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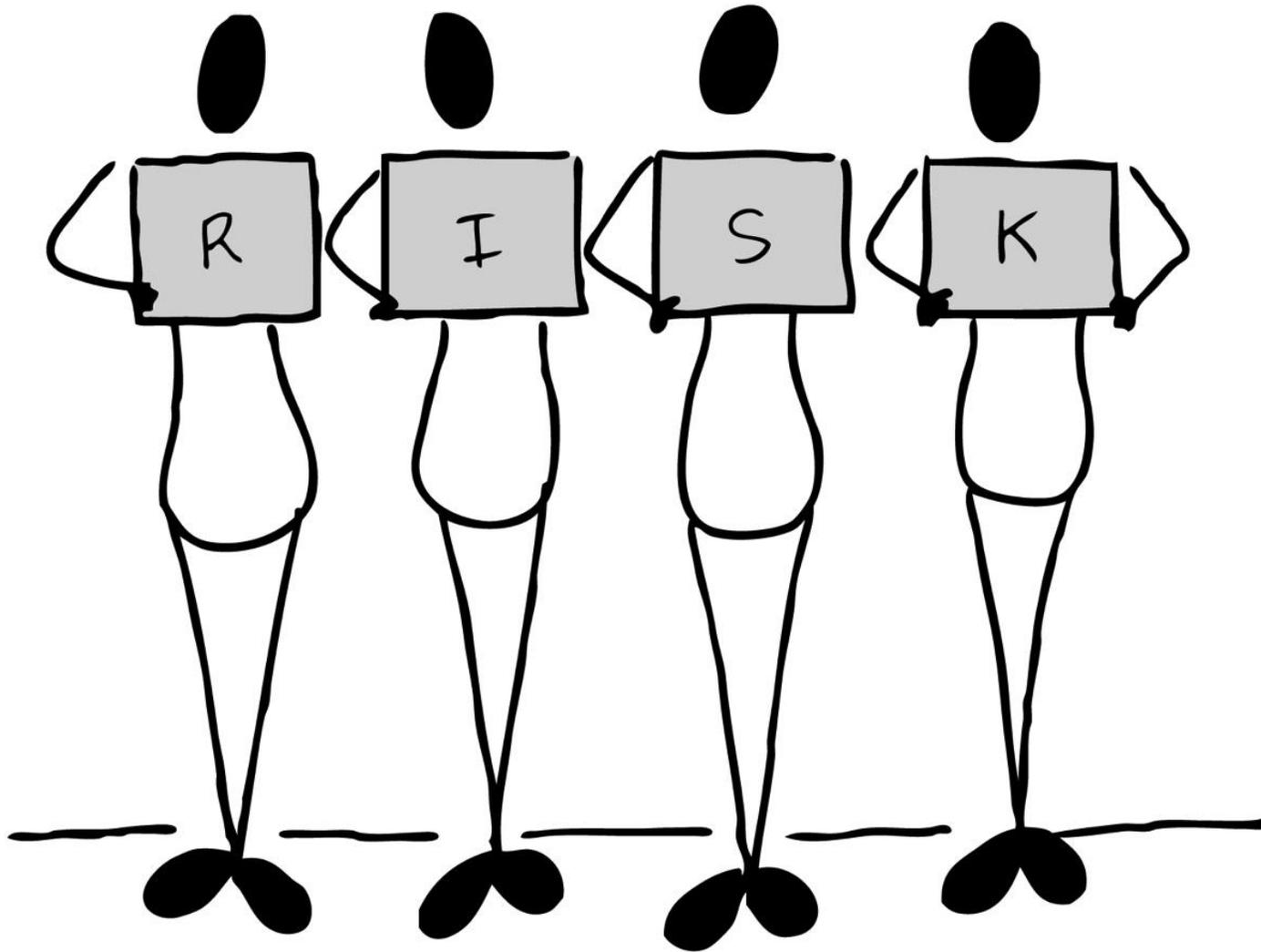
APM Risk SIG Conference 2018

Risk Capability for the new Victorian Age

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It's all about the people
– no engagement
– no sense

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Hon FAPM, IRM Certified Risk Manager

25th January 2018

**Potentiality UK: unlocking the potential
performance from uncertainty and change**

Why me and this topic?

Practitioner

Many years of experience of working with groups of people to help them identify, own and manage risk – currently working part-time as Director, Change Portfolio and Group Head of Risk for Associated British Ports.

Consultant

Previously Director, Risk in the Boardroom practice with KPMG LLP and Director, Lucidus Consulting Ltd.

