

Why Should We Include Opportunity? Five C's¹

Dr David Hillson FIRM, HonFAPM, PMI Fellow

The Risk Doctor Partnership

Many of the pieces are now in place to support widespread adoption of inclusive risk management that addresses both threats and opportunities. International standards define risk as double-sided, and this is supported by professional bodies, recognised thought-leaders, expert practitioners, and leading-edge organisations. All that's needed is for more people to start doing it! But why should we?

Here are five reasons (and number 5 is the best):

1. *Compliance*. International risk standards use a double-sided definition of risk, and organisations wishing to align with these standards will have to follow suit.
2. *Contracts*. Some clients require their suppliers to use formal risk management, and if you want to do business with them you must have risk processes in place. If your client includes opportunity management within the contractual requirement, you'll have to do the same.
3. *Conformance*. Many leading organisations use an integrated risk process to identify and capture opportunities proactively as well as to deal with threats, including those who are role models or "best of breed". This may influence other organisations to adopt a similar approach, in order to keep up with the leading players in their industry.
4. *Confidence*. Fear of failure is a strong motivation for many senior leaders, and anything that offers the possibility of improved performance or increased success is likely to be grasped.
5. *Concrete benefits*. This is the best reason to implement an integrated risk approach. Inclusion of opportunities in the risk process will only become widespread and accepted if there are demonstrable benefits. These include:
 - *More realised opportunities*. A broad risk process ensures that we spend structured time looking for opportunities and addressing them proactively. This means that opportunities that might have been missed can be tackled, and some of them will be captured.
 - *Improved chances of project and business success*. As opportunities are identified and captured, so we will gain the associated benefits which would otherwise have been missed, leading to achievement of objectives and delivery of value.
 - *No new process*. The use of a common process for managing both threats and opportunities ensures maximum efficiency, with the same activities being used for both types of risk. There is no need to develop, introduce, and

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maintain a separate opportunity management process, because one risk process will suffice.

- *Cost-effectiveness.* The use of a single process to achieve proactive management of both threats and opportunities will result in avoidance or minimisation of problems AND exploitation and maximisation of benefits.
- *Extension from the familiar techniques.* Most of the techniques currently used to manage threats can be adapted with only minor changes to deal with opportunities. Additional opportunity-specific techniques are not complicated and are simple to adopt.
- *Minimal additional training.* Because inclusive risk management uses the familiar risk process, staff will only need training in new techniques for identifying and capturing opportunities.
- *Better contingency management.* Inclusion of potential upside impacts as well as downside means that contingency calculations are likely to be more realistic, taking account of both potential overspend and possible savings.
- *Increased team motivation.* Encouraging people to think creatively about ways to work better, simpler, faster, more effectively, etc. is a great motivator, and teams will enjoy looking for opportunities and making them happen.
- *Enhanced professionalism.* Clients who see supplier or contractor organisations and project teams working to maximise the benefits on their project will be impressed at the display of professionalism, leading to increased reputation and business growth.

We should include opportunities in our risk process because we can *gain **concrete benefits***, as well as *making us **compliant** with standards, meeting **contractual obligations**, **conforming** with leading-edge businesses, and providing increased **confidence** in our ability to succeed.*

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



**Dr David Hillson HonFAPM PMI-Fellow CFIRM CMgr
FCMI**

The Risk Doctor



Known globally as *The Risk Doctor*, David Hillson leads The Risk Doctor Partnership (www.risk-doctor.com), a global consultancy offering specialist risk services across the world.

David has a reputation as an excellent speaker and presenter on risk. His talks blend thought-leadership with practical application, presented in an accessible style that combines clarity with humour, guided by the Risk Doctor motto: “Understand profoundly so you can explain simply”.

He also writes widely on risk, with twelve major books, and over 100 professional papers. He publishes a regular Risk Doctor Briefing blog in seven languages to 10,000 followers, and has over 7,500 subscribers to the RiskDoctorVideo YouTube channel (www.youtube.com/RiskDoctorVideo).

David has advised leaders and organisations in over fifty countries around the world on how to create value from risk based on a mature approach to risk management, and his wisdom and insights are in high demand. He has also received many awards for his ground-breaking work in risk management over several decades. He can be contacted at david@risk-doctor.com.

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