

## **The Missing Link of Risk – why Risk Attitude Matters**



Transcript of the teleseminar with  
Ruth Murray-Webster hosted by Penny Pullan of Making Projects Work Ltd.

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For more information on Risk Attitude, see the books co-authored by Ruth Murray  
Webster and David Hillson.  
[www.risk-attitude.com](http://www.risk-attitude.com)

Penny  
Pullan:

Welcome to the call!

**The purpose of the call is to introduce the idea of risk attitude for project people.** It's not about risk in general. You will find as we go through Ruth will explain what risk attitude is and what we can do about that. You would be very welcome to take questions about risk attitude as we go through. We won't be covering general more introductory areas of risk.

**I would like to introduce Ruth Murray Webster, who's from Lucidus Consulting.** You can find more about Ruth and her company at [www.lucidusconsulting.com](http://www.lucidusconsulting.com). She has written two books on risk attitude with Dr David Hillson. I met Ruth earlier this year. In fact Ruth came on my course last month, but I've used her books ever since I discovered them. The content that's inside them is really useful and that's what we are going to be covering on this call.

**So our plan for this tele-seminar** is to cover the material and also to give you chance to ask your own questions to Ruth. What we will do is we will open up the call and give you chance at a couple of points in the call to ask questions. So if you have questions as we go through, please jot them down and I will actually come round and ask people by name what questions you have.

**Who is doing what in the call?** Well, I'm going to be interviewing Ruth, I suppose just asking her some questions to spark off the content she's providing for us. Her role is to give us the expertise and to answer our questions. Your role as participants is to use the printed handouts as well as the sounds that you are hearing to really get the most out of the call so really writing all over the workbook would be useful and thinking about what questions you would like to ask.

**How are we going to work together?** Well, at the moment I've got everybody bar the presenters muted out. Later on, when I do open up the questions, if you could mute your phone if you are not asking a question at the time, that will keep it very clear. Please also say your name at the start of your question when you ask a question.

**What's next?** At the end, please do let us know what you think, either at the end of a call or if you are listening to this as part of a recording do get back to us and let us know.

OK, so it's the first question I've got for Ruth:

**What made you become aware of all of this?**

Ruth  
Murray-  
Webster:

Thank you Penny and hello everyone.

What really got me aware of all this was that my colleagues and I had spent lots of time over the past years working with organisations who were trying to improve the success of their projects and who know that proactive management of risk is important but really struggle to get it right. Many of our client organisations have invested a huge amount of money in processes, in procedures, in tools and in training of their people and they try to be as rational as possible in the way they plan to deal with potential future events, we call them risks, but really struggle to get that right and that the return on investment from their risk management activities always seems to fall short of what they expect.

And so it made me think, is it reasonable to expect to be rational about predicting the future? Are we bringing some of our biases as project people, people who want to get things organised and sorted and delivered? Is it reasonable to expect to be rational about that?

The little picture that you've got in the workbook with the question marks really triggered my thinking at the time and one of the quotations that is often use here and I will share with you

now is allegedly something that Plato in around 400BC. We will never know whether Plato really said it but the quotation is; "The problem with the future is that there are many more things that may happen than will happen" and it seemed to me to sum up the whole notion of risk management, not just in projects but for life.

But we are just talking about projects here today and the only fact in projects is that they're uncertain and that uncertainty is embedded in our estimates and therefore in our plans and my experience working with a whole host of organisations is that often there is no sense of whether estimates and plans are optimistic, pessimistic or realistic.

### **How do we make our guesses more educated?**

That's how I got into this and in starting to think about risk management out of the box of the normal processes, procedures and tools that we typically come across and what I found was there is a huge amount of evidence from academics, risk psychologists and from a branch of economics that is typically labelled 'behavioural economics' and that evidence is really saying that as human beings we are not rational but predictably irrational when making decisions about possible future events. Some of you may have seen the book that's been about for the last couple of years, actually with the title '[Predictably Irrational](#)', written by a guy called Dan Ariely and it is really worth a read. It's an airport type of a book but grounded on sound research and it's a really good read if you are interested in the subject.

