



Personal Risk Management

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A common definition of risk is “Any uncertainty which, if it occurs, will have an effect on achievement of one or more objectives.” This generic definition allows us to apply risk management to a broad range of activities, wherever we can define distinct objectives. This includes *personal risk management*, identifying and managing uncertainties that could affect achievement of our personal objectives.

As with any other application area, personal risk management can be applied at different levels of detail. The key lies in how well we are able to *specify our personal objectives*. At the highest level we might say that our aim is to be “happy, healthy, wealthy and wise”, and we can identify and manage strategic personal risks which might affect these broad goals. This might require us to address big issues such as our key personal relationships, diet and exercise regime, or investment and pension policies.

Or we might identify more specific personal objectives such as “Reduce my weight by 20 pounds by the end of June”, or “Learn to speak a foreign language fluently before my summer holidays”, or “Obtain promotion within 12 months.” For each of these specific objectives we can then apply the risk management process to help us reach them.

The process is exactly the same as any other application of risk management. After *defining objectives*, the next step is to *identify risks*, including both threats which could hinder us as well as opportunities which could help us. For a career development objective for example, downside risks might include the following: I might be assigned to a new job which absorbs all my time and energy; I might invest in training which does not provide the required new skills or knowledge; I might set unrealistic expectations and give up. On the upside, a new opening may arise at work or elsewhere; I might be able to use completely different skills to move into a new area; I might meet someone who offers me my ideal next job.

After risk identification comes *assessment*, estimating the probability and impact of each identified risk to prioritise them for further action. Simple “high/medium/low” scales can be used for this, enabling the worst threats and best opportunities to be found.

This needs to be followed by *response development*, finding appropriate and effective actions to minimise threats and maximise opportunities. Some of these might be simple (talk to my boss or colleagues about possible internal openings; research available training courses), and others may require more effort and investment (obtain coaching to explore my deep-seated personal goals; join professional association to improve networking).

Finally, identified responses need to be *implemented*, and their effect should be *monitored*, to see whether they are moving us towards our objective. Where necessary, we should develop new responses, remaining alert to the possibility of secondary risks. And our risk assessment should be *updated* regularly to find and respond to new threats and opportunities.

Entering a New Year might be a good time to do some personal risk management, reviewing where we are currently in relation to where we want to be, and developing strategies and actions to change where necessary. Risk management is not just for work or business – it can help us achieve our personal objectives as well. Try applying the risk process to your personal life and see what a difference it can make!