The CHALLENGE

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Presenters
The CHALLENGE

Winner of the 2007 Strickler Innovation in Instruction Award
Pedagogical Underpinnings of the Challenge

Gaming as an Infrastructure for Experiential Learning
How the REDBIRD RISK MANAGEMENT CHALLENGE is played
The Basics

- Corporate Model
- Competitive Marketplace
- Student-teams assume the roles of chief risk officers
- Team-goal is to mitigate the negative effects of potential losses while generating revenues
- Success is defined by the creation of owner equity
# The Competition

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- **Q1**
- **Q2**
- **Q3**
- **Q4**
The Task Presented to the Teams

• It is each team’s responsibility to assess the nature of the risk their corporation faces for each quarter and implement the appropriate risk management strategies

• Environmental risk is defined by two parameters: loss frequency and loss severity

• The Matrix guides them in making rational decisions
The **Risk Management** Matrix

- **High Frequency**
  - Low Severity: Retain - Apply Loss Prevention
  - High Severity: Transfer - Apply Loss Reduction

- **Low Frequency**
  - Low Severity: Retain
  - High Severity: Avoid

Q4
Changes in corporate equity are a function of three factors: in-flow of revenue, out-flow of expenses and the impact of hazard risks on the company’s operations.
Games within the Game
The REDBIRD RISK MANAGEMENT CHALLENGE