My work in this area, with David Hillson, has been to build on our sound practical knowledge and experience of risk management in organisations by synthesizing work that we discovered from risk psychology, from behavioural economics and from leadership into an approach which helps us. First of all to understand risk attitude for individuals and for groups and then based on that understanding, how to manage risk attitude. The little picture we have there is one of the figures from one of our books. It is suggesting that we talk about CSF's being Critical Success Factors in project management and that actually risk attitude, understood and managed, is a real critical success factor in projects. It means that we have a really good sense of how realistic our estimates and plans are and therefore the promises that we make to our stakeholders are not wildly optimistic or pessimistic. For the picture we took that CSF idea and turned it around and said that while risk attitude understood and managed is a critical success factor, well maybe ignored and unmanaged it's a critical source of failure on projects. Certainly risk management effectiveness in our experience is very low where there isn't an understanding of risk attitude within an organisation. So that's sort of where we started and I guess what positions our work.

Penny Pullan: Ruth, that sounds really useful, but I suppose, I've got a question for you, which is, **what is risk attitude and how would you describe it?** You've talked about it as a critical source of failure potentially but tell us a bit more about it.

Ruth Murray-Webster: Ok, well, I could start with a definition, I'm not going to because I want to explain with an exercise that explores with you what risk attitude means and the sorts of things that influence risk attitude and then build the definition from there. I want to do that by asking you some questions, asking you to make some decisions and then to reflect on what influenced your decision. This is for you so I am not going to ask you to share your answers. Do scribble all over your workbook and capture your thoughts but hopefully this will be enlightening about what I mean by risk attitude.

So you will see on page 3 of the workbook that there is a continuum with a 'Never', I'd never do that, at one end at the left hand end and 'Definitely', I'd definitely do that at the other end and some other points in between. I'm going to ask you some questions and ask you to write down one of those, so either 'Never' or 'Don't think I will', 'Not sure' etc., but also to write down what influenced your decision. So there is going to be four or five questions that come up and here's the first one:-

I want you to think about the opportunity that sometime later on today you have the chance to

go to quite a high building or mountain near to your home to do some abseiling. Abseiling is a really exciting sport, really exhilarating and great to have the opportunity to do so. There is an instructor and it will be really great. So, what I would like to know from you as your first decision is, whether you are up for doing that? Would you like to go abseiling? Just jot down your answer from one of those points on the continuum and what influenced your decision.

Ok, so here is the second question:-

There's a little bit of a problem with the instructor for the abseiling. The instructor can still come along, that's no problem, but the instructor has actually forgotten the hard hats and has also forgotten to get the insurance that he'd been planning to do. I mean, he's still got a rope and he's got harnesses, obviously still really experienced and it will still be great fun but I'd just like to give you the opportunity to make the decision again. Are you still going abseiling and why?

Ok, so the third question that I have for you:-

This might influence your decision, I don't really know but I can confirm that if you are able to go abseiling then my company will donate £1000 which is still quite a few dollars, probably about \$700, I think at the current exchange rate but we'll donate £1000 to the charity of your choice if you will go along. So again, has this changed your decision and why?

Ok, hopefully you are all still with me, coming up the fourth question now:-

This one has nothing to do with abseiling now but is about the wonderful opportunity for you to leave your job and to become a Project Management Consultant on a freelance basis. I know we are in a global recession but that doesn't mean that there aren't still some real opportunities for Project Management Consultants around the place. Certainly, if you work in the UK we've got the Olympics coming up and the Commonwealth Games in 2014, a huge amount of infrastructure and investment going on. I guess similarly in the US there is a brilliant opportunity and I just would like to know whether you are up for doing that and what influenced your decision?

And finally my fifth question:-

I don't know whether this will affect your decision or not but just to say that quite a lot of your colleagues are also going to do this. The market is so buoyant and there is work for lots of you, but I have been chatting to your partner and your partner is a little bit worried about you losing your pension rights from your current company. They are actually quite upset and worried about the children's school fees. Obviously, the opportunity is still there, not sure how you feel about that but if you could just capture your decision and why.

Ok, so hopefully those questions have triggered some thoughts in your mind. What I would like to do is use that to start to unpick what I mean by risk attitude which was Penny's question and that I am attempting to answer in quite a full way. On page 4 of that handbook I am going to introduce you to something that we call 'The Triple Strand' influences on perception and risk attitude. If any of you have handy three strands of string or ideally what I would call pipe cleaners, those bendy velour strands, then that would give you a bit of a bodily physical idea of what I am going to describe, but if you haven't that doesn't matter, the picture and hopefully my words will be enough.

