Case Studies

In the Lion's Den: Introducing SF Into Risk Management – A Practitioner's Report

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Abstract

This article describes how Risk Management (RM) Roles and Processes and Solution Focused (SF) Coaching can be combined to introduce SF Practice into a problem-oriented world and how to benefit from that. The approach might be interesting for project managers or change managers or for consultants who do SF work and want to add this approach to their tool-box to help them to operate within a problem-solving paradigm. It will help those who wish to build on existing processes and strengthen them by adding SF questions, making small steps, and reinterpreting the risk manager's role.

Introduction

Assessing the risks for projects, business models, product portfolios or business ventures for a global software company, I find myself constantly in the lion's den of problem-focus. When I started doing risk assessments in the traditional way several years ago my clients spent hours debating risks, the causes of their risks and who was to blame. I was struggling with resistance, defiance, non-cooperation, non-compliance and endless blame-games. I could not help searching for a better way, which I found when I started to introduce SF into many of my practices. I needed considerable courage to do this, and I still do, because in risk management we find

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ourselves more or less at the heart of a problem-focused paradigm.

While I cannot describe the entire risk management process and framework in this article, I want to highlight some essential innovations I have introduced to the traditional risk management so far that seem to work really well. I will describe my introduction of SF questions into the risk assessment conversations I am holding, my adaptations of some RM tools I am using, and my reinterpretation of the traditional roles in the RM process.

While writing this article I have been noticing that my thinking and my practice are constantly changing, and probably by the time this article is published I might have moved my practice on even further. In this article I am describing how I currently work. At some points I am adding my reflections on how I might further increase the degree of SF in my work and some questions or ideas I am currently experimenting with. The challenge here is to stay in tune with my (mainly problem-focused) clients, while at the same time expanding my thinking and doing, and continuing to experiment with the (SF) improvements of the RM process, questions and tools. I have the feeling that I must not "overtake" my clients and I notice quite clearly when they can take a question or tool on board or when they reject it.

My own process of developing as an SF practitioner is of course concurrent with this; while I become more comfortable as an SF RM coach I become more "daring" with my adaptations, while still needing to stay in tune with my clients. I feel that I am involved in a constant dance of staying attuned to my clients, while gradually introducing different notes to our tunes, and thus gradually shifting our joint dance to a more harmonious level.

Risk Management

Since RM is a very broad term and often not specific, I highlight key elements of the traditional RM framework and process I am referring to.

Risk, Issue and Project Constraints

In our daily life we are talking about risk without clarifying what it means exactly. Most of us would agree that it is something unpleasant and somehow future related. To specify this better I introduce the definition from the Project Management Institute (PMI) which defines a Risk as an "uncertain event or condition that, if it occurs, has an effect on at least one project objective. Objectives can include scope, schedule, cost and quality". (Project Management Institute, 2009, p. 275). Different from risks are issues and project constraints. Issues are risks that have occurred. Project constraints are anything that restrict or dictate the action of the project team.

Risk Management Roles and Setting

What are the key roles in RM? Risk managers support project management, provide a set of risk management rules, and moderate risk assessments. They collaborate with:

- risk owners, who are responsible for risks and usually for the success of the project or organisational changes. Risk owners analyse risks, appoint response owners, and monitor risk treatment;
- response owners, who are responsible for implementing the measures defined for risk treatment and reporting the status to the risk owners;
- experts who contribute their specialised knowledge in a risk assessment. They may also be tasked with risk treatment, making them response owners as well.

In the majority of cases the risk assessment is done with a team where the risk owner is supported by experts, or where all team members are peers and can have the roles of a risk owner, response owner, or a risk expert. In an exceptional case the risk assessment can be conducted with a single person, e.g. the project manager.

Risk Management Process

When is it useful to do a risk assessment? Usually the first risk assessment is conducted shortly after a project is set up. The idea is to manage the risks before they turn into "real" problems.

