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Lucid Thought

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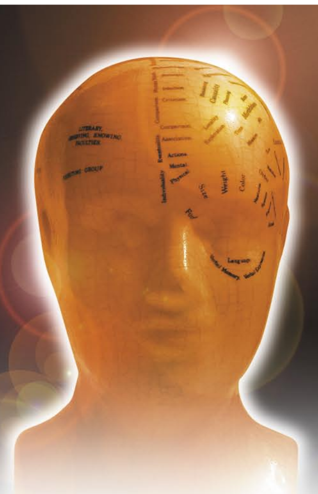


LUCID 38 THOUGHT

Always look on the bright side of life?

For many of you reading this article the word risk will inevitably mean something potentially bad and therefore the thought that a risk management process is anything more than a process to deal with things that might harm you or your project will be a strange idea. However for over 10 years now the project risk management community has proclaimed that risk can be both positive and negative and that a standard risk management process, such as APM PRAM or PMI PMBoK® Chapter 11, can be used to address both of these types of uncertainty that would affect objectives. In order to support this you must first believe that uncertain situations can have beneficial as well as detrimental effects (most people do), and then believe that a standard risk management process can be used to identify, prioritise and manage such beneficial risks effectively.

While the concept that risk can be both positive and negative is easy for most to embrace, it can be difficult to make the standard risk management process work for upside risks or opportunities. We discuss this at length with our clients on a regular basis. It may help those of you struggling to make risk management work for upsides to think about the following thoughts:

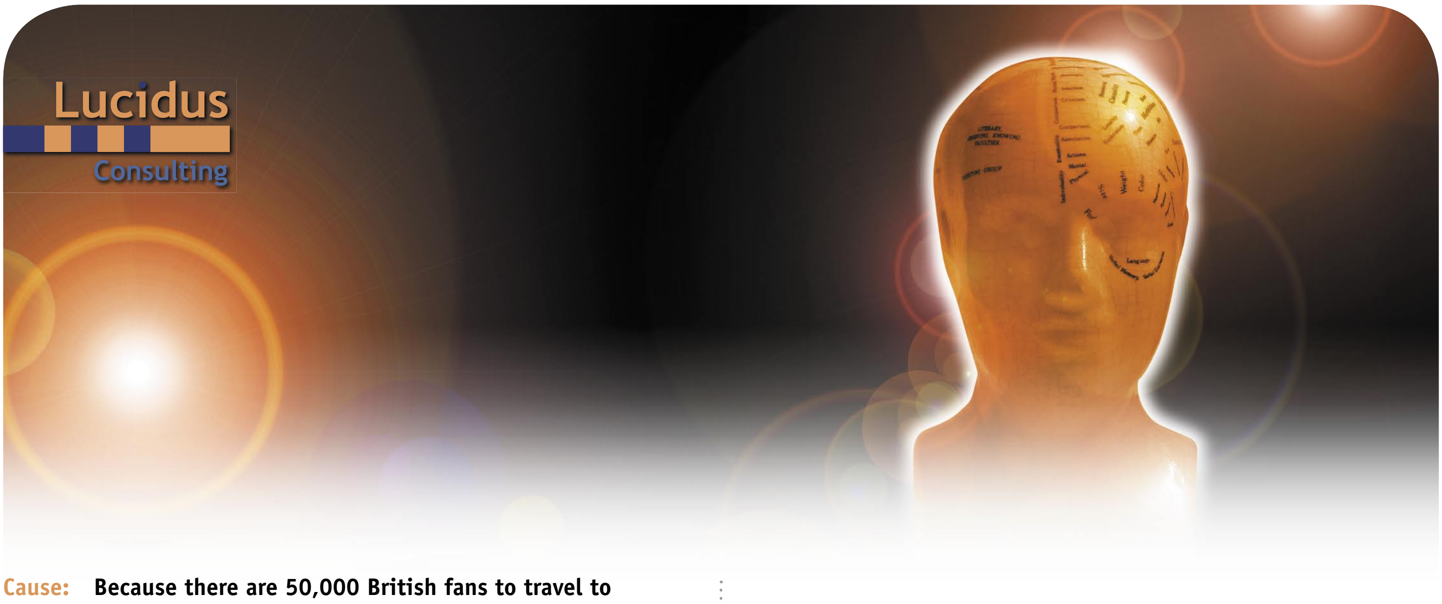
Our experience of risk management has programmed us to think negatively. Because risk management has for so long been focussed on the negative we find it difficult to switch into a mindset where we look for positive things that might happen and would really improve the achievement of objectives (earlier, cheaper, delighted stakeholders, enhanced reputation). This can be overcome and we use a number of creative techniques to assist in the identification of upside risks such as SWOT analysis and de Bono's 'six thinking hats'. We've even tried giving people 'rose-tinted glasses' and it still proves difficult but not impossible for some people who prefer a cautious approach to life.

We perceive that the (upside) risk event is unlikely to occur and therefore ignore it. It is easy to talk yourself out of raising an upside risk because your thought process immediately asks 'is this likely to happen', and if you perceive not, then you subconsciously filter out the possibility of it being a valid risk. Just being aware of this tendency can help to overcome it. The risk identification stage of any risk process should identify all knowable risks (both upside and downside). The fact that you perceive a risk event as 'not likely to happen', or 'not impacting on objectives too much', it is still important to raise it.

We fall into the trap of describing "things we may do" rather than "things that may happen by chance". We have noticed that many upside risks are described effectively as choices or responses, so describing an action that you may take. Using the now standard risk metalanguage of cause-risk event-effect, and the example of travel to the Champions League final in 2008, a FIFA risk register may have said:

Cause: **Because there are 50,000 British fans travelling to Moscow for the match**
Risk: **the Russian government may waive the need for visas**
Effect: **making it easier and cheaper for fans to attend the game.**

The likelihood of the risk event occurring without any intervention may be low, and FIFA may decide to lobby the Russian government to try to make this happen, but it would have been less appropriate for FIFA to say:



Cause: **Because there are 50,000 British fans to travel to Moscow for the match**
Risk: **we may lobby the Russian government to waive the need for visas**
Effect: **making it easier and cheaper for fans to attend the game.**

In the second example, the only response is to lobby or not. In the first example there were other options for actions, such as leaving the clubs involved to do the lobbying, providing funding to speed the process, moving the final elsewhere, or doing nothing and seeing what would happen.

So, in this Lucid Thought we have suggested that there are three main reasons why some people find it difficult to identify and describe upside risks or opportunities. We firmly believe that the proactive management of upside risks is fundamental to improving project (and programme) performance. Just managing the things that might delay the project, increase costs or reduce quality will only mean that we deliver at best on time to budget and to specification. If for whatever reason we want to deliver early, reduce costs and improve quality then we need to think and act differently and one area where we can do this is in the proactive management of upside risks. The opening line and title of Monty Python's song 'Always look on the bright side of life' may not be strictly appropriate as effective risk management also means we need to identify, prioritise and manage those things that would have a detrimental effect; but it may be a way to trigger opportunity thinking for some of the time. Our experience is that we need to do something that makes us able to think positively, identify the beneficial things that might happen and then do our best to make those things a reality.

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