



## Appendices

### 1 of 2 – The “Triple strand”

We kick off this issue with another authoritative view on the human contribution, this time from David Hillson and Ruth Murray-Webster, two of our members, have written a book “Managing Group Risk Attitude” which includes a section that David has since amplified under the heading of “What drives risk attitude?” and has given permission for me to reproduce an extract, which I felt was very apt for our current research:-

“ . . . . If we want to understand risk attitudes we need to be clear about the role of *perception* in shaping them. Recent research has uncovered three major types of influence on the perception of risk, known as the “triple strand”. This is made up of conscious factors, subconscious factors and affective factors. While the three parts of the triple strand overlap and interact in complex ways, it is helpful to tease out each of the three elements so that they can be examined and understood.

+ **Strand 1 – Conscious factors:** These are visible and measurable characteristics of a particular risky situation, based on our rational assessment. We also take account of situational factors such as whether we have done anything similar before (familiarity), the degree to which we have control of the situation (manageability), or how soon the situation is expected to affect us (proximity).

+ **Strand 2 – Subconscious factors:** These include heuristics and other sources of cognitive bias. Heuristics are mental short-cuts based on our previous experience . Some heuristics help us to reach an appropriate position quickly, while others can be misleading. Unfortunately because heuristics are subconscious, their influence is often hidden, and they can be a significant source of bias. Common heuristics include memory of significant events (availability), or the conviction that we already know the right answer (confirmation trap).

+ **Strand 3 – Affective factors:** These are gut-level visceral feelings and emotions which tend to rise up automatically or instinctively in a situation and influence how we react. Fear, excitement or attraction can lead us to adopt risk attitudes which a more rational assessment might not consider.”

### Editorial comment

**a)** David’s article had started with an opener that included a simple definition of *attitude* as “a chosen response to a given situation”. An important point to us, is how we can get people, especially high management, to respond in the best way to any given situation.

**b)** Much of the definition in the first two strands ran side by side with previous work but the split of Strand 1 into *familiarity*, *manageability* and *proximity* and the inclusion within Strand 2 of *heuristics* are new to us and I will flag these for further comment at a later stage. I wonder if individual’s *heuristics* are especially influenced by childhood experiences? Strand 3 does take things forward, as we see something akin to a lower level version of the temporary autism scenario, perhaps almost up to the point of loss of control. I make some further comment on **Strand 3** within the next and last features:

## 2 of 2 - Behaviour and decision making (Part 3 - a table for action)

Now we arrive at the “nitty gritty” – what we can do as Risk Managers to make things better. This ongoing feature started in *NEWSLETTER No 25* with a historic view of the decline of the British volume car industry, always a useful example of how things can go wrong! Then for Part 2 in *NEWSLETTER No 26*, we progressed onto the “Cost Benefit Analysis” in the decision process – a *must* for high management if we are to bring about change.

Now we must go forward with the first draft of *what* we can do.

I mentioned the **irm** exams at the start of this *NEWSLETTER* - Module 1 of the Diploma (both New and Old syllabi) has always included the **6 x Ws** as a basic tool (it seemed to me not unlike the 12 x Tables in maths), so I make no excuses for trying it here, with appropriate modification – members are welcome to e-mail me with proposed changes or additions:-

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- WHAT**
- **the focus of attention**
  - **People and Communication exposures**
  - Improve attitude through greater understanding and knowledge
  - Decision making

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- WHEN**
- **application contexts**
  - Embedded in: operations; project stage; programme stage
  - and strategic planning

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- WHY**
- **objectives adopted for RM**
  - To improve organisational performance
  - Better handling of uncertainty

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- WHICH-  
WAY  
(how)**
- **processes that we need to sell to high management**
  - Tools to include Delphi process (more follows in feature below)
  - Appropriate training include inductions – staff
  - Incentives, financial and otherwise - staff
  - Reduce undue pressures on people – staff

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- WHO**
- **parties we should approach**
  - High management and others, including human resources

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- WHERE-  
WITHAL**
- **resources and how to get them**
  - Budgets justified by cost benefit analysis

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*And the something different section.*

Previously I talked about writing historic fiction and made mention of the ancient name “Delphi”. In this issue, Mark Swabey follows on on one of the two modern contexts associated with this word (remember the other was specialist to computers):

“The Delphi method adapted for risk management.

The Delphi method emerged in the 1940s as a way of estimating costs, effort or timescales of a task or set of tasks. The method involves a set of “experts” and a facilitator.

Initially the facilitator issues the experts with a questionnaire: e.g. How much effort is needed to achieve task X? .The experts respond back to the facilitator, who collects the responses with associated reasons, and distributes the collected results for further estimates to be made, in the light of the various opinions. An important process variation is to anonymise the responses. The number of rounds can be varied. The result is supposed to converge towards the “correct” answer and, after a number of rounds, the mean or median estimate is taken.

*Within risk management*, this method can be used to estimate risks. However, there are variations for identifying risks.

Many risk assessments begin by identifying risks using a brainstorming session with key members of the team. This is a quick and effective way of identifying risks, but is not always suitable, especially if a team member dominates the session or the team effort cannot meet in one place. A variant of the Delphi session can be used instead.

The facilitator emails the team members asking for risks. The team members respond with their perceived risks, which are collated and distributed (again, these can be anonymised). Team members can comment on the risks identified, and add further risks. This can continue until no more risks are being added and the definition of the risks has settled down. The risks can then be allocated to team members for further assessment, or the process can be continued to assess the risks.

Recently, with the advent of collaborative working environments, a further refinement of Delphi has emerged. Team members add