

Advances in Project Management Series ¹

Expanding our risk repertoire to encompass opportunities²

By Prof Darren Dalcher
School of Management, University of Lancaster
United Kingdom

Many of the words and terms we rely upon in project management have varying, albeit related meanings when used in slightly different contexts and by different groups and professions. Project, risk, constraint, assumption and benefit can have such differing interpretations depending on the situation, the user and the observer. Another such term is opportunity.

The Oxford English Dictionary defines an opportunity as: ‘*a time when a particular situation makes it possible to do or achieve something*’. The Collins Dictionary describes an opportunity as: ‘*a situation in which it is possible to do something that you want to do*’, while the Merriam-Webster dictionary positions it as a ‘*favorable juncture of circumstances*’. The definitions imply that an opportunity can thus be viewed as a favourable time, or occasion, for achieving, attaining or benefiting from something desirable.

Thinking about opportunities and their underpinning role in management and innovation has long featured in many facets of the business literature. Kevin Plank, US billionaire and founder of sportswear, footwear and accessories brand Under Armour, observed that the purpose of leadership is ‘*to make sure you never limit the idea or opportunity*’. Almost a century earlier, American inventor and businessman, Thomas Alva Edison remarked that ‘*the reason a lot of people do not recognize opportunity is because it usually goes around wearing overalls looking like hard work*’.

Opportunity seeking is often associated with costs and more recently with risk. Albert Einstein quipped that ‘*in the middle of difficulty lies opportunity*’. However, opportunity seeking and exploitation is also recognised as both enabling and underpinning the potential for achievement. Management guru, Peter Drucker, for example, reasoned that ‘*the entrepreneur always searches for change, responds to it, and exploits it as an opportunity*’. Opportunity recognition is therefore recognised as a key step in the entrepreneurial process (Venkataraman, 1997), and has often featured in research in the field of entrepreneurship (Bhave, 1994; Gaglio & Katz, 2001; Baron, 2006).

¹The PMWJ *Advances in Project Management* series includes articles by authors of program and project management books published by Gower in the UK and by Routledge publishers worldwide. Each month an introduction to the current article is provided by series editor **Prof Darren Dalcher**, who is also the editor of the Gower/Routledge *Advances in Project Management* series of books on new and emerging concepts in PM. To see [project management books published by Gower and other Routledge publishers](#), [click here](#). Prof Dalcher's article is an introduction to the invited paper this month in the PMWJ.

² How to cite this paper: Dalcher, D. (2020). Expanding our risk repertoire to encompass opportunities, *Advances in Project Management Series, PM World Journal*, Volume IX, Issue II, February.

The critical role of opportunity is similarly acknowledged in competitive disciplines such as economics, marketing, diplomacy, strategy and war studies. Yet, opportunity highlights a need to balance different perspectives, needs and priorities. Obstacles and opportunities often come entangled, requiring interpretation, preference identification and some degree of unravelling. Winston Churchill recognising the implied trade-offs noted that ‘*the pessimist sees difficulty in every opportunity. The optimist sees the opportunity in every difficulty*’.

Opportunities enable potential, achievement and excellence beyond competition. Baron (2006) typifies (entrepreneurial) opportunities in terms of three main characteristics:

- **Potential economic value:** the potential to generate income
- **Newness:** product, service or technology that did not previously exist
- **Perceived desirability:** moral and legal acceptability of the new product or service in society

This notion and definition might be extended further by looking at the impact of missed opportunities. Psychologists often acknowledge and quantify the opportunity cost of failing to act and take advantage of an emerging potential opportunity and therefore the difference between where we are and where we might be can become a fruitful way of appreciating the power and impact of an opportunity, especially in uncertain contexts (Dalcher, 2017).