As Potentiality UK, and trading as Act upon Disruption, advising companies including Rio Tinto, IM Properties and the Welsh Community Housing association.

Author

Co-author (with David Hillson) of Understanding and Managing Risk Attitude (2005, 2007), Managing Group Risk Attitude (2008) and A Short Guide to Risk Appetite (2012).

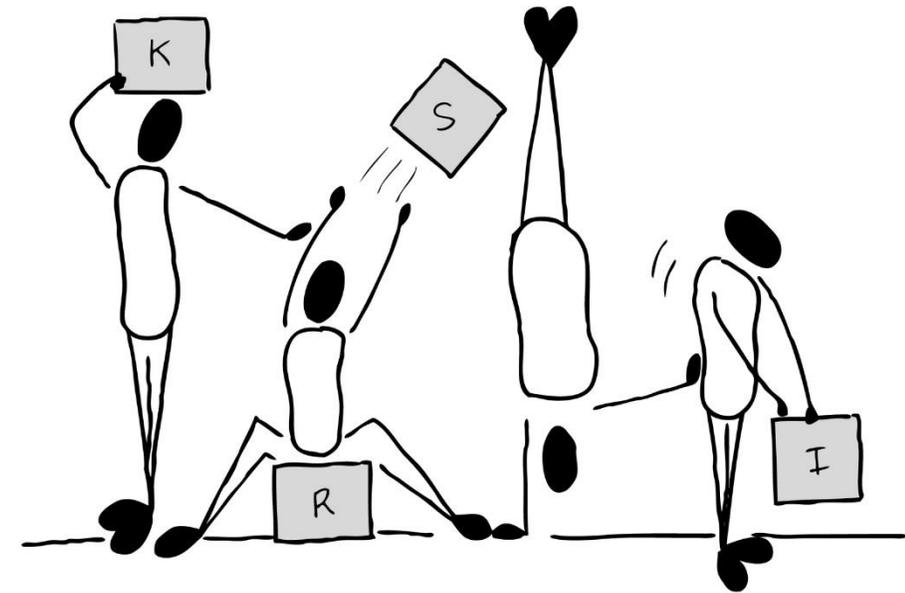
Co-author (with Penny Pullan) of A Short Guide to Facilitating Risk Management (2011)

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Co-author (with Peter Simon) of Starting out in Project Management (2003, 2007, 2018)

It's all about the people – no engagement, no sense

- We are all familiar with the term 'garbage-in – garbage out'. When it comes to risk analysis some argue that it is worse than that and we can get 'garbage in – gospel out', i.e. senior leaders believe, make vital decisions and important promises on the outputs from deeply flawed risk analysis.
- Without care and skill, risk analysis is certain to be flawed, because we are all 'Predictably Irrational' (Ariely, 2010) – influenced sub-consciously by a range of decision biases.
- So what can we do to make sure that people are engaged and that the insights they provide into risk analysis are as rational and informed as possible?
- Facilitation enables engagement and is focused on 'making things easy' for the participants.



The Triple Strand – influences on perception of risk

We are influenced by

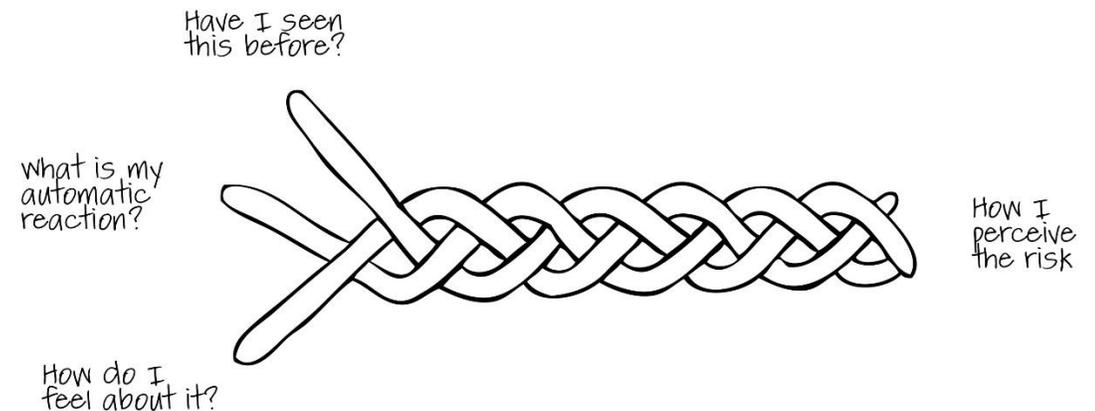
- conscious/situational factors;
- subconscious heuristics or cognitive biases and by
- feelings and emotions.