Risk management consists of five steps: planning, risk assessment (comprising risk identification, risk analysis, and definition of risk treatment), and risk monitoring (Project Management Institute, 2009). Clients who run projects or do organisational changes are familiar with (problem focused) Risk Assessments: 'Risk Identification (find out there is a problem), Risk Analysis (address the weakness), and Risk Response (create an action plan). This process is completed by Risk Planning and Risk Monitoring.
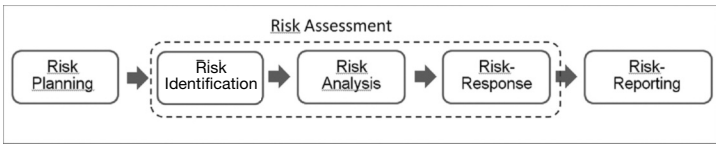

Figure 1: Risk Management Process Model

The Beginning of a Solution

Traditional risk management works well if:

- the assessment is in a purely technical context and/or
- the environment is more or less 'stable' or
- compliance is in the foreground.

In most cases clients face a combination of 'technology' risks and risks related to the behaviour of human beings. To appreciate that nothing is wrong with traditional risk management and adding a solution focused conversation could change how clients construct their future.

Instead of asking "What is the risk, what do we get right?" we could ask "What do we have to be careful about?" This alleviates any concerns people may have with regard to risk

management, encourages them to see things in a different light, and increases their willingness to cooperate.

4.1 SF Risk Management Roles and Setting

How can you tell if you are sitting opposite an SF risk manager, or better still, an SF RM coach? What is distinctive about them? It is probably the attitude that makes the difference:

- they build a relationship based on cooperation and trust;
- they focus consistently on solutions and design options;
- they stay on the surface – keep the ultimate goals in mind and collect facts only to the extent needed to achieve that goal.

4.2 Traditional RM and SF Conversation

The following describes the 5 steps of RM and how an SF conversation could be added depending on the needs, attitude and culture of the client.
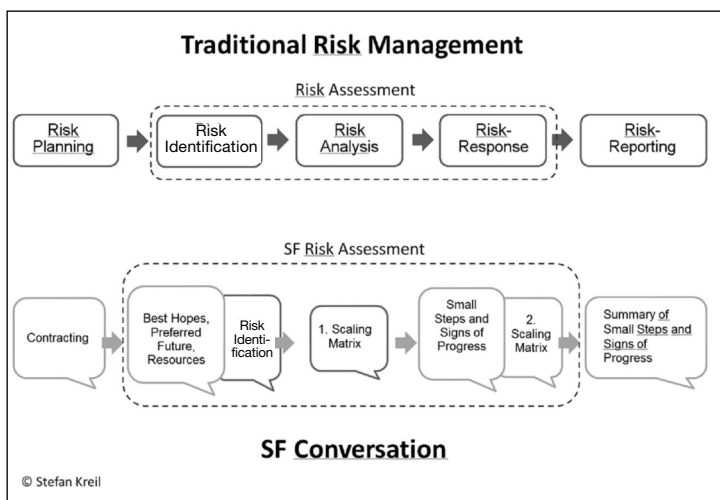

Figure 2: Traditional Risk Management and SF Conversation

Risk Planning

Usually in the risk planning phase the risk manager supports the risk owner to decide whom to invite to assess risks; they also define risk assessment procedures (define the topic, time frame, and logistics) jointly. With SF risk planning, risk managers concentrate more on building relationships and agreeing on the desired outcome, similar to the way assignments are clarified in the coaching process.

Risk Identification

During the joint risk assessment the risk manager acts as a moderator. First the risk manager explains how the risk assessment is conducted. The risk owner explains who and why everyone was invited to the Risk Assessment.

In this step probably most of the value can be created for the client by adding SF because here future perfect is created. Nevertheless a great amount of sensitivity is required to see what is socially and culturally acceptable by the client – or better what resonates with the client.

To get started the team could be asked: "If this were the best-of-best projects – what would that look like?" This can be combined with a scale walk (Scale: 10 = best of best, 0 = nothing is in place – where are we today?). Those who are familiar with concepts like Design Thinking are usually eager to follow. For others, who are experts in problem solving, a single term like 'future perfect' might be already a step too far. In this case I would offer a moderate approach by inviting the participant to have a future-oriented discussion with a peer:

– What are your best hopes from this Risk Assessment?
– Would it be different for you if this were successful?
– What is the first sign which will tell you that the project was successful?

After that a SF practitioner would probably move straight toward the future perfect. I have found that this is too fast for my clients, who are expert in problem solving and risk

mitigation. I got the feedback that not talking about risks (and problems) means I do not take them seriously or do not understand their needs.

