

Top Ten Risk Myths

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Myths help us to make sense of the uncertainty that surrounds us. In the world of business and projects, risk management performs the same role. Unfortunately there are also myths about risk management. These are often partly true, but they do not represent reality. Here are the top ten risk myths, and how to counter them.

Myth 1: All risk is bad. Risks are potential problems, and if they happen then we are in trouble.

- *Risk includes both threats and opportunities, and both need to be managed proactively. Opportunities can save time or money, enhance performance, and help us to achieve objectives.*

Myth 2: Risk management is a waste of time. Most risks are outside our control, and it is impossible to address them in advance. Instead we will deal with any issues that arise.

- *If we deal with risk effectively, then we will not have so many issues to tackle!*

Myth 3: What we do not know will not hurt us. Maybe we will be lucky and risks will not affect us. Ignorance is bliss!

- *Risks can hurt us, our business or our projects. Avoidable problems will happen and benefits that could have been captured will be missed. Not knowing about risk can be very costly.*

Myth 4: The Risk Manager manages risk. We don't need to manage risk - we have a Risk Manager.

- *Every member of the team should be a "risk manager", tackling risks that affect their area of responsibility. The Risk Manager should facilitate the risk process to ensure that it is effective.*

Myth 5: All risk can and should be avoided. We will do whatever it takes to ensure that risk cannot happen, no matter what cost or effort is involved.

- *Not all threats can be avoided, and sometimes avoidance is too expensive or takes too long, so another strategy is required, such as transfer, reduction or acceptance.*

Myth 6: Our business and projects are not risky. Absence of risk is a sign of success. Where risk appears, it needs to be removed as quickly as possible.

- *Risk is built into all business and projects, linked to reward, as we take risk to create value.*

Myth 7: Risk management requires numbers. Only quantitative risk analysis can reveal the true level of risk exposure.

- *Quantitative risk analysis is powerful, but it is often not cost effective. Many risks cannot be easily quantified either, so a qualitative approach is always needed.*

Myth 8: Risks are covered by existing processes. We have processes to deal with all our routine risks, so we do not need to do risk management.

- *What about risks that we have never experienced? The risk process should identify novel risks, assess their importance, and develop targeted responses.*

Myth 9: Contingency is for weak people. A strong manager meets all targets, and does not need extra time or money for things that might never happen.

- *No-one can foresee the future and including a risk budget for known risks and contingency for unforeseen risks is a sign of wisdom not weakness.*

Myth 10: Risk management does not work. The risks we identified never happened, and our responses made no difference, so we gave up.

- *Perhaps we missed the real risks, had ineffective responses, or failed to implement agreed actions. Done properly, risk management always works!*

Tackling these ten risk myths and implementing the proposed solutions will ensure that your risk management is grounded in reality, giving you the best chance of success.

To provide feedback on this Briefing Note, or for more details on how to develop effective risk management, [contact the Risk Doctor \(info@risk-doctor.com\)](mailto:info@risk-doctor.com), or [visit the Risk Doctor website \(www.risk-doctor.com\)](http://www.risk-doctor.com).

About the Author



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Dr David Hillson CMgr FRSA FIRM FCMI HonFAPM PMI-Fellow is The Risk Doctor (www.risk-doctor.com). As an international risk consultant, David is recognised as a leading thinker and expert practitioner in risk management. He consults, writes and speaks widely on the topic and he has made several innovative contributions to the field. David's motto is "Understand profoundly so you can explain simply", ensuring that his work represents both sound thinking and practical application.

David Hillson has over 25 years' experience in risk consulting and he has worked in more than 40 countries, providing support to clients in every major industry sector, including construction, mining, telecommunications, pharmaceutical, financial services, transport, fast-moving consumer goods, energy, IT, defence and government. David's input includes strategic direction to organisations facing major risk challenges, as well as tactical advice on achieving value and competitive advantage from effectively managing risk.

David's contributions to the risk discipline over many years have been recognised by a range of awards, including "Risk Personality of the Year" in 2010-11. He received both the PMI Fellow award and the PMI Distinguished Contribution Award from the Project Management Institute (PMI®) for his work in developing risk management. He is also an Honorary Fellow of the UK Association for Project Management (APM), where he has actively led risk developments for nearly 20 years. David Hillson is an active Fellow of the Institute of Risk Management (IRM), and he was elected a Fellow of the Royal Society of Arts (RSA) to contribute to its Risk Commission. He is also a Chartered Fellow of the Chartered Management Institute (CMI) and a Member of the Institute of Directors (IOD).

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