Services is directed towards producing forward-thinking, self-aware, philosophic and scientific essays, books and holistic risk management models and practices. The essays are 1600-words in length, and the books are composed of seven-essays. The Bernoulli Model is a philosophic and scientific software application based in Microsoft Office and the Palisade.com suite of decision tools—encompassing: risk management, scientific management, decision-making and portfolio theory. Consulting services pertain to essays, books, models and practices.

Company Description. The company operates as a lean management provider. Essentially, putting the point on the management pyramid with essays, books, models and mathematical practices. Whereas operations work in the quantum realm, Risk Management Services operate across the entire spacetime continuum. The models and practices feature the following ten algorithms: the Delphi to know thyself, the objective function to define values, actuarial exposure to understand value and variance, utilize and synthesize array of forecasting methods, integrate or convolute the moving parts, employ optimization theory including local and global search algorithms, utility theory to translate market values into internal values, the complementary principle to contrast and compare paradigms like open and closed forms, the Camus distribution to model the first four statistical moments, and the Bernoulli

Moment Vector to provide an expanded definition of both risk and reward.

Products and Services. The essays are 1600-words in length, the perfect format for printing on one-page, two-sided essay paper. An essay is a try. It is a written piece designed to present an idea, propose an argument, express an emotion, or initiate a debate. The products and services include: essays, books, models, practices and consulting services. Philosophy Magazine is Philosophy and Science for the Third Millennium, the Risk Management Review is Philosophy and Science for Offices and Directors. Consulting services at \$100 per hour.

Market Analysis. A consulting decision-making arrangement typically involves a group that provides information and advice to one or more designated decision-makers. The appointed decision-maker then makes the final decision. Risk Management Services provides essays, books, software and consulting services in management and decision-making.

Strategy and Implementation. The company produces Delphi models for defining values and forecasting, and micro/macro pairs for risk modeling. The micro-models have three risk factors apiece, and the macro-models have twenty risk factors. The business plan calls for two essays per month and to produce four holistic, portfolio, risk management models per year.

Organization and Management. The company is based on 100-voting and 100-nonvoting shares. The principal retains forty shares of each with the remaining shares allocated amongst the shareholders. The plan calls for hiring a CFO, treasurer, two associate actuaries, and an actuary—all on a consulting, parttime basis. The company endeavours to be risk-reward efficient.

Financial Plan and Projections.

The shareholders request funds or provide funding themselves. The monthly cost projections are: \$1,000 for the principal, \$1,000 for Philosophy Magazine, \$1,000 for the Risk Management Review, \$2,500 for each of the two actuarial associates, \$4,000 for the actuary, \$1,000 for software and research material, and \$2,000 for the CFO and treasurer—totaling \$15,000. The business plan calls for \$15,000 per month for five years totaling \$900,000 CAD. The essays sell for \$5 apiece. The models sell for \$100, \$200 and \$400 for small, medium and large organizations, respectively. Project selling 500–2,000 essays per month. Project 100–1,000 clients of The Bernoulli Model.

Principal. Christopher Bek is a mathematician, actuary, philosopher, scientist, metaphysician, and published writer—and is a superior spreadsheet, database, and risk-modeling craftsman. He has consulted to the top executives of one of the largest companies in Canada, Canadian Pacific Limited, and has made presentations relating to the philosophy and science of portfolio risk management in Houston and New York. Chris founded PhilosophyMagazine.com on January 1, 2001. He has lived and worked in Toronto, San Francisco and his hometown of Calgary.

Closing Arguments. Higher consciousness is right around the corner. Nietzsche said we can never see around our own corner. Grof said we are approaching the time of a major paradigm shift. Soon we will all see around our own corner and shift to a new paradigm where higher truth reigns supreme. This project makes sense for everyone involved including: clients, shareholders, stakeholders, students, and society in the community. It is the absolute key to our salvation.