WHY RISK AVOIDANCE CREATES RISKS

Graham Oakes uncovers a dilemma in software development.

Graham Oakes: not possible to avoid every risk

Application integration is risky. Stakeholders have fuzzy, and often conflicting, objectives. Legacy applications are rarely well understood. Technology and standards shift beneath us. Project delays are the all-too-frequent result.

So it's hardly surprising that a development project I worked on recently focused on exploring such risks. People spent a lot of time clarifying requirements across the various stakeholders. They tested technical options. They held workshops to identify risks, quantify their likelihood and impact, and define mitigation strategies. A textbook example of risk management.

Except that by the time people felt they understood all the risks, we were almost at the desired date for delivering the system. It was clear we now had no hope of hitting the deadline. By seeking to avoid all risk, we'd achieved exactly the outcome we didn't want.

So is risk management a waste of time? I don't think so. But there are a few things about it we often seem to overlook:

● **Risk management isn't just about avoidance.** Sometimes it makes more sense to accept a risk and move on. If the risk then arises, the project may fail but that's OK – across the portfolio of projects, you'll win more than you lose and that's what gives you a return. Or you can choose other ways to deal with risk: buying insurance, exploring multiple solution options in parallel, setting up contingencies, etc.

● **Avoiding discussing a risk is not the same as avoiding the risk.** So many risk registers contain only the risks people know how to mitigate. If they don't know how to mitigate a particular risk, then they're not allowed to mention it. This stems from the management ethos that says "I want to hear about solutions, not problems". So the problems lie in wait, ready to trap you somewhere down the line.

● **Risk management is active.** Sometimes the only way to understand a risk is to act, either directly (eg, buy information about the risk via a prototype) or indirectly (engage in other project activities and monitor the effect they have on the risk). Locking into endless risk analysis may just guarantee failure, as it did with our project.

● **Risk management is continuous.** This is a corollary to the fact that you learn more about risks as you work on the project. You need to continuously think about how to make best use of this new knowledge.

It's not possible to avoid every risk. It's not even possible to understand every risk – and certainly not at the outset of a project. The mindset that you can identify, understand and mitigate every risk before you initiate a project is itself a pretty big risk factor.

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