

# 'Unknown-Unknowns' and risk

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Former US Defence Secretary, Donald H. Rumsfeld, will be remembered for many things, not all good. An enduring part of his legacy will certainly be his somewhat garbled comment at the DoD news briefing on 12 February 2002:

*'Reports that say that something hasn't happened are always interesting to me, because as we know, there are known knowns; there are things we know we know. We also know there are known unknowns; that is to say we know there are some things we do not know. But there are also unknown unknowns – the ones we don't know we don't know.'*

Although this has attracted wide ridicule, careful reading of what he said shows that he is, in fact, right. And Rumsfeld was not the first to identify the differences between tacit knowledge, explicit knowledge and uncertainty.

Confucius is reported as saying *'To know that we know what we know and that we do not know what we do not know – that is true knowledge'*. Confused yet?? This is all relevant to the world of risk management, because the phrase 'unknown-unknowns' (or UNK-UNK) is often used to describe some types of risk.

Both Rumsfeld and Confucius were trying to express something in words which might have been better in a picture, like the one in the figure, which maps the presence or absence of knowledge and awareness. In the top right quadrant lies **Certainty**, where the extent of what is known is fully understood. Below this is the area of **Amnesia**, representing a blind spot. The top left corner requires **Caution**, where we are aware of an absence of knowledge. And 'unknown unknowns' reside in the bottom left section, with pure **Ignorance** of the situation faced.

Each zone warrants a different type of response:

- **Certainty** should be **exploited**, playing to strengths and making full use of known facts to take well-founded decisions and actions.
- **Amnesia** needs to be **exposed**, probably through a facilitated process, to unlock the knowledge that exists and allow it to be used effectively.
- Areas of **Caution** should be **explored**, seeking to understand the implications of uncertainty or lack of knowledge.
- **Ignorance** can only be tackled through **experience** or by gaining **experience**, growing in both knowledge and awareness, to reduce the size of this area.

But which of these quadrants are covered by risk management? If we are concerned about

events that can affect achievement of objectives, then 'Certainty' is outside the scope of the risk process. Certain events or circumstances that can affect objectives are either problems (or issues), or benefits. Since all risk is uncertain, risk management is not directly interested in things which are certain; apart from when they cause risk. The 'Amnesia' area is also not the direct concern of risk management, since it relates to facts that were once known but are now forgotten; though, again, these might also be causes of risk. The 'Caution' quadrant where we are aware of a lack of knowledge is clearly where risk management plays an important role. Here we can explore the boundaries of our uncertainty, and investigate the possible impact on achievement of our objectives. Having understood the scope of the risk, we can develop and implement appropriate responses to manage the risk.

But what about the 'Ignorance' area? Can the risk process tackle Rumsfeld's infamous UNK-UNK's? Here's a slightly controversial view: 'Unknown-Unknowns' are nothing to do with risk management! Why might this be true? The reason is philosophical, but the solution is practical.

Philosophically, in concept an unknown-unknown cannot be a risk. A risk is usually defined as 'an uncertain event, or condition, which, if it occurs, has a positive or negative affect on achievement of one or more objectives'. To be a risk that is managed through the risk process, we have to be able to describe it. If it is truly 'unknown' then we are not aware of its existence. While it remains an UNK-UNK, it may as well not exist. In fact, in any real sense, it does not exist.

Perception is reality, especially in the world of risk. An UNK-UNK doesn't exist unless and until it happens (which it might not) – and even then it is not a risk since it is now certain, so it is actually a problem or a benefit. Unknown-unknowns cannot be managed proactively, only reactively, when we become aware of them. And by the time we become aware of them they are outside the scope of the risk process.

So can we do nothing about unknown-unknowns, and are we left to rely on fortune and luck? Fortunately there are two practical things we can do about UNK-UNK's. The best option is to get them out of the 'Ignorance' zone by becoming aware



of them, in which case they become 'known-unknowns' and fall into the scope of the risk process. Here we need to experiment, learn more about our project, our business, our challenges and constraints. Let's try to find out as much as possible about what we're doing, knowing more and reducing the size of what is unknown. Where this is not possible, we obviously need appropriate contingency and fallback plans – but these are not to manage 'the risk', but rather are to cope with the unforeseen impacts of previously unknown events.

Next time someone asks you how your risk process will cope with unknown-unknowns, perhaps you might surprise them by saying it doesn't!

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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](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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