So first I acknowledge what is already in place and what is working. Then I invite the clients for the case to formulate any difficulties that come up with an "if-then" statement, for example, "If the new training staff are not available by May, then the training courses will have to be cancelled." The participants use sticky notes for that and stick it to a Flipchart which I have prepared.
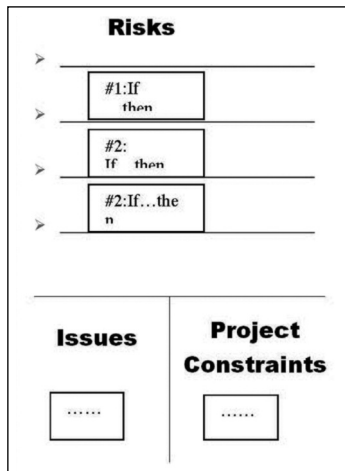

Figure 3: Risks, Issues and Project Constraints

It turned out that adding 'Issues' and 'Project Constraints' is very helpful for the clients. This distinction allows people to raise whatever they feel needs to be voiced, but still directs the focus of attention towards those matters that can be influenced.

Risk Analysis

After the Risk identification the risks are analysed. Risk analysis involves estimating the probability of a risk occurring

and the impact it would have if it did occur. The first step is to determine the maximum impact on the project and estimate the maximum loss, for example, loss of the investment. Next, the team is asked to rate the impact of the first risk on a scale ranging from 5 = worst case to 1 = no or minimal impact. The other risks are assessed using the same pattern. The matrix which I use for this purpose is well known in RM – with one exception. On the bottom left corner is a cloud – which presents the future perfect. I usually invite the team to write the name of their best-of-best project into this cloud.
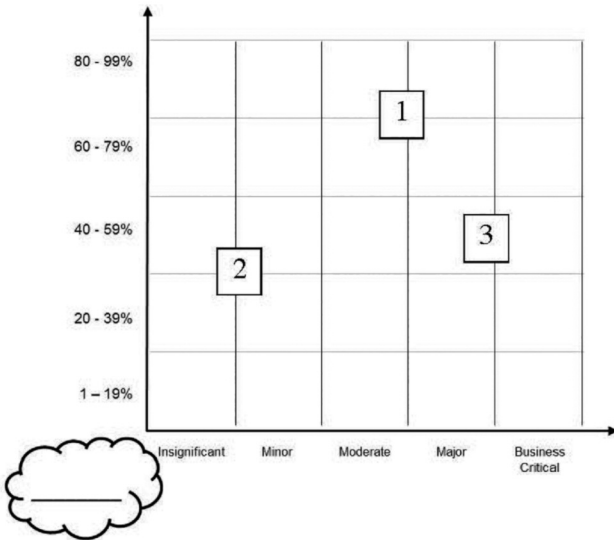

Figure 4: Risk Matrix

The visualisation of risks on the impact and probability matrix often filters out a high number of risks and highlights a few. What remains are the risks that are worth addressing. What you achieve in this discussion or evaluation is a much clearer view and you emerge out of the mist of a nebulous view or fear of all the pending risks and things that might go wrong in the project.

Risk Response

After the risks have been identified and the impact and probability estimated, the team starts to define the response jointly. In a traditional risk assessment the experts create an action plan for those things they don't want to happen. In contrast the team using SF focuses on making a project a success, taking feasibility and the resources available for its completion into account. Usually the participants have a clear understanding what they can do to increase the probability and the impact and write their ideas on sticky notes. If not, some SF questions can lead to helpful answers:

- What has the team been doing already to increase the probability of success?
- What can the team do to ensure the project is successful (instead of what should other people do)?
- How would the team first notice that a particular course of action is succeeding?
- What could feasibly be done in the next 48 hours?
- What would be a small sign in the next few days that things were getting better?
- What else?

It seems that these questions lead the team to focus on what they want to have instead of the problem.

When SF risk treatment measures have been defined, a second risk analysis is performed based on the question: "How do you assess the risks if risk treatment is successful?" The sticky notes for the risks are then adjusted accordingly on the risk matrix. As a rule the probability of success increases significantly while the potential impact decreases in the same proportion. The sticky notes move towards future perfect to construct the "good enough". This has an effect on people's attitudes toward risks:

- It's not as bad as it looked!
- It's getting better!
- We have the resources needed to move forward!