Ok, so those questions I asked you earlier, I'm surmising here but I guess that one of the things that influences your decision about taking risks is something to do with your past experience, have I ever done anything like this before? If I have, was it great, or was it not great? So maybe if you've been abseiling before and you love it then you would really like to go again or maybe if you've been abseiling before and you hate it then you don't want to go again. Maybe you had some assessment about abseiling or about leaving your job and being a

consultant that was about experience or was about the manageability or the controllability of that risk. There is quite a lot of evidence that says that we are more likely to take a chance if we believe that we can personally control the outcome to some degree. It maybe that we can't really control it but we have a perception that we can. And we also tend to make judgements about how much it would matter to us personally if this went wrong and also make judgements about how close in time the impact would be, something that you might call proximity. And those things, experience, manageability, what we would call personal propinquity or the degree to which it matters to your personally and proximity in time we would class as being Conscious Factors (situational assessments) and that is one strand of the triple strand. Those things influence our perception of whether something is risky and might bias that in one way or another. So that is Conscious Factors or situational assessments.

I am going to flick to Affective Factors next which we have defined here on the picture as feelings and emotions because in making risky and important decisions then there is a huge amount of evidence that our decision making is strongly influenced by how we feel about things. About the emotions that we hold, about the situation. In our organisations, in projects that sometimes can be a difficult message for people. I am an engineer and I'm a rational sort and there is no place in business for emotions, but yes, there is a huge amount of evidence that emotions have a big effect so maybe you're scared of heights and there is no way you are going abseiling and you are so scared of heights that not only can you feel that in your gut but your palms or the soles of your feet are perspiring just talking about it. Mine are. Or it maybe that the whole idea of leaving your job and becoming a consultant or going abseiling or some other risk is actually really thrilling for you. It would just be so exciting and the sensation that that would give you would be really great. And so that's really Affective Factors and is the second strand of the triple strand. David and I found that hugely influential on perception of risk and therefore risk attitude.

The middle one that we have called on the picture Subconscious Factors (heuristics and cognitive bias), now there is some specialist language here to describe. A heuristic, I would just call that a rule of thumb or a mental short cut. A cognitive bias is something that biases human perception systematically amongst large numbers of people without any conscious thought at all. One of the heuristics that often comes up in projects is something called the 'anchoring and adjustment' heuristic - you may have come across it. And that would be where someone suggests something, maybe it is a supplier who suggests a price for a job or one of your team members suggests an estimated duration for a work package that they are working on or I suggested that abseiling would be great fun and leaving your job and becoming a consultant would be great because there are really lots of opportunities. There is evidence that what human beings do is they anchor to that information that is being given to them and then that yields them incapable of actually thinking about the situation, if you like, from a clean piece of paper so they adjust from the anchor. There are many more of these, actually it's quite worrying the number of heuristics and cognitive bias's that seem to affect us and we may not even be aware of it. Some of them are to do with groups. I guess you have heard of the term 'group think', and maybe the term 'peer pressure' when you will all have been in meetings where you come out and think, how did all these smart people in this meeting manage to make such a useless decision given the risks on the table? So, there are also some Subconscious Factors, some cognitive biases that are to do with how we make judgements in groups in risky and important decisions.

Ok, so that was all quite long winded but really if you had the pipe cleaners in front of you and you started to twist those round into a tightly bound cord then the point about the triple strand is that we might be able to unpick some of the influences on our perception about whether something is risky or not or the degree to which it is risky or not, what the chance of something happening is, how big the impact would be should it occur. But actually once those different strands have been tightly wound together it is very difficult to really make sense of them and without some reflection and standing back then actually our perception of risk and risk attitude is really tightly bound together. The point I would like to make though is that if we did do a poll of the people on this call and the decisions you made based on the questions I

asked you then I would absolutely expect that first of all that perceptions of risk and risk attitude are personal and what I mean by that is all of the people on this call wouldn't have had the same answers to those questions. So it would be something that is personal to you based on your situational assessment, your feelings and emotions and the heuristics at play in your mind.

So the first thing is that they are personal. The second thing is that they are situational and what I mean by that is that we don't all adopt the same risk attitude in the same situation so you might think that well I'd never go abseiling but actually I would quite like to be a consultant and I'd give it a go. This is a really important point from our experience because often we label people, 'they are always this, they always think like this, they are very optimistic, they are very pessimistic' but actually when you start to unpick risk attitude and what that means and the triple strand then we actually all have very different perceptions of risks in different situations. So risk attitudes are personal, they're also situational and they are perception based. So that is sort of starting to take us, I think, through to a definition. But I think maybe an opportunity now Penny to take some questions?

