

Roger Atkinson's reflections on David Hillson's Risk Doctor briefing

Organisations and individuals are living with constant change, and the environment within which we live and work has to, naturally, keep pace with those changes. One example of a framework that impinges on organisational change is the new ISO31000 standard for Risk Management. An early discussion about where that new standard fits in with other definitions and standards has been written by David Hillson, who raised the question about the new ISO definition and how it was attempting to differentiate from other definitions of risk.

The fact that there are several other definitions of risk indicates that, as with standards, the issue with definitions is that there are so many from which to choose. The fact that we have several definitions for risk indicates that there is no single agreed definition. My guess as to why that will continue is also the reason why I would consider these issues as they relate to Project Management. As soon as any one organisation has a standard or definition for concepts such as risk or project management and seeks to achieve global acceptance of that definition, it usually attempts to franchise its version to others who want to use it. Thus, the opportunity for financial gain, is the reason why there will be no a global agreement for such definitions.

The fact that there is a continual move to at least try and refine and update a definition of risk is understandable and necessary. It can also be seen to fit comfortably within systems thinking as suggested by Beer (1995), who suggested that managing systems was essentially about managing complexity (something project management now includes), and that could be measured by a '... loose portmanteau variable' that he termed 'variety'. The Beer (1985) axiom was that the "variety" of the environment would always be greater than the 'operators' that serve it and, in turn, the 'operators' will exceed the 'management' that tries to regulate or control. The variety and complexity of risk, as with project management, will remain one step ahead of those trying to control and manage it, which provides one reason for trying to achieve a definition.

So it would appear reasonable that a search for a definition of risk will continue. If Beer's axiom is proven correct, that search will be never ending. The origin of risk from the Latin *Risco*, meaning danger, indicates how the definition of risk, or at least the meaning currently attached to the word, has emerged over time. The early attempts from the 18th century, with the development of both the normal distribution and standard deviation, some measures of risk, indicate how young the methods of measuring and managing risk are.

However, while a continual search for a definition of risk can be understood, what would be interesting to know is, What were the drivers to create ISO31000, given that there is limited time to undertake all the things we would like to achieve. Why change, and why now?

Using — as we are informed in Hillson's paper — the three vital words that any definition of risk should have as a framework, let us now consider why the ISO31000 standard was created.

First, uncertainty. What uncertainty existed that required the ISO to be written? Was it, for example, to solve a known problem with, or answer a question about, some existing ISO, or the ten other definitions? Is it possible to know what drove the need for the ISO?

Second, effect. What effect did writing the new definition hope to achieve, and is that reason known? Were those changes to the effect research driven? If so, what research, or was it just thought that it was perhaps time to create a new ISO? That last question as a rhythm to ISO development work rather than reaction to problem would be valid.

Third, objectives. Against what measures will the effects of the new ISO be judged? Do these include short-term objectives, as that is all that will be known at this time, or are there medium- and long-term objectives as well?

If we don't continue to challenge existing definitions, then potential benefits might be lost. However, at the same time, it would be interesting to know the logic and reason for the ISO31000 definition wording. The new definition has reduced any vagueness under which risk could be considered. This has both positive and negative issues. A positive is that we have a clear focus; a negative point is that risk as agreed involves uncertainty, and if Beer's axiom is true, it also includes complexity. This begs the question of how the effect would be measured if the risk is possibly unknown. Hillson provides some additional challenges to the new definition.

A benefit of having a change in the definition of risk is that it keeps the debate alive, and that has to be a good thing.

Reference

Beer, S. 1985, *Diagnosing the System for Organisations*, Chichester, Wiley.

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