Opportunity and projects

At one level, each new project can be said to represent an opportunity for improvement, development, adjustment, compliance, correction or growth. Such opportunities are used to make a case for the new project or initiative (Dalcher, 2016). Indeed, as part of building the business case, many organisations will identify, position and analyse the external threats and opportunities, often formulated as part of a SWOT matrix or some other form of strategic planning. Such assessment will predate the initiation of a project.

However, at the project implementation level, understanding of opportunities and their potential impacts is not always developed. Project managers are well accustomed to considering risks and hazards that may imperil the project and have developed well established practices for identifying, mitigating, and addressing risks on projects. Understanding the upside impacts on our objectives and how they can be identified, measured and managed is lagging behind the focus on the negative aspects.

Risk management is increasingly concerned with addressing both negative and positive aspects. Indeed, the 7th edition of the APM Body of Knowledge (2019; p. 194) intentionally repositions risk management as ‘being ready to respond to minimise threats and maximise opportunities.’ Standards, such as ISO 31000, similarly focus on risk treatment to address both the positive and negative impacts of risk.

Yet, despite the acknowledgement, the detailed guidance available for those seeking to address and manage the positive side of risk has been relatively limited. One of the earliest pioneers pushing to change the agenda is Dr David Hillson who has been advocating the management of opportunities through his writing (2002; 2003) and speaking engagements. Hillson, a recognised thought leader in risk management, offers the guest contribution this month that

provides much needed insight in this area. His contribution is extracted from his recent book, *Capturing Upside Risk: Finding and Managing Opportunities in Projects*, published by CRC Press.

Hillson's work advocates risk as a broad concept that encompasses both opportunity and threat. The implication is that risk managers and project managers must address and manage both aspects. While the idea may chime with entrepreneurs, innovators and senior executives, there is significant merit in expanding our modes of thinking around risk, and Hillson's clear thinking offers the much-needed intellectual capital and the conceptual architecture required to progress project practice in this area. Whilst Hillson has been at the vanguard of risk management thinking, his insights on the integration of the upside and downside of risk offer an opportunity to refresh and reposition risk management as an engine for driving project thinking.

Hillson overhauls many of the traditional tools and approaches of risk management in order to accommodate positive risk alongside the more traditional negative aspects. He also offers a host of additional models and thinking tools for dealing with wishes, strategies and change as part of his new and expanded canvas.

The power of thinking positively

Opportunities do not receive sufficient coverage and discussion in organisational discourse. Recognising the role of opportunities requires a significant shift in thinking and the development of new approaches for addressing the missing aspects. Chapman and Ward (2011; p. 43) talk about extending the scope for opportunities that matter; thereby enabling and facilitating improvements in planning and decision-making practice. Hillson's greatest achievement may be in repositioning conversations around risk and projects within organisations and in offering the means for engaging senior management and executives in such dialogue.

Upside risk provides the ultimate reason for 'playing the game'. It enables the formalisation and capture of emergent opportunities and facilitates the offset of risks against opportunities. The power of considering the upside of risk is in engendering a more inclusive risk process. More comprehensive insights and understanding can feed into wider organisational and enterprise-wide considerations about risk, potential and opportunity and in the process elevate project management from being entirely concerned with execution (and the potential hazards associated with that process) towards a more strategic and balanced domain that embraces needs, expectations and emerging priorities.

The call to action, so powerfully galvanised by the set of tools and thinking frames on offer, is difficult to resist. Risk is natural, and it is now even clearer why we may not wish to avoid it, as we are able to more explicitly point to the potential upsides. Our repertoires of working methods have clearly been significantly enhanced and replenished. By offering the means and approaches to integrate risk and opportunity and elevating the wider discussions around them, we might regain a position at the top table and get to play a more critical part in shaping conversations and guiding initiatives around future projects, potential and progress.