Penny Pullan: Ok, I thought that it would be a great idea to have a little break at this point and just go round everybody on the call one by one and just find out what comments you've got, what questions you've got, things we can put some things over to Ruth to get her answers. So I'm going to bring everybody back in.

Ok, welcome back. I'm going to start off by asking Raj. Raj, what questions or comments do you have?

Raj: Oh, hi. My job is Railway Project Engineer and often we have to make decisions based on experience and they have to be quantifiable as well. We don't often get the chance to reflect on Conscious Factors, Subconscious Factors and Affective Factors. We have to show where we've got evidence that that is a potential risk. How do you build that into your model here? Where do we build in the quantity rather than the subjective factors?

Ruth Murray-Webster: Penny, do you want me to answer that now or shall we take all the questions first?

Penny Pullan: I think, go for it Ruth.

Ruth Murray-Webster: Ok, it is a really good point because obviously in an industry like yours where you have got a lot of historical data then it is possible to make your estimates more precise, if you like, based on your out-turn costs and out-turn durations from the past. My experience tells me that's great and what I would say to anybody in any industry is that your decision making in risky and uncertain situations will improve no bounds if you do have historic evidence so it's good to capture actuals. And it's good to actually understand the things that influence the actuals. One of the things I would say to you Raj is that as your organisation and the cost engineers in your organisation build that evidence it's also good to understand why particular projects or particular work packages in projects ended up with the out-turn cost and duration that they did and what were some of the issues that happened there and what can be learned from that? So that is one part of it. I guess, back to your original question, what part does that quantification of experience have in the triple strand? What I would say is that the ....

Raj: Basically, sorry about that..

Ruth Murray-Webster: Just say that again Raj. Sorry.

Raj: What I am trying to do is see how I can use the model in the workshop basically and how I can.

Ruth Murray-Webster: How I would use this model at work is as follows. If you are in a risk workshop and you've got some work packages and you've got some particular risks and people are saying 'ah, well we've got the evidence', that might be evidence that is influencing their assessment of probability of the risk or it might be evidence associated with the quantification of the impact. My experience would be that through the workshop facilitation it's important just to build in a challenge – to ask 'is our experience and is the data that we've got sound in helping us make our judgements going forward?' And one of the things that happens with us human beings is where we have data sometimes we're duped by the data. Some of the data we have got in our projects, some of the quantification is based, not on probability but on frequency of things happening in the past. That is one of the challenges also, but just because something has either happened a lot in the past or not happened a lot in the past, what does that tell us about the chance of it happening next time? Often, not a lot. So, what I would do when I am working with groups and facilitating risk workshops is, yes, use the data that's great but also through the group process challenge the data and challenge some of those assumptions and some of those Conscious Factors and situational assessments that might be influencing judgements. So I think it's just a challenge, it's a long winded way of saying it but I find that having that challenging risk workshop can really get people to think again and uncover some richer assessments of the risks and the decisions that are being taken.

Raj: Great. Ok.

Penny Pullan: Thank you. Raj, I'm going to move on to the others if I may. Thank you.

So, Maryli. Any questions? Any comments?

Maryli: I was thinking that as a Business Analyst and/or Project Manager in a project that because we deal with documentation this idea of analysis paralysis where you have someone who believes that a thousand page document is the most prudent way of going about documenting and that a one hundred and fifty page document is too risky because there is not enough information, there is not enough detail and I'm thinking what you mentioned earlier about 'we are more likely to take a chance if we believe we have control over the outcome' and how that risk adversity I've had to deal with through the years. I suppose it's a little bit of a Subconscious Factor starting off for some very analytical people, how to get them off this need for excess data and feeling comfortable with what they felt risk was risk before, comfortable being a one hundred and fifty page document.

Ruth Murray-Webster: Yes, you are right. There is a real comfort in data for some people, isn't there?

Maryli: Yes.

Ruth Murray-Webster: And almost that sense that, well, if we've got all of this data then it somehow protects me from the decision that I might make that might be actually a very risky decision. Again, so many of my answers I think come down to just creating that awareness about some of the snap judgements that we make, many of which are perhaps cultural and deeply embedded. So to an attitude of 'oh, well we can de-risk this by having the whole lot of further analysis done'. Just to challenge that answer and unpick it. To try to explore around the decision that's been made. Some of the parameters, when I define a risk, this is something that David Hillson and I have used in our book. I love the description of a risk of an uncertainty that matters and often we can get a huge amount of understanding from really unpicking with stakeholders what matters and what matters most. And out of that people start to reveal all sorts of biases if you like - allsorts of attitudes about why they particularly feel that decision to be risky and important. Answers to those questions expose personal and situational perceptions of the risk. So, sometimes it is really hard to get over those things if they are deeply engrained, but if you can get people together talking about what is the right level of data that we need to make this decision? What is at stake here? How big is this chance we are taking? And then actually, is having more data the right way for us to make a more appropriate decision or not. And maybe

sometimes more analysis is the right thing and sometimes it is not but its that quality of conversation that often takes this forward in my experience.

