USING RISK METALANGUAGE TO IDENTIFY RISKS

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Unambiguous risk descriptions are clearly essential if we are to manage risks effectively. One helpful tool for describing risks is risk metalanguage, which separates the risk from its causes and effects using a three-part sentence. The risk metalanguage format can be written like this: “Because of <cause(s)>, <risk> might occur, which would lead to <effect(s)>.” This sentence construction helps to ensure that we focus on the actual risk, but it can also be used as generative grammar, to help us to identify risks, by starting at one end or the other.

Causes are definite present facts or conditions which exist now, or which are certain to exist in the future. While these are not risks themselves, because they are not uncertain, many of them can give rise to risks. We can start by listing the relevant facts about our project or the situation being assessed, or a Risk Breakdown Structure (RBS) can be used to prompt us to consider all possible causes of risk, including technical, management, commercial and external sources. We can then move from cause to risk by asking simple questions like “So what?” or “Why are we concerned about this fact?” The first two elements of risk metalanguage can help here: “As a result of this fact, what uncertain risk(s) might arise?” For example, we may be concerned that our organisation lacks the expertise required for an innovative project. Risk metalanguage moves us forward from this fact to say “Because we lack relevant expertise (cause), we might misunderstand the requirement (risk), or we might make unreliable estimating (risk), or we might introduce design errors (risk), or…’’

We can also use potential effects to identify risks, by moving backwards through the risk metalanguage. Effects are the contingent consequences which would impact one or more objectives if a risk were to occur. We might use a Risk Impact Breakdown Structure (RIBS) to ensure that we consider all types of impact, including time, cost, quality, performance, safety, environmental etc. Negative effects are used to help us find threats, and positive effects can be examined to discover opportunities. We do this by simply asking “How or why could this effect occur?” This corresponds to the last two parts of risk metalanguage: “What uncertain events might happen that would produce this effect?” For example threats can be found by exploring what uncertainties would result in a cost overrun if they happened (for example “A key supplier might increase prices” or “We may fail to achieve expected productivity gains.”) We could identify opportunities by thinking about what might happen that would save us money (for example “Falling property prices could reduce our office rent” or “Newly-recruited graduates might introduce more efficient modern techniques.”)

Risk metalanguage is not just a useful tool for improving the clarity of risk descriptions. It can also be used to identify risks, either by stepping forwards from cause to risk (by asking “So what?”), or by moving back from effect to risk (“How could this arise?”). This simple three-part framework offers a great way to find those uncertainties that matter, and to ensure that the risk process stays focused on real risks.