Risk Reporting

Usually the clients have to create a report which gives the management confidence that everything is under control (big steps, clear goals, results measured far in the future) – which is perfect for some of the risks. Since this can result in a dilemma for clients I offer a dual reporting – to focus on small steps, signs of progress, what is already working – and create the report for the management later. At this point in time the team notices that "something" has changed and even when writing the management report, the solution comes to the fore.

Interview

The company had done a lot of work on where they wanted to get to (their future perfect), but somehow were still stuck because they felt that there were too many stumbling blocks in their way to move ahead.

This interview is based on a 20 minute conversation where the client worked as an external coach to support a change project with a global manufacturing company struggling to survive.

RM Coach: Christoph, what are your best hopes from this Risk Assessment?

Client: I am supporting a global company in a change project. I think I have to explain the context. [The client explains the customer situation in some detail]. We did an SF workshop about our Future Perfect for this change project, but the management has no idea how to move forward.

> The client talks about problems – but also about many competencies and resources.

RM Coach: Now we could do one of two things: further discuss the risks of the company you are supporting, or ask you what are your best hopes from this session?

> With this question I want to refocus the client on what HE can do to help his customer rather than to focus on his customer's problems.

Client: My best hopes would be that they get the consolidation of their task list done, and manage the transition from problem focus to solution focus. And the best of all would be to trigger a mind change in the team.

RM Coach: If this 20 minute session were really useful for you, what are your best hopes from this session?

> *Alternative: Coach: Who would notice that these 20 minutes have been helpful for you? What difference would that make to you / your client? How will your client notice?*

Client: To get an impetus, an idea, an approach on how to forward move with the team to make the next step.

RM Coach: Ok. An impetus, an idea, an approach on how to move forward with the team, to make the next step?

Client: Yes.

RM Coach: If this had a name, what would be the name of this?

> I am asking for a name because the client supplies a term that we both can use later.

Client: Mind change.

RM Coach: Mind change. To get an impetus, an idea in 20 minutes for the mind change?

Client: Yes!

RM Coach:	Is there already something in place for the mind change? Something you have been working on or you have already achieved?

Usually here I ask the client about his future perfect. In this case I felt that the client had worked on his customer's future perfect sufficiently (they had already done an SF workshop), so I went on to ask about resources and what is already in place.

Client:	Yes, there is something in place!
RM Coach:	There is already something in place.
Client:	Yes, last week, we were very successful. We spent three days together. We have developed a vision of what an optimal production process would look like.
RM Coach:	The production process.
Client:	Yes, the production process and the roles. Defined who has to do what to implement the optimal production process.
RM Coach:	And you have done this already – you have already defined the roles.
Client:	Yes. And they have already taken the next step; they committed to pilot this process.
RM Coach:	They have even committed to pilot this process.
Client:	Yes! [Thinking pause] Maybe I have already gone a considerable way, further than I thought. [Smile]

I was very pleased that the client disclosed so many competencies and resources and also seemed to realise this at that moment. But something seems to be missing to trigger the next step for his future perfect.

RM Coach:	There are many resources already used today. The vision is in place, roles are defined, and

they are committed to run the pilot. So, we have agreed that we will do a risk assessment for your project. For that reason I now need to ask you: let us assume that you and your client are well on the way towards realising your "mind change" and let us imagine you come up against some of the difficulties you previously described – What might be one of those difficulties or you could say risks that you might face?

This is the point where the RM Coach starts to address the risks. By doing that he or she moves from an SF approach to a problem-focused approach – for the time being. The reason for this is that it gives the client a chance to address something he cares and worries about. Bringing this into the open by talking about it can be a huge relief for the client. It is important to talk about it without a need to justify the past and in a way where the client feels empowered to move into action addressing the risks.

I have noticed that by talking about the risks so openly, clients lose their fear of risks. This can be seen as a metaphor for "what is important for a successful project".

Client: One risk is that the commitment is not kept in the foreseen timeframe. And after some weeks, when everybody is absorbed by the day-to-day business the focus might change.

RM Coach: May I ask you to write this on a sticky note with an IF-THEN statement?

A statement formulated in the format of "if – then" invites the client to create a more precise description of what is important for him.