Marylly: Thank you.

Penny Pullan: Thank you Maryli. I'm going to move on now to Simon.

Simon: Yes. Hi there. My question is to do with how to take the theory with what we are talking about here and turning it into a real working process. I work in a Project Management office as a Project Manager but also as a Risk Manager so I talk to Project Managers on a daily basis about the risks. How do I take this theory that I'm seeing here which is excellent theory and obviously does work and how do you move that then onto a real life situation and how you use it every day in your work?

Ruth Murray-Webster: Ok. And your working with <a large multinational technology company> Simon, is that right?

Simon: That's right, yes.

Ruth Murray-Webster: Ok. At one level my answer to your question is the same as my answer to Raj and Maryli in that it is something about people and getting people talking about this - the human interaction. I am going to go further than that because I have some experience in your company actually and I know that culturally maybe there are some issues in getting people to share their assumptions and risks and take that forward. The way that I activate this, people don't know I'm even doing it. I certainly wouldn't go round explaining the theory and necessarily explaining triple stand to your Project Managers. They would probably tell you to go away. However, what I think you can do and I think it is part of the skill we develop when we are trying to facilitate some of this stuff is just ask questions in normal conversation - trying to unpick, what might be driving someone's perception of the risk. It maybe that you are talking to someone about an assumption they are making or a risk that they perceive but the conversation goes something along these lines;

"...well I am assuming that will happen by a certain day and obviously there is the chance that it might not. But hey, we have seen this many times before. I think the chance of that occurring is really very slight and, well, I don't think the impact will be that large because I really do perceive that I could control that if it were happening so, yeah - there is a risk here but I think it is a low probability and low impact and therefore we shouldn't do anything about it."

When you have those conversations with people maybe just that challenge to say well that might be right but what is it from your experience that makes you think that the probability is low, or the controllability is high or the impact shouldn't be that severe? And just find a way of questioning that or maybe teasing out some of the emotional things, for example, if we got this wrong, this judgement wrong and this risk actually did occur what would that mean for your project and what would that mean for you?

Also, what I would like to pick up here, I think we have got just about time, is to say, if you also think of risk as being not just threat, potential problem but also potential opportunity which is what the contemporary standards, PMI and the Association of Project Management in the UK would say - so if you frame risk as opportunity as well as threat then also there might be a whole lot of other perceptions that are around, well I really want to do this and so I am going to down play the threat because I want this decision to carry. So, I guess my answer to you Simon in making it practical is that somehow we need to find skills of almost asking questions to Project Managers that are not going to make them think that we've gone mad but that do help us to uncover some of those things that might be biasing them. And what I find in practice is that time and time and time again Project Mangers or people working on projects are hugely biased by their past experience, hugely biased by their perception of controllability

and fundamentally biased by how much the decision would matter to them personally and therefore what they feel about it.

Simon: Ok, thank you.

Penny Pullan: Ok, Penny here. I'm going to move on because we've now come to the time that we need to move on so that we can finish on time.

Ruth, the question I have got for you is: **Do you have a formal definition of Risk Attitude** because so far we have been talking about all these strands and so on. How could you formally define it for us?

Ruth Murray-Webster: Ok, well. Yes, I promised that I would get there eventually and on page 5, that's what we have. So, it is our published definition from the work that David Hillson and I have done together. We would define Risk Attitude as a chosen response to uncertainty that matters, driven by perception. So just to unpick that, the uncertainty that matters part in the middle of the sentence is our short definition of what a risk is. So you can have a long winded definition of a risk which you have got in the left hand box but we would sum that up as 'uncertainty that matters'. The chosen bit on the front you might find a little bit strange but we are really taking that from the definition of attitude which is in the right hand box, that's a dictionary definition of attitude. And really the fact that our attitude that we hold to situations are fundamentally chosen but we often don't feel that they are because they are habitual choices. So we all create these short cuts and habits in our world or we'd never get through the day. We have to make some automatic decisions but nevertheless if we want to choose to change something then we can do that. What I would say here, absolutely, is that the relevance of all this risk attitude stuff isn't about trying to unpick the triple strand for every single decision you make or every single risk that exists in your project because you wouldn't have time to do that and it would be daft. Where you are facing particularly risky situations in your project or your life maybe what I am sharing here is a way of just trying to understand that and particularly trying to understand what's going on when you have got different stakeholders, different people in the team who have different perceptions. But, yes, there is the definition, a chosen response to uncertainty that matters, driven by perception.

