

# Risk management *the longer view*

by Dr David Hillson, director, Risk Doctor & Partners

Last month's Risk Doctor column looked back into history and discovered that managing risk has always been part of the human experience. What do we see if we look into the future? Surveying the risk management futurescape, there are three possibilities for how risk management might develop. Drawing parallels from cosmology, we might call these three options 'Infinite Expansion', 'the Big Crunch', or 'Ongoing Oscillation'.

## The expanding risk universe?

The first option is that the scope of risk management will continue to expand and include more and more elements of personal, business and social life, until 'Everything is just risk management'. Ultimately all decisions will be taken in the light of the identification and assessment of relevant uncertainty. This expansionist view is exemplified by some project risk management practitioners whose slogan is 'Manage the risk = manage the project'. This implies that normal planned activity needs no special attention, and all that is required is management of variations from the plan. By looking ahead to identify potential variations, both positive and negative, and focusing management attention on addressing just these aspects, proponents of this position claim that success is ensured.

While expansionism emphasises the importance of risk management, it is an extreme position that doesn't match reality. Much of project management may be about managing risk, but project work is more than project management. The risk element is not the whole picture, and concentrating wholly on managing risk to the exclusion of other aspects would be detrimental and counter-productive.

## Catastrophe ahead?

It is probably true that the scope and influence of risk management will continue to expand, at least in the short term, as more areas of application are found for risk-based approaches. But is such expansion limitless, or will some critical point be reached when further growth is unsustainable, to be followed by a collapse and eventual 'Big Crunch'? It is possible that risk management might just be the latest

management fad, although admittedly it is already rather more long-lasting than most. The recent emphasis on risk management started in the 1970s, and though it shows little sign of reducing, it is conceivable that our future colleagues might place less emphasis on risk than we do today. If risk management goes the way of other fads, it could disappear from the scene very quickly, becoming just a memory or a footnote in the annals of management history.

There is another way in which risk management might disappear, rather than fading away into oblivion. If risk management becomes all-pervasive to the point where it is absorbed into the nature of business at all levels, it could become invisible as a result. If everyone naturally and habitually 'thinks risk' and manages it as a normal part of daily life, then it might no longer be necessary to have a separate discipline called 'risk management', since this would be accepted and practised by all. Risk management could vanish as a result of its own success, leaving risk specialists and practitioners as outdated purveyors of a universally recognised self-evident truth.

## Constant change?

A third option for the future of risk management is possible, combining expansionism and catastrophism. Maybe the size of the 'risk management universe' might vary cyclically, increasing for a time then contracting. A review of the broader story of risk management across the span of human history reveals periods when it was more prominent than others. Social commentators suggest that advances in technology, law and religion can be seen as human responses to uncertainty, seeking to make sense of the ineffable, and attempting to impose control wherever possible. If this is true then the major changes in civilisations might be interpreted as cycles of risk management, though not within the same process-driven framework we see in modern business. And maybe the expansion we are witnessing today is merely part of the latest cycle.

## Where now?

Only time will tell whether the risk management universe is expanding indefinitely

until it encompasses everything, or whether a turning point might be reached to be followed by collapse to a 'Big Crunch' where risk management disappears, or whether some cycle of growth and decline might occur. What is certain is that, like our physical universe, risk management is not in steady-state. The reason that risk management is such a fascinating topic is precisely because it is constantly changing. New approaches and application areas emerge, new dimensions of risk management are discovered, and new insights into the meaning of risk are revealed. Explorers of this intriguing universe can be sure of an exciting journey as the future of risk management unfolds before them in novel and unexpected ways, challenging them 'to boldly go where no man has gone before' in their continuing exploration of risk management.

## 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](http://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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