



Managing the future

By David Hillson

to happen. Of course these should also be part of the Possible Futures set, but they may not be among the Probable Futures subset, at least initially.

How does this 'futures analysis' relate to managing risk? Out of the various alternative futures on our risk radar screen, only one will become reality. But before that happens, we are able to exert influence through our choices, decisions and actions. Figure 2 shows how we can close off some futures that could previously have happened, and we can also create new ones.

The role of risk management is to make choices and take actions which first ensure that our Preferable Futures are Possible, and then move them into the Probable zone. This requires four steps:

1. Understand the scope of Possible Futures.

Standard strategic planning techniques can help here, including scenario analysis, futures thinking, Field Anomaly Relaxation, visualisation, trend-watching, or environmental scans. This step demands creativity and innovation, to imagine a wide range of possibilities.

2. Assess the subset of Probable Futures. This is the realm of traditional risk assessment, considering the various Possible Futures and estimating how likely each one is to occur, and the outcome if it did actually happen.

3. Determine our desired Preferable Future. This step requires us to clearly define our objectives. These describe what we would like to see actually happening and what we intend to turn into reality. Often we have one most preferred future, although there may be a range of alternatives which are all good.

4. Manage the future. In the final step we take proactive decisions and actions in the present in order to affect the future. By identifying the drivers in each situation, we aim to maximise the chance of our Preferable Future actually happening, while trying to minimise the chances of occurrence of other Probable Futures which are undesirable.

People often think that they cannot affect the future, and the present is all that can be changed. Risk management takes a different view. Our decisions and actions in the present can influence the future. We can turn some Possible Futures into impossibilities, we can

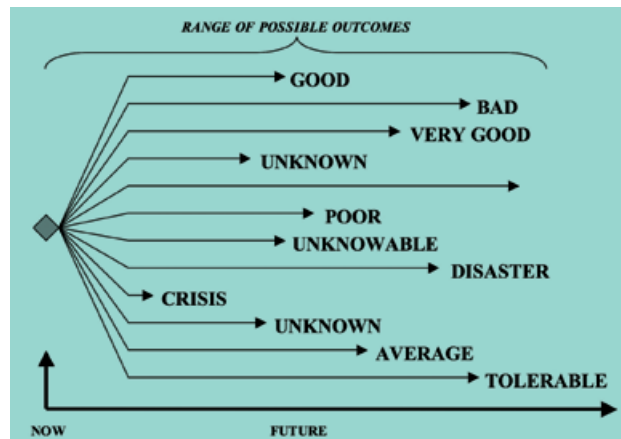


Figure 1: Alternative futures on the risk radar

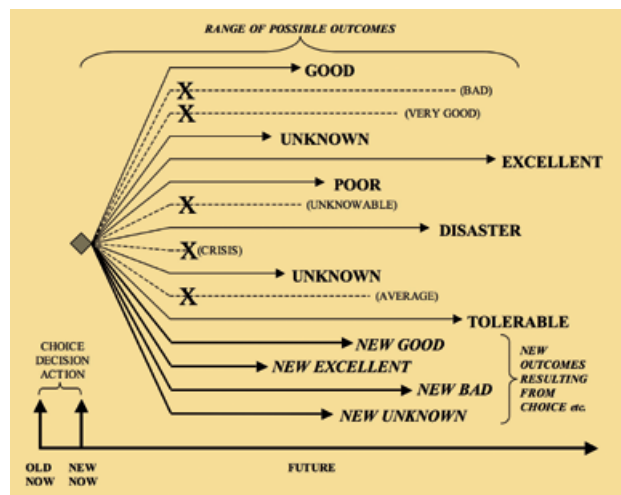


Figure 2: Actions produce a new set of futures

make some Probable Futures less likely, and we can turn our Preferable Future into reality. Managing risk changes the future!

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About the author

Dr David Hillson, PMP, FAPM, FIRM, is an international risk management consultant, and Director of Risk Doctor & Partners (www.risk-doctor.com). He is a popular conference speaker and award-winning author on risk. He is recognised internationally as a leading thinker and practitioner in the risk field, and has made several innovative contributions to improving risk management. David is an active member of the global Project Management Institute (PMI) and received the PMI Distinguished Contribution Award for his work in developing risk management over many years. He is also a Fellow of the UK Association for Project Management (APM) and a Fellow of the UK Institute of Risk Management (IRM).



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Risk management is all about the future. Of course we are also interested in the past, to learn from what has happened before, to avoid making the same mistakes again, and to capture opportunities that we previously missed. But the main focus of risk management is looking to the future, to see what might be coming, and to get as ready as possible. Risk management is like a forward-looking radar, scanning the uncertain future ahead of us, trying to pick out the main features, both good and bad.

The aim is to give us as much time as possible to decide what to do, with enough time to actually do it. Then we can steer away from things that might harm us (threats), and aim towards things that might help us (opportunities).

In fact there is not just one future ahead of us but there are many, as shown in Figure 1. Some of these would be welcome, but others might not. And only one of these alternatives will become reality – but we usually don't know which one!

As we examine our risk radar screen and try to discern the various alternative futures, we can classify them into three groups.

- Possible Futures.** Our first task is to decide whether a particular future scenario is possible or not. Of course we could imagine futures which are not theoretically or physically possible, but these should be discarded quickly, without wasting time on analysing them. But even after removing the impossible ones, there will be a very large number of Possible Futures.
- Probable Futures.** These form a subset of Possible Futures, because they are not just possible, but they are more likely to happen than not. While we might not know precisely how probable a particular future really is, we can make an estimate, using both subjective and objective methods. Then we should concentrate our attention on the futures which we think are most probable.
- Preferable Futures.** Perhaps the most important futures of all are the ones which we decide are preferable, the ones we really want

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