

Let's Get the Risk Intelligence Ball Rolling

Interview with Val Jonas ^{1,2}

CEO, Risk Decisions Group Global
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Introduction to the interviewee

Val Jonas is now CEO of Risk Decisions Group Global (www.riskdecisions.com). Val is a highly skilled risk management expert, with extensive experience of training, facilitating and implementing project, programme, product and business risk management systems for government and industry in the UK, EMEA, North America and APAC regions. With more than 30 years' experience working with large organisations, Val has a wealth of practical experience and vision for how they can improve business performance through risk management framework and good practice.

Val played a major part in the design and development of the "Risk Decisions' Predict!" Enterprise Risk Management software. In order to spread good/best practice risk management, Val authors white papers, speaks at international conferences, sits on international working groups and is an advocate of collaborative working. She has been

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involved in roles of professional associations, such as PMI Risk Practice Standard chapter coordinator, APM Risk SIG member. She is the author of the Risk Intelligence (RQ) series of white papers. The following interview is based on the *The Snowball Effect Whitepaper*.

Interview

Q1. What is *The Snowball Effect Whitepaper* mainly about? And why is the Whitepaper named “*The Snowball Effect*”?

Val Jonas (Jonas): The Snowball Effect is a fun concept we developed during the early stages of planning the Whitepaper (the second in a series focusing on Risk Intelligence - RQ). The main theme of The Snowball Effect is the importance of Middle Managers in making good risk-based decisions that in turn, support successful outcomes for their organization.

Why is it named “The Snowball Effect”? A snowball grows in size as it rolls down a hill and can have a negative effect if you let it get out of control – turning into an avalanche. But a joined-up, functioning organization can use the Snowball Effect to its advantage, gathering information and knowledge to make well-informed risk-based decisions. In the situation today, we can look at it in two ways:

- Negative: Risk and uncertainty don't occur in simple discreet ways. More typically, a series of cause-and-effect events lead to an unexpected outcome or consequence. With the snowball effect, any one thing is probably not going to cause catastrophe, but added together, they can cause an avalanche.
- Positive: Human beings are amazing problem solvers, as long as we put our minds to it and work together. The critical mass for this to happen is at Middle Management level, where people are making significant decisions on a daily basis.

By connecting risk and pooling ideas, we can gather the momentum needed to achieve our goals. If we can get good risk-based decisions flowing through the middle layer of our organizations, we will better inform our senior managers (who want up-to-date information on both problems and their planned solutions). At the same time, at the coalface, the workforce can feel confident that they are part of a successful organization and effectively go about their daily operations.

Q2. In your opinion, what are the characteristics of modern risk?

Jonas: Risk is not what it used to be! We live in an ever-faster changing world, where our ability to handle risk is the differentiator between success and failure, and in some cases between survival and extinction. Whereas 50 years, ago, very little change happened in anyone's lifetime. You could predict at least the next 10 to 20 years with reasonable confidence. People stayed in the same job or profession most of their lives

even if they changed the company they worked for. The context most people lived in was relatively stable. As long as you had enough food to eat and a roof over your head, the biggest worry was aliens arriving from outer space or the threat of nuclear war. Generally, our day-to-day lives didn't change too much. Things are very different today. The world has become smaller, with instant communications, global supply chains, and cheap air-travel connecting everyone, everywhere. We have expanded into all corners of the world, with increasing speed, with little time or inclination to consider the consequences and even less time to respond to the unexpected. As a result, we find ourselves having to make decisions faster, based on increasingly imperfect information and a large number of interdependencies to weigh up.

I find it fascinating that we seem to be stepping through the “domains” of the “Cynefin Framework”, created in 1999 by Dave Snowden working at IBM Global Services. This framework defines five increasingly tricky decision-making contexts in which we make sense of the world:

Clear – Complicated – Complex – Chaotic → Disorder

In the latter half of the 20th Century, we moved from a relatively clear and predictable world, into one that was increasingly complicated. From a world where common sense prevailed, to one where we calculated things. We developed deterministic business models, economic and political theories, and applied them to create a better future. However, in the 21st Century, we find ourselves in a phase where there are so many unknowns, uncertainties and risks, that calculating a deterministic future is near impossible. As the number of interdependencies grow, we find ourselves in a world of complexity that we are unable to model quickly enough, if at all. The time has now come to develop new mechanisms to respond to this fast changing, complex environment. To imagine multiple probabilistic scenarios, establish trigger points and track them, in readiness to make fast (possibly pre-determined) decisions, based on the emerging scenario. Having played out several potential futures, you will more likely recognise which one is unfolding and hence gain early advantage. Even if the future turns out to be a hybrid of scenarios, you will still be more ready than if you expected a single modelled outcome. We call it “shaping the future with risk”.