Without conscious thought – it can be difficult to unpick what is driving our perception of a risk, or a risky decision.

In groups – this effect is compounded if the group decide to ‘follow the leader’ or seek ‘safety in numbers’

Before you know it, you have ‘garbage in –

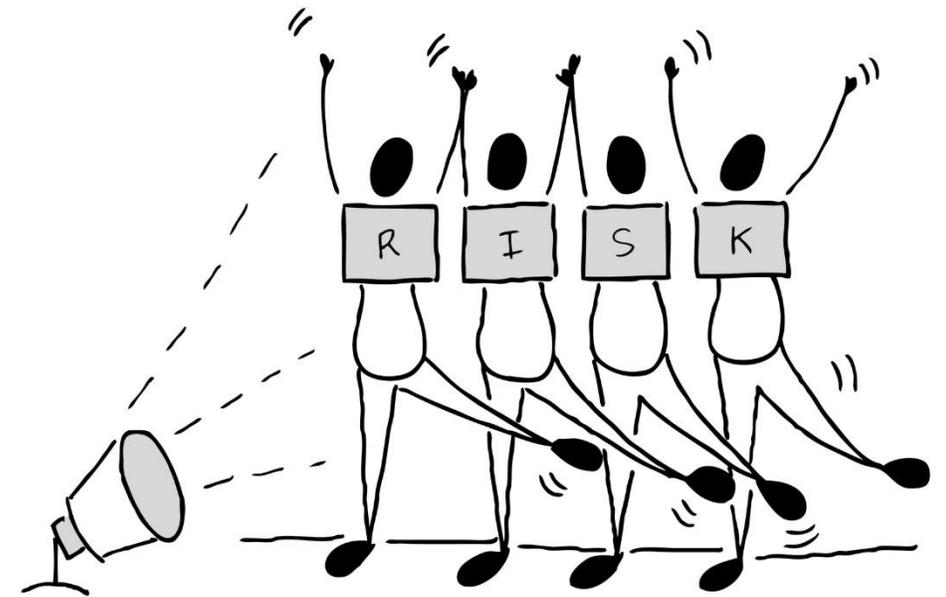
... And potentially ‘gospel out’.



Facilitation techniques to try: response to 'in my experience'

Challenge: strongly held views from an influential stakeholder who has relevant experience – likely to be being biased by representativeness and/or availability heuristics, strong emotional attachment and potentially a manageability or illusion of control bias.

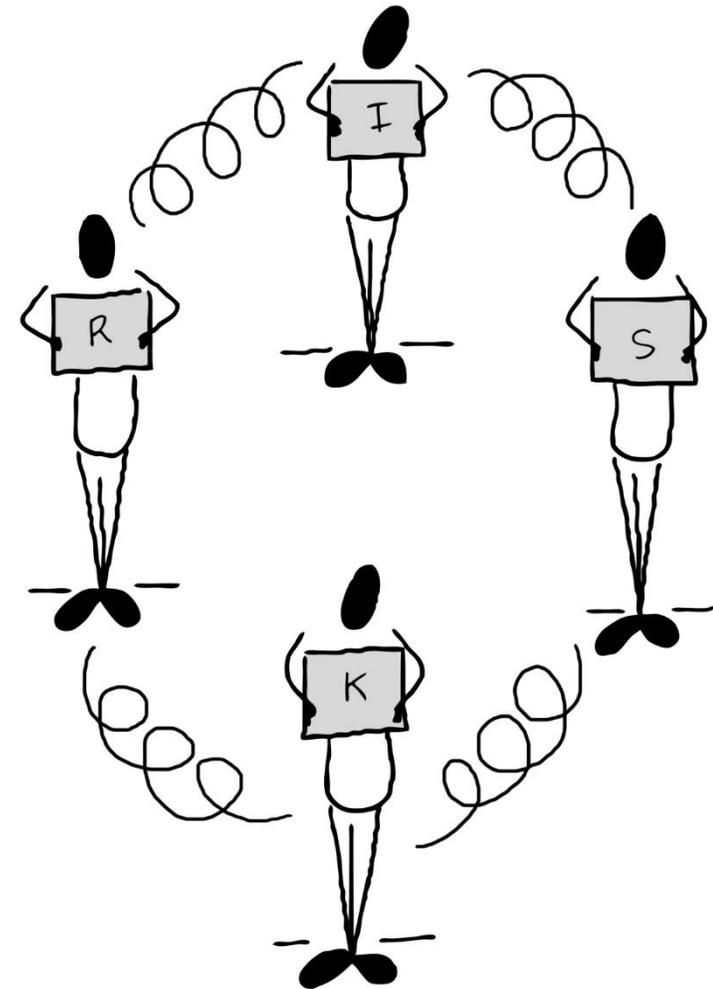
- Find and offer perspectives from others with experience on similar things
- Re-frame the problem – anchor to a different starting point
- Talk in ranges not single points – challenge the extremes
- Find a way to not put the single stakeholder in the spotlight – make it easy to change their mind.