Client:	[Client writes on sticky notes] If the commitment is not met, then we cannot start piloting.
RM Coach:	This is the first one. What else could be a risk?
Client:	Another risk is to qualify the team.
RM Coach:	How would you phrase it?
Client:	If we do not find a project manager, then we have nobody to act as a multiplier in the project team.
RM Coach:	What else?
Client:	It has to do with discipline.
RM Coach:	How would you phrase it?
Client:	It is like commitment. If there is no role model for execution in the group then there is no motivation in the project team.
RM Coach:	What else?
Client:	[Thinking pause] That's it for the time being.

Let the client think. Very often clients describe the most important risk at the very end.

RM Coach:	Now you have identified 3 risks. If you look at the matrix: How would you estimate the first risk in terms of impact and probability? You can use sticky notes if you want.

The client does the scaling on the two-dimensional matrix which I prepared. Depending on the flow, the coach can describe how to use the scale. In this case the client started straight away.

Client:	I think the impact is 4, major. And the probability is around 50%. [Client takes a sticky note and sticks it on the matrix]
RM Coach:	The second risk?

Client: The impact is moderate and the probability is lower, 40%. [Client takes a sticky note and sticks it on the matrix]

RM Coach: And the third risk?

Client: If no role model, the impact is very high, then I would say 'business critical'. The probability is also very high, I would say around 90% because the team has been trying for years to tackle this topic. [Client takes a sticky note and sticks it on the matrix]

RM Coach: And now I want you to ask you: what can <u>you</u> do to increase the probability of being successful – to either reduce the impact or the probability?

In my experience this is a key question in the risk assessment because from that moment the risk has become secondary and the client focuses on what he can do in order to move forward towards his successful project. Secondly I ask the client what <u>HE</u> can do to increase the probability to be successful, not others.

What I notice is that after this open question, clients automatically focus on the most important risk for them. If I see that this does not happen, I specifically ask the client for that.

Client: I think one small step could be to talk about the scenarios and create awareness because I think the management team is not fully aware of the situation.

RM Coach: Talk about scenarios and create awareness?

Client: Yes!

RM Coach: Does this mean that if it works, the impact or the probability of that risk is reduced?

Client: Of course!

RM Coach: Where would it then be on the matrix?

Client: The risk remains critical but the probability would go down to 50% [Client puts a new sticky note on the matrix].

> Usually this is done for all risks. Due to the time constraint we did it only for one risk – the risk the client selected as most important for him. Sometimes this is enough!

RM Coach: WOW! So the probability would go down to 50%. Almost half! [Looks at the matrix]
Client: Yes.
RM Coach: Well, then I would say it's worth giving it a try, isn't it?
Client: Definitely.
RM Coach: What could be the next step for you as a consultant, maybe a very small step, to help the "mind change" along?

> This question is related to the client's best hopes from the session (get a trigger, an idea for "mind change").

Client: My next small step is to talk to my client. To guide him through the steps we have identified when we created the vision.
RM Coach: What could you do…let's say in the next 48 hours?
Client: 48 hours? I will talk to the client tomorrow.
RM Coach: Already tomorrow! When you talk to the client, how would he notice that this workshop had been useful to you- without telling him that you attended a workshop?

> At this point I could ask any number of alternative questions depending on the case. Some of them could be: If the next steps worked: what would be the first signs of that? What impact might this have on the project? How would you know that this would (help to) make the project successful?

Client: The client? He would notice that I will present him with a new methodology. And that the risks are transparent for him and now we could make the next step.

RM Coach: Fantastic! Thank you!

Client: Thank you!

> In this case the client found a way forward for himself, but he also – so he told me – found in the Risk Assessment process a tool that he could use for his customer.

Conclusion

The methodology described above enables teams to focus on achievable goals. Risks are converted into fields of activity, "problematic" risks are downgraded, and the people involved get a clearer picture of what direct action they can take.

- The experience and power of the whole team by inviting experts to speak up and contribute in a solution-focused way without blaming is used;
- At a minimum, compliance is achieved, which is of course important for the company and of great value to management;
- Nobody has to learn and implement a new methodology, it is just an enhancement to what is already available; and
- Last but not least, if the risk occurs and the same colleagues are involved later, it is much easier to do the

clean-up jointly after you have built the relationship and co-created preferred future during the risk assessment.

This can be the key to successful project implementation in the dynamic environment often associated with organisational changes.

Acknowledgements:

References

Project Management Institute (2009): A Guide to the Project Management Body of Knowledge, Newtown Square, Pennsylvania 19073–3299 USA (Project Management Institute, Inc.), p 274–275.

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