Penny Pullan: Fantastic. Ruth, one thing that I know you are interested in is **people using labels such as risk averse or risk seeking**. I've had lots of questions coming in from people who are going to be listening later on that use those labels. What do you think of those and what can we do with them?

Ruth Murray-Webster: Yes. I agree they are used very frequently to describe people or teams or organisations or even nations. There have been quite a few things published in the UK that, you know, "oh, the UK is a risk averse nation". What on earth does that mean? If you actually hold that risk attitudes are personal and situational, how can we use labels like that generically and stereotype whole groups of people? So I would say those labels are often misunderstood and so sometimes are less useful than they might otherwise be. What I would like to do using this picture is to explain what I think about the labels because I would use them but I use them in a very particular way. We will just try and unpick that. And you will see on the little chart there that I am using the terms to represent the degree of discomfort that a person or a team or maybe an organisation or a nation has with their perception of the risk. Another way of saying that is about our comfort with tolerating the uncertainty.

So, I would say that a situation in which a person or people are behaving in a risk averse way is they are saying, "I am not comfortable with the riskiness of this situation, with the unmanaged uncertainty in this situation." My attitude, my chosen response to this is to reduce the uncertainty. I want to do something about it. I want to reduce the threat or I want to enhance an opportunity but I don't want to leave this risky situation unmanaged and therefore I am motivated to manage it. That's how I describe risk averse.

At the other end of the spectrum I would define risk seeking as people or teams who are actually really comfortable with the amount of uncertainty there is around. You know, relaxed; "yeah... go for it, I don't need to manage that I'm happy that we proceed with this project with all these risks on the table, that's cool, the benefits outweigh the risks. I'm just going to go with it. I have no desire to proactively manage these risks, either reduce threats or exploit opportunity." And that is risk seeking.

And there are another couple of labels that are often used. These are derived from work by a lady called Elaine Hall. David Hillson and myself have built on that. Some people, individuals or teams are what we would call risk tolerant which means that really they have got no strong feelings of comfort or discomfort with perceived risk. They are just tolerant of it, I think the word describes that.

The risk neutral position is more tricky to explain but someone who has got a risk neutral attitude to a situation would be saying that what I seek is long term certainty and therefore I am prepared to take whatever chances I need to in the short term to secure long term certainty.

Now, there are four labels but the ones we use most are risk averse and risk seeking and this is one thing that I would like to leave with you. If an organisation or a project team/project manager identify lots of risks but then do nothing about them, just leave them to chance then that is a risk seeking attitude. They are showing that they are comfortable with the risk on the table with no desire to manage it, that would be risk seeking. We see risk averse behaviour when people are very, very anxious to manage risks because they don't want to tolerate the inherent uncertainty that's on the table. People that don't want to identify risks at all by default you could argue are risk seeking not risk averse because they are not even looking at it, so whatever the risks are, well they are there and they are going to be left unmanaged because they are not even identified. That would be my take on the subject.

Penny Pullan: Wow Ruth, yet more fantastic stuff. Wow. So, given all this: the strand and the definitions that you have got and all that we have learnt so far, **what can we actually do about it?**

Ruth Murray-Webster: Good question.

Is all lost? As human beings we are fundamentally flawed, predictably irrational yet employed in jobs where we want to do a great job to deliver project success but knowing that the only thing that is a fact is that there is lots of uncertainty out there. So is all lost?

With the work that David and I have done, we've really tried to do something practical out of this subject that is quite theoretical and based on psychology to a large extent. So what can we do for practitioners that is practical to perhaps give them a process or a little way forward to start to understand and to manage risk attitude and to prevent inappropriate choices being made in risky and important situations? The work that David and I have done and that is published in our book is that we have really looked into the area of emotional intelligence and emotional literacy to bring some sense to this, and you will get from this call that although my profession is projects and I spend my time doing what might be seen as quite hard and rational things in managing time and cost and specification that actually I believe that human beings in that process are absolutely fundamental. So we only have any chance of managing this if we tap into what human beings are thinking and feeling, hence our use of applied emotional literacy. Now, what do I mean by that? Well, we have got this model, we call it the six A's framework and it's shown there on page 7 and I'll just, it's sort of self explanatory but I will try and pick out a couple of points from there. So, I would say first of all the thing that matters most is awareness. Awareness of self and awareness of others. So it maybe that there is a particular risk and important decision that you're involve in. Where it would really help you just to use that triple strand model and to say, what might be driving my perception and my risk attitude in this situation?