References

- Association for Project Management. (2019). *APM body of knowledge, 7th edition*. Princes Risborough, Buckinghamshire: Association for Project Management.
- Baron, R. A. (2006). Opportunity recognition as pattern recognition: How entrepreneurs “connect the dots” to identify new business opportunities. *Academy of management perspectives*, 20(1), 104-119.
- Bhave, M. P. (1994). A process model of entrepreneurial venture creation. *Journal of business venturing*, 9(3), 223-242.
- Chapman, C., & Ward, S. (2011). *How to manage project opportunity and risk*. Chichester: John Wiley and Sons Ltd.
- Dalcher, D. (2016). Business cases, benefits and potential value: The impact of planning fallacy, optimism bias and strategic misrepresentation on the road to success. *PM World Journal*. June. <https://pmworldlibrary.net/wp-content/uploads/2016/06/pmwj47-Jun2016-Dalcher-business-cases-benefits-potential-value-Series-Article.pdf>
- Dalcher, D. (2017). Coming to terms with the unknown: Re-invoking Knightian uncertainty. *PM World Journal*, Vol. 6, Issue 6, June. <https://pmworldlibrary.net/wp-content/uploads/2017/06/pmwj59-Jun2017-Dalcher-coming-to-terms-with-unknown-article.pdf>
- Gaglio, C. M., & Katz, J. A. (2001). The psychological basis of opportunity identification: Entrepreneurial alertness. *Small business economics*, 16(2), 95-111.
- Hillson, D. (2002). Extending the risk process to manage opportunities. *International Journal of project management*, 20(3), 235-240.
- Hillson, D. (2003). *Effective opportunity management for projects: Exploiting positive risk*. Boca Raton, FL: CRC Press.
- Hillson, D. (2019). *Capturing Upside Risk: Finding and Managing Opportunities in Projects*. Boca Raton, FL: CRC Press, Auerbach Publications.
- Venkataraman, S. (1997). “The distinctive domain of entrepreneurship research: An editor’s perspective”. In J. Katz (Ed.), *Advances in entrepreneurship, firm emergence, and growth* (Vol. 3), pp. 119-138. Greenwich, CT: JAI Press.

About the Author



Darren Dalcher, PhD

Author, Professor, Series Editor
Director, National Centre for Project Management
Lancaster University Management School, UK



Darren Dalcher, Ph.D. HonFAPM, FRSA, FBCS, CITP, FCMI SMIEEE SFHEA MINCOSE is Professor in Strategic Project Management at Lancaster University, and founder and Director of the National Centre for Project Management (NCPM) in the UK. He has been named by the Association for Project Management (APM) as one of the top 10 “movers and shapers” in project management and was voted Project Magazine’s “Academic of the Year” for his contribution in “integrating and weaving academic work with practice”. Following industrial and consultancy experience in managing IT projects, Professor Dalcher gained his PhD in Software Engineering from King's College, University of London.

Professor Dalcher has written over 200 papers and book chapters on project management and software engineering. He is Editor-in-Chief of *Journal of Software: Evolution and Process*, a leading international software engineering journal. He is the editor of the book series, *Advances in Project Management*, published by Routledge and of the companion series *Fundamentals of Project Management*. Heavily involved in a variety of research projects and subjects, Professor Dalcher has built a reputation as leader and innovator in the areas of practice-based education and reflection in project management. He works with many major industrial and commercial organisations and government bodies.

Darren is an Honorary Fellow of the APM, a Chartered Fellow of the British Computer Society, a Fellow of the Chartered Management Institute, and the Royal Society of Arts, A Senior Member of the Institute of Electrical and Electronic Engineers, a Senior Fellow of the Higher Education Academy and a Member of the Project Management Institute (PMI) and the British Academy of Management. He is a Chartered IT Practitioner. He sits on numerous senior research and professional boards, including The PMI Academic Member Advisory Group, the APM Research Advisory Group, the CMI Academic Council and the APM Group Ethics and Standards Governance Board. Prof Dalcher is an academic advisor for the *PM World Journal*. He is the academic advisor and consulting editor for the recently published 7th edition of the APM Body of Knowledge. He can be contacted at d.dalcher@lancaster.ac.uk.