The one thing we are definitely trying to avoid is going into the 4th domain: Chaotic and falling into ultimate and irreversible ‘Disorder’.

Q3. “Risk is a behaviour, not a process.” Would you please explain it?

Jonas: The way risk is implemented in most organizations is through process. For most people it isn't their specific job to manage risk, but instead an add-on. The spreadsheet risk register is brought out, discussed as an agenda item and then filed away again until next month. The higher up the organization, the less frequently the risk reviews occur, perhaps a six-monthly exercise.

The challenge is to bring risk alive, to get people thinking about consequences and scenarios and having real-time conversations about risk. Considering what risk means in

the context of delivering objectives and achieving goals. Consider the approach to take based on company values and vision. The aim is to consider risk as a whole, not just as individual events – how uncertainty and risks connect together and combine to hamper or support success.

Often risk is siloed in organizations, with each functional discipline, business unit, programme, project and contract having its own ‘process’ for risk. But this leaves the organization vulnerable to a myopic view.

Instead, risk needs to be a mindset and part of the organization’s DNA, with an overall risk vision that drives culture and behaviours. Problem solving is a major ingredient of successful risk management, getting everyone behind an issue and coming up with innovative solutions. That’s not something you do as part of a monthly meeting. Success stems from people having bright ideas anytime, anyplace and having the confidence and supportive environment to propose them.

Working in an open and trusting environment, people will speak up when they see a problem and be enthusiastic about being part of the solution. The risk process is there to back up these proactive behaviours – to ensure risk management is carried out efficiently and effectively, with the right resources, reporting and monitoring.

Q4. Would you please tell us what is “positive risk thinking”?

Jonas: It’s easy to consider risk as purely negative – that’s the way risk is typically presented – focusing on prevention. People often associate risk with things like Health and Safety, seeing it as a tick-box exercise – lots of rules. Of course, these rules are important and must be followed to run a business lawfully – they’re the rules of the game. Such operational risk is typically handled through compliance and controls.

Unfortunately, compliance has taken on such prominence that it has clouded thinking on risk, ignoring the fact that there is also a strategic angle to risk. Not only should we be thinking about the opportunity side to risk, we also need to decide what risk to take, with a view to the reward to be gained.

Most businesses today include ‘innovation’ in their company vision and values. And innovation means breaking new ground, which inevitably involves taking some risk. The key is to understand that risk and make sure that you’re able to handle it.

Another facet of business is competition. Astute risk-taking offers competitive advantage. Knowing how to differentiate yourself, understanding which types of risk you can handle better, where you can move faster than others – can be game-changers. In business, you don’t just want to play the game, but you want to win it. It’s this winning attitude that’s a trait of the positive risk thinker.

Q5. What are the top qualities of positive risk leaders?

Jonas: Positive risk leaders see risk as a force for good, not something to be simply

pushed down the organization and delegated as problems for someone else to solve. In our first Risk Intelligence Whitepaper *How Successful Leaders Thrive in an Uncertain World*, our experts define risk intelligent leaders as “intellectually curious individuals with an innovative, experimental and visionary approach. They are creative, collaborative and good listeners, focused on getting stuff done today whilst looking ahead to the future.’

Risk leadership involves inspiring your team to be proactive, prepared to tackle whatever uncertainty and risk comes their way. Such leaders

- understand problems in enough detail to ask the right questions;
- engage in risk conversations and openly listen to diverse perspectives;
- collaborate on solutions and support fast decision-making;
- keep sight of the overall goals and objectives;
- sustain morale by helping everyone feel part of the bigger success story;
- create an environment of trust, in which people feel safe to take calculated risks;
- tap into the wealth and knowledge and information surrounding them.

Finally, positive risk leaders have courage and conviction, proactively looking to the future to overcome uncertainty and risk, to achieve success.

Q6. We've heard about IQ, EQ, TQ, etc. The Whitepaper mentioned the term "Risk Intelligence". What is Risk Intelligence? How to develop Risk Intelligence?

Jonas: Risk Intelligence (RQ) reflects a person's ability and capacity to comprehend and prepare for the future, to be ready to make sound decisions in the face of uncertainty and risk. It's the ability to pivot quickly, taking advantage of opportunities, while minimizing any downside.

