

SYSTEMIC RISK OVERSIGHT

A 21ST CENTURY APPROACH TO EMERGENT WICKED RISKS IN COMPLEX PROJECTS

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If you are concerned that unexpected problems and failures continue to happen in apparently well-managed complex projects, you are not alone.

The first parts of this paper discuss the nature of the problem. The final two sections describe a new approach based on an empirical research initiative led by RiskIQ Global (Australia) in collaboration with ICCPM.

Taking a Systemic Risk Governance approach is both practical and within the reach of most projects. It has the potential to reshape the governance and success of complex projects by identifying system-wide lead-indicators of risk - and how to work on them.

Short on time? You could choose to go straight to the final two sections of the paper.

Risk management in complex projects is problematic

Owners and leaders of complex projects all too often need to deal with unforeseen project issues, crises and even major failures. This is true even for projects with experienced, capable project leaders and teams and with strong, proactive governance arrangements.

On the face of it, unforeseen crises are to some extent inevitable. Large, multi-stakeholder projects are (very) complex human systems and will, at least sometimes, experience genuinely emergent events and outcomes that are both unexpected and confounding.

Yet that is not the whole story. In hindsight it is often clear that the underlying factors that led to crises and failures could have been seen, understood and better managed. In fact, it is seldom true that project crises are unforeseeable. It is almost always possible to have managed them earlier and better.

If a risk is anything that might impinge on the future success of a project, avoidable crises and failures are always a failure of risk management and of good governance. If we understand and accept that, it becomes possible to do better - with huge advantages for projects that deal with potential crises earlier, faster, better.