Facilitation techniques to try: response to 'I/we have no idea'

Challenge: individual or group who don't know (and maybe think they should) – likely to be biased by availability heuristic and/or optimism bias (and/or intelligence trap). Potential for a risky or cautious shift within a group setting.

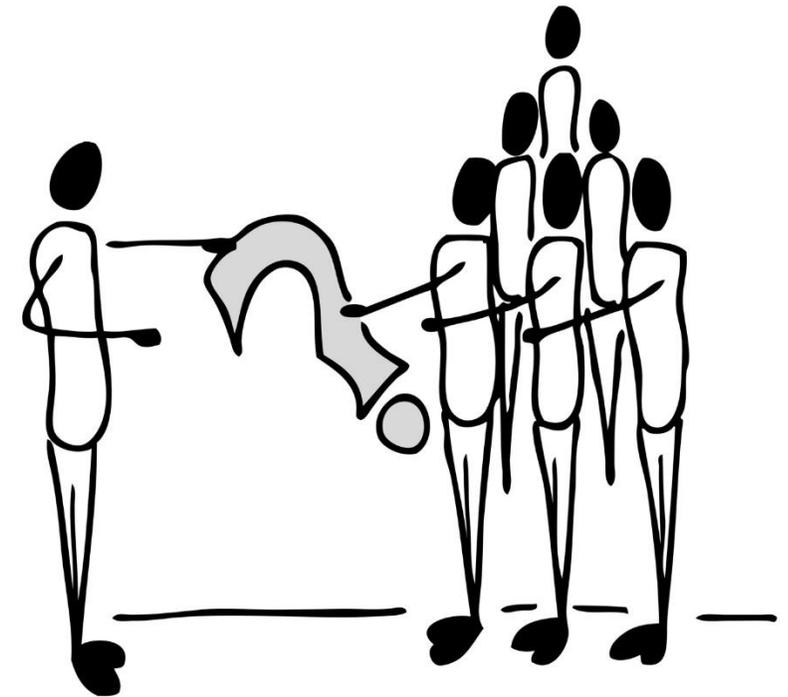
- Draft risks in the form of a series of questions, for example...
 - How likely do you think it is that x could happen on this project?
 - How long would the delay be if y happened once contracts have been signed?
- Seek independent input from large numbers of people as input to final analysis (and this works really well virtually)
- Adopt the 'Wisdom of Crowds' (James Surowieki) approach – evidence that a large crowd of people with some relevant knowledge are consistently more effective than single experts.



Facilitation techniques to try: response to ‘this isn’t a big deal ,why are we spending so much time on it’

Challenge: individual or group who don’t see the benefit of risk analysis other than to ‘tick the box’ – likely to be biased by optimism bias (and/or intelligence trap). Potential for groupthink within the team or sponsoring group.

- Adopt an approach that isn’t seen as a ‘standard’ risk approach, for example Performing a pre-mortem (Gary Klein, 2007 in Harvard Business Review)
 - Focus on a point in future when the project is over and has either gone really well, or really badly (you can choose)
 - Engage a large group in a creative exercise to explain why the outcome happened – this can be really useful without even using the ‘R’ word.
 - Create an environment where reality now is suspended and anything can be said
 - Afterwards, re-frame the insights as well described risks and evaluate (maybe using independent input)



Facilitation is about making things easy for a person or group to achieve their objectives

Risk facilitation is particularly challenging.

The facilitator needs to be familiar with a range of techniques to prevent project teams and sponsoring groups becoming blinded by a large number of conscious and sub-conscious decision biases.

I continue to be exercised by these three questions:

- How do we train project professionals to be great facilitators of the risk management process?
- How do we prepare senior decision-makers to ask great questions to challenge the data they are presented with?
- How do we harness learning from projects past to improve our ability to engage people to identify, own and manage risk in future?



Thank you for listening – I hope you'll continue exploring this fascinating and (I think) vital subject

With sincere thanks to my collaborators – Penny Pullan, Vanessa Randle and David Hillson for the ideas in this presentation that are as much theirs as mine.

Many more resources can be found on the sites below:

www.ruthmurraywebster.com

www.actupondisruption.com

www.rara-risk.com

www.facilitatingrisk.com

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