

Understanding and managing risk attitude

Risk management is recognised as an essential contributor to business and project success, since it focuses on addressing uncertainties in a proactive manner in order to minimise threats, maximise opportunities, and optimise achievement of objectives. Although there is wide convergence and international consensus on the necessary elements for a risk management process, and this is supported by a growing range of capable tools and techniques, an accepted body of knowledge, an academic and research base, and wide experience of practical implementation across many industries - still risk management fails to meet expectations in practice.

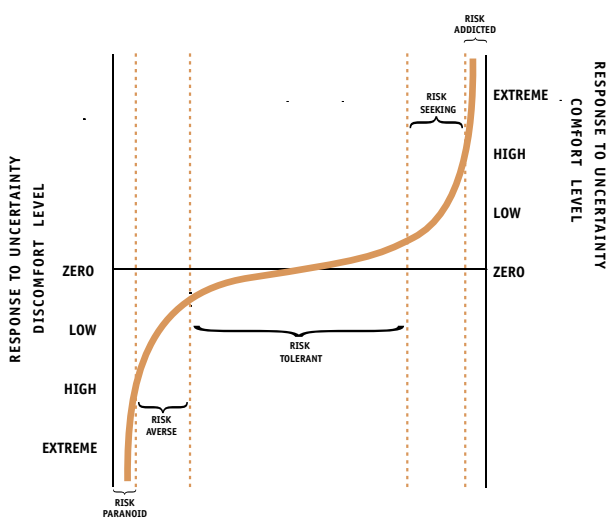
Research and experience both indicate that **one of the reasons why risk management promises so much, and often delivers so little is due to the attitudes that individuals and groups of people**

hold towards the perceived threats and opportunities. With a little thought we will all be able to recall situations where our own personal viewpoint on whether a particular risk is worth taking or not differs widely from a colleague's viewpoint. At a team level, some teams will share the attitude that a particular threat to a project needs to be avoided, or carefully managed; other teams will hold a completely different attitude to the situation and therefore take different actions.

It is a fact that risk attitude varies from person to person, team to team, organisation to organisation and (some would say) nation to nation. Risk attitude is a source of significant bias on the risk management process. Accordingly, to improve risk management we must understand more about risk attitude.

This is where a discipline that is often viewed by many as being logical, systematic and rational enters the realm of the fuzzy, ambiguous and unpredictable nature of human beings and their decision making processes. To understand risk attitude requires an understanding of the workings of the human brain and the area known generically as risk psychology.

Much published work in this area has focussed on decision making in risky situations such as gambling. Less work has been done to understanding the human aspects of decision making during project risk management, but there is an increasing interest in this field and some valuable things to learn from the fields of risk psychology and emotional literacy. It is for this reason that **Ruth Murray-Webster and David Hillson (Risk Doctor & Partners) have published their work in this area in a new book Understanding and Managing Risk Attitude - published by Gower.**



The book brings together leading-edge thinking on risk attitude and emotional literacy to guide those wishing to move beyond mere implementation of a risk process and towards a people-centred approach for risk management. It offers a unique framework for understanding and managing those human elements which are essential for effective risk management. The combination generates powerful insights into how the application of emotional literacy to risk psychology can deliver significant benefits to every business seeking to manage uncertainty and its effects.

The main aim of this book is to provide a thought-provoking but usable reference for risk practitioners, enabling them to consider and manage the impacts of the human dimension on risk management. This will allow risk professionals to practically diagnose real situations and develop strategies for good practice, as well as minimising the impact of situations where current risk attitudes may be counter-productive.

A secondary benefit for those who read the book though is an opportunity to consider the choices we personally make on a daily basis when faced with making decisions where the outcome is uncertain. We have all developed habits and strategies for dealing with the uncertainty in such a way that our lives 'free-flow' most of the time. It is only in the presence of an extraordinary risk that most people are usually conscious of the need to make a choice. We may know about risk processes in a project setting, but do we consider risk management socially?

Ruth and David's intention has been to provide a book that is informative and thought-provoking, yet practical in nature. Working to understand risk attitudes is a worthwhile exercise on its own, but it is infinitely more valuable when combined with practical ways to manage those risk attitudes so that they support achievement of objectives.

It is our expectation that those readers who apply what has been written in the book to their professional lives will benefit through deliberately understanding and managing their risk attitudes. Beyond that however, it is our hope that many will reflect on the relevance of these issues to all aspects of their personal lives, and try applying the guidance we have offered. This broader approach will undoubtedly bring greater benefits to those prepared to take a more holistic view.

This Lucid Thought has been an unashamed advertisement for a book that you've heard lots (hopefully not too much!) about already. It's now published so no more 'coming soon' statements. We hope you will read, enjoy and benefit from the work as you gain a deeper understanding of how risk management, like so much else within the project and programme disciplines, is dependent on people.

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