If you can help others do that, that is great. So, Simon's question about working with Project Managers, I think Raj's question similarly in workshops. What can you do to almost bring to that conscious level that awareness of the things that might be biasing our judgements. So awareness, self and others. And that might be awareness of other stakeholders, of situational factors or of group dynamics if you are working in teams.

**So, awareness is the first A in the six A's framework.**

**The second A is called appreciation** and this is something about mutual regard and we don't have lots of time for this but some of you might have read the books based on transactional analysis called "I'm OK, your OK". What we discover is that given that we are all so tightly locked into some of our biases about risks that actually if people have different opinions to us it is really important that we listen to those and understand what is driving that other party. So some sort of mutual regard and I think with awareness and appreciation that's actually half the battle and through skilful facilitation you can get that going really well in risk workshops and in meetings where you have got groups of people working together is my experience.

The third A though is that, consider the position, you're sitting in a risk workshop or in a meeting with some other people who are trying to make a decision in a risky and important situation and you think it is not going the right way. That you think that the direction that the group are going in is going to result in an inappropriate decision being made and **you need to make an assessment, the third A** whether you will intervene or not. Intervening might mean some personal risk for yourself to speak up maybe in a group where you are a lone voice or where you might be the most influential person. And so our third A is about making that judgement about whether you will intervene and if you choose to do so then what is absolutely fundamental is what we have called assertion. **Assertion** (the fourth) as opposed to aggression or manipulation but really being able to pull together a lot of those skills that we might label conflict resolution or being able to be influential in making a challenge.

There are some really interesting concepts that come out of emotional intelligence in this regard and I will just share one of them and a little anecdote which is one of my favourite business sayings. The long name for it is constructive discontent. That's all very wordy but let me explain what that means in a quote, and apparently this quotation was made by Wrigley Junior, you know, the chewing gum people from Chicago. Apparently, William Wrigley Junior was quoted as saying; "When two men agree in business one of them is unnecessary". It is really saying, if you have got a room full of people who are all agreeing, smell a rat immediately and if you are going to intervene and assert yourself finding those skills to get people to challenge, well, what is this path we're going down? Are we missing something? Is there another way to look at this? What about this, what about that? So that is really important. Then the fifth A, is then when you've asserted yourself being able to take **Action** to follow up that assertion and to change the way the decision takes shape, the way that the risks are identified and managed.

The sixth A though and you may start to see some parallels between this six A framework and the risk management process itself is that sometimes your just going to **accept** what's happening and watch it, monitor and review it. It may be your assessment is that there are some flawed judgements being made here but you choose not to intervene, either because you don't see the impact being that great or because the personal risk to yourself of doing so maybe too great. I guess we have all read and been challenged around whistle blowing and that your judgement is, now I'm just going to accept this for a while and I'm going to watch it and make sure. But obviously with that feedback loop back through to assessment if you think the situation is going wrong.

So in the six A framework what we try to do is to give a framework that draws a parallel with the risk management process itself. Almost added another layer of richness to a standard risk management process of initiation, identification, assessment, response planning and

management. So a level of richness to that brought by human beings and their wonderful attitude and perceptions and bias into the risk management process because, for sure, in my experience the process on its own doesn't work.

So that's really a very quick description of the work that David and I have done over many years and have tried to articulate in our books and that we put in practice in the way we work with organisations everyday.

So, I think that's it Penny from me.

Penny Pullan: Fantastic Ruth. I just brought everybody else back because we do have a last five minutes for any comments, any quick questions that people have. I'm going to start off with Jonathon because we didn't get to you last time.

Jonathon: I haven't got any questions actually. I've understood everything that has been said. I used to have my own business selling musical instruments all over the world and I wish I had put some of these practices into use before to be honest. I think it is a fascinating subject and no questions from me thank you.

Penny Pullan: Thank you. Simon, comments?

Simon: No, I'm Ok. It's been a good session. I haven't got any further questions.

Penny Pullan: Thank you very much. Maryli?

