

## **Threats and Opportunities Don't Matter ...**

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### **...but problems and advantages do!**

This may seem to be a trivial statement, but it does help to provide a new perspective on risk management, and answers some questions that arise in the management of risk – the first ones being: why do it, why spend money, time and effort on addressing something that may never happen? The answer here is that, when carried out correctly, risk management ensures that the investment made to deal with uncertain situations that do not in fact occur is covered several times over by the benefit gained from preparing for – and therefore being able to deal with or take advantage of – the problems and advantages that arise from the occurrence of uncertain events or conditions. This potential end-game therefore justifies the investment in the management of risk.

### **Introduction**

This paper aims to be provocative in order to get people thinking around the subject of risk management. It does not pretend to provide a definitive answer and, as such, finishes not with a conclusion but with additional points to consider – some of which might invalidate ideas presented earlier in this paper!

### **The Issue with "issues"**

All too many managers are more impressed with the way in which issues are dealt with and tend to ignore (at best) the efforts that are put in to manage the upstream risks. One reason for this is that risk management is seen more as dealing with imaginary situations whereas issues are real, here and now. You never become a hero for ensuring peace.

Now let us examine how issues currently fit in with the process of risk management. In most approaches, unfortunately, they fit in badly, if at all.

### **"Good" issues**

The simple statement that is found in a number of risk management publications is "once a risk occurs, it becomes an issue". How can we align this with the clear intention of risk management to address both positive and negative events? One way is to take care – as I have above – to use the terms "threat" and "opportunity" rather than "risk", and to pair these with "problem" and "advantage" rather than with "issue". The other – but less intuitive – approach is to take the same approach as for the term "risk" and to say that, in our context, an issue can also be positive (an "advantage") or negative (a "problem"). Considering the resistance that the double-valued definition of risk has

encountered, this approach is unlikely to meet with general acceptance in the short term. In the rest of this paper, however, I will use the term "issue" in this broader sense.

So let us see what happens as a risk becomes an issue.

### **Issues? Not my Responsibility**

For a number of practical implementations, the transformation of a risk into an issue has been understood to imply that the situation is now outside the scope of risk management – or, to reverse the statement that started this article: "Issues don't matter (to risk managers); risks do!", Since conditional responses to deal with potential issues are developed in the risk management space, this attitude can, for example, result in a failure to apply them outside it. In addition, even if the contingency plans are executed, there is no obvious means for providing information on their effectiveness back into the risk management process; this is, however, required in order to update the current status, future plans and lessons to be applied. A combined risk and issue management process would address all of these points.

### **Integrated Risk and Issue Process**

For a start, we can integrate the processes and combine the documents that are currently managed separately for risks and for issues. This will make the flow of control and information easier to govern and follow. For example, risks and issues should be documented in one and the same register; there should be a single responsibility chart covering both states – certain or uncertain: the owner of a risk owns the corresponding issue if it arises. In this way, there is never the possibility of losing sight of the risk as it is transferred into the issue management domain. Lessons learned on addressing issues can be used immediately for planning future risk responses; in fact, the "Risk Audits" technique, as defined by PMI, appears to take a step in this direction.

We can also use much of the information that we assembled during the analysis of the risk for characterizing the corresponding issues – e.g. the impact on the objectives, the manageability of the risk, its urgency, etc. and the resulting priority to assign to it. In this way, the strategic approach for dealing with risks and issues remains consistent throughout the lifetime of the project, with the corresponding savings in terms of time, effort and rework.

On the other side, as new risks emerge during the treatment of an issue, they can be addressed in the risk management section of the integrated process. Similarly, the risk analysis can identify some issues, such as the lack of a valid control, in addressing a situation that we might anticipate.

Response strategies for issues can be based on those for risks, apart, naturally, from the risk response strategies that directly address the uncertainty. So *transferring* issues, reducing their impact ("*mitigation*") and issue *acceptance* (without a contingency plan) are all directly applicable.

It is not just at the process level that this integrated approach should deliver benefits. It should increase understanding and support from senior management for effective management of risks.

### **Hearts and minds**

By focussing on issues and outcomes rather than simply on uncertainty, this integrated risk-and-issue approach makes risk management more meaningful to people with a practical approach. This in turn can validate the importance of risk management and the corresponding investment: issues matter but risks may never occur. Rather than valuing and rewarding only dynamic management of emerging issues, it will lead to a culture that values and rewards effective management of the entire lifecycle of threats, opportunities, problems and advantages in the best interests of the organization.

One other benefit is that it in no way invalidates any of the existing body of knowledge – in publications or training courses. It simply provides a consolidation of much of that work.

Finally, these ideas lead to a new, simple definition that everybody can use of risk as “a potential issue” and of risk management as “proactive issue management”. Now it only remains to formalize these ideas, document the integrated risk+issue process, and to get this concept generally accepted!

### **Yes, but ..**

The following reservations about these ideas need to be considered:

- Broadening the definition of “issue” to be positive or negative could generate more resistance than support, and limit discussion to this single linguistic point.
  - This can be addressed by not using “issue” in this way, and using the terms “advantage” and “problem” in the same way that we use “opportunity” and “threat”.
- There is already considerable confusion around what is a risk: it often happens that the cause, the event or the impact are used on their own or in strange combinations to define a risk. Adding “issues” to the mix might add to this confusion.
  - On the other hand, a clear definition of the term “issue” could help for “risk” as well, if the two are, as I propose, aligned and managed in a combined process.
- Adding a new definition of risk (“a potential issue”) and of risk management (“proactive issue management”) might seem to challenge existing, broadly-used definitions.
  - This will, however, be useful if it promotes new ideas by providing a different but compatible perspective on the current concepts.

- To provide this perspective, we need a compatible definition of “issue”. There are several options, e.g.:
  - Starting from David Hillson’s definition of risk as “uncertainty that matters”, an issue could be defined as “a situation that matters” or,
  - to align with the ISO 31000 definition of risk as “the effect of uncertainty on objectives”, we could say that an issue is “a situation that affects [achieving] objectives”.
  - The PMI definition of risk is easily adapted for issue as “an existing event or condition that has a positive or negative effect on [one or more] project objectives”.

## About the Author



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After many years managing international IT projects within large corporations, Crispin ("Kik") Piney, B.Sc., PgMP is a freelance project management consultant based in the South of France. His main areas of focus are risk management, integrated Portfolio, Program and Project management, scope management and organizational maturity, as well as time and cost control. He has developed advanced training courses on these topics, which he delivers in English and in French to international audiences from various industries. In the consultancy area, he has developed and delivered a practical project management maturity analysis and action-planning consultancy package. He has carried out work for PMI on the first Edition of the Organizational Project Management Maturity Model (*OPM3*<sup>™</sup>) as well as participating actively in fourth edition of the *Guide to the Project Management Body of Knowledge* and was also vice-chairman of the Translation Verification Committee for the Third and the Fifth Editions. He was a significant contributor to the second edition of both PMI's Standard for Program Management as well as the Standard for Portfolio Management. In 2008, he was the first person in France to receive PMI's PgMP credential; in 2014, he did the same for the PfMP. He is co-author of PMI's *Practice Standard for Risk Management*. He collaborates with David Hillson (the "Risk Doctor") by translating his monthly risk briefings into French. He has presented at a number of PMI conferences and has published formal papers. He can be contacted at [kik@project-benefits.com](mailto:kik@project-benefits.com).