High RQ people are confident due to a high level of knowledge, forethought and preparedness; they are excellent planners and problem-solvers, resolving issues before they become critical.

Just like the other *Qs, Risk Intelligence is a combination of nature and nurture. Risk intelligent people are naturally curious, open-minded, creative, lateral thinkers, ready to embrace the future. But you can also nurture Risk Intelligence by reaching out, seeking diverse views, talking and listening to different perspectives. Ask open questions and embrace a broad range of thoughts and ideas. Create an environment of trust, so people can be open and honest in their conversations with you. Work on aligning people's objectives with the objectives of the organization.

Prior experience is valuable, provided that it doesn't create a blinkered mindset – the past is not necessarily a good predictor of the future, especially in today's fast-changing world. The ultimate goal of Risk Intelligence is to support fast, informed decision-making in the face of risk and uncertainty.

Q7. The Whitepaper recognized risk maturity as a key driver of success. Why?

Jonas: Twenty years ago maturity models focused whether people were following risk process. Of course, it is important that risks are being identified, assessed, managed and reported. But times have moved on. Instead of focusing purely on 'how to' steps of risk management, risk maturity now addresses engagement across the whole organization. It starts with the 'why?' – the right tone from the top down, explaining the organization's risk vision and ensuring the right framework of authority, responsibility and accountability is in place – governance at corporate, strategic, portfolio, programme & project, product, contract, functional and operational levels.

Risk maturity goes on to cover integration and dynamic risk performance across the organization, asking questions such as: Is risk connected? Is the organization responding to uncertainty and change in real-time? Are goals, objectives and outcomes being achieved?

Finally, risk maturity examines the people and culture aspect of risk management and whether the organization is capable of sound decision-making.

All of these things are fundamental to organizations being ready and capable of thriving in a fast-moving world full of uncertainty and risk. Without this, you will be susceptible to the winds of change, surviving by luck until that luck runs out.

Q8. What role does diversity play in dealing with risks?

Val Jonas: Having a good mix of people in an organization is vital. There will be many unique perspectives on how to achieve future success - Risk Intelligent organizations recognize and harness these differing viewpoints. If goals and objectives are clearly articulated, all team members will have ideas to contribute to support their achievement. Think about the make-up of your team, to ensure there is a mix of experience and background. Consider bringing in stakeholders to get their perspective, as well as experts and people from different disciplines. Peer reviews can provide excellent feedback loops to broaden thinking – sometimes having someone ask a simple, seemingly dumb question can start the ball rolling.

There is also a need for diversity at leadership level. Having senior managers thinking and asking what-ifs? They may ask questions like: Could this happen? Can it liberate fresh thinking and get people working in new and more collaborative ways? Diversity can introduce innovation and drive opportunity, as long as you maintain a level of discipline in planning to meet overall goals.

Q9. Effective organizations build risk thinking into their DNA. So what are your suggestions on how to build an organizational culture of embracing risk?

Jonas: This has to start from the top down. If senior managers live and breathe risk, then those same behaviours will resonate all the way down through the organization. People focus on what their managers think is important; if your boss focuses on risk, then

so will you. A communications plan to get the messages about risk vision and values can be invaluable.

But senior managers cannot do it all. The main focus of *The Snowball Effect* whitepaper is the effect Middle Managers have on embedding culture and embracing risk. Ensuring a sound risk framework is in place, with a central repository for risk information, and the ability to analyse and project that risk to visualize future – those are all the responsibility of Middle Managers.

Of course, it is the responsibility of everyone in the organization to manage risk. At the coalface, people are unlikely to have sufficient oversight to see far into the future, so you might consider identifying risk champions, to support engagement in risk. They will help bring new people up to speed on risk, keeping other people engaged with refresher training and guidance. They can support and encourage a proactive approach, helping to embed positive risk thinking.

These three levels – senior management risk vision – middle management framework – champion level engagement – are key to embedding the right risk culture and achieving organizational risk intelligence.

To read the original interview and to learn more about PMR magazine, visit <http://www.pmreview.com.cn/english/>



About the Interviewer



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Yu Yanjuan (English name: Spring), Bachelor's Degree, graduated from the English Department of Beijing International Studies University (BISU) in China. She is now an English-language journalist and editor working for *Project Management Review* (PMR) Magazine and website. She has interviewed over sixty top experts in the field of project management. Before joining PMR, she once worked as a journalist and editor for other media platforms in China. She has also worked part-time as an English teacher in training centers in Beijing. Beginning in January 2020, Spring also serves as an international correspondent for the *PM World Journal*.

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