Maryli: I was thinking on a personal level. My first comment earlier was more in dealing with someone who's risk averse, but I was thinking he was and the dramatic difference of consequences in a more traditional, lets say, lumbering company like an insurance company versus working for a company like a Google or an Amazon where making quick decisions and the consequences of perhaps making a mistake are, are... it's more lenient, right? So, if someone goes to work in one of those younger companies like myself I have to get out of my comfort zone and really work through my strand in order to be able to function properly and succeed, versus an insurance company where the consequences of making mistakes are seen more harshly because you weren't careful enough. Am I making sense?

Ruth Murray-Webster: Yes, absolutely you are making perfect sense. One of the things that you are picking up there Maryli is that quite aside from those sort of personal and situational assessments we make of situations we do have some underlying preferences to do with our personality if you like. Anyone who has done, for example, Myers Briggs Type Indicator (MBTI) type of work, or those type of personality profiles – well you will know that there are some aspects of some of our personalities that mean that we prefer some facts and we prefer some data before we make judgements or there are other people that don't need that at all, or they prefer to act on their intuition and go for it. But just relating it back to types of company – we almost label the big lumbering insurance company as risk averse and the Googles, if you like of this world as risk seeking. What I would say in challenge of that is, is that the Googles of this world could get into what I would call a risky shift so that the whole culture there is "yeah, yeah, go for it. Lets take some chances... dah... dah... dah..." but I am sure there are some people within Google who, because Google is hugely successful, who are having a long hard look at some of those down side risks and saying "no we're not just going to go for everything because to be completely go-getting and risk seeking on everything would be inappropriate. There are some things we need to be more cautious about". And so it is getting that balance right and similarly its an interesting thing in terms of the global financial crisis that we see banks and insurance companies as being quite risk averse and prudent but, you know, maybe they are not really. So, what I would say is what we are looking for here is appropriate risk taking and that inevitably will need a balance between being risk averse and risk seeking and that's what as individuals and teams we need to bring as the skills to take a long hard look and make the right judgement.

Hope that helps?

Maryli: Thank you. Very good. Thank you.

Penny Pullan: Raj. Question or comment from you, if you've got some?

Raj: Oh great session it was very useful, thank you. Just page 8, you didn't. I think you went over the words but you skipped over the diagram very quickly. I was wondering if you could explain that to me?

Ruth Murray-Webster: Oh right, Ok. Yes, I included page 8 just as a little excerpt really from one of the books. But yes, the diagram in there is really trying to say that whether we like it or not perception of risk is not an absolute, either true or false, present or absent - but its situational and highly dependent on a number of things including what individuals think about it. So I am just going back to your earlier question Raj about the quantification of risk and about data and I'm all for that. With lots of my clients I work on quantitative assessments, decision trees or Monte Carlo simulation of projects and risky situations. But all I would say is that data is an articulation of someone's perception of the truth, and isn't truth and isn't absolute and is really socially constructed. So, that's what that diagram is trying to say and therefore if we are going to make appropriate decisions in risky situations, then unpicking the perceptions that human beings have of risk and therefore with risk attitude is really important.

Raj: It says people's perception of truth rather than actual and absolute isn't it?

Ruth Murray-Webster: Yes, that's right, absolutely it is. Yes.

Raj: Ok. Thank you for that Ruth.

Ruth Murray-Webster: You're welcome.

Penny Pullan: Well thank you so much everybody for joining us. There are more resources for risk obviously at [www.lucidusconsulting.com](http://www.lucidusconsulting.com), Ruth's company or the site shared by Ruth and David Hillson at [www.risk-attitude.com](http://www.risk-attitude.com) and there are some on my website too.

I just wanted to draw a highlight to the fact that if you would like to have Ruth's book or you'd like to look at it. There are two of them actually, there is one about risk attitude and there is another about group risk attitude. You can see them both on our website if you go to [www.makingprojectswork.co.uk](http://www.makingprojectswork.co.uk). There is a link under the resources menu to our books and if you go there you can actually see them laid out and have a look and see comments that people have made about them.

Thank you very much for joining. It has been a fantastic hour, there is so much to this subject Ruth. Thank you so much for sharing that with us.

Bye bye.

Ruth Murray-Webster: You're Welcome. Thank you.

Raj: Thank you.

Ruth Murray-Webster: Thank you.

Simon: Goodbye. Thank you very much.

Ruth Murray-  
Webster: Bye bye everyone.

Maryli: Thank you.

Penny: Bye.