

Advances in Project Management Series ¹

Expanding our risk repertoire to encompass opportunities²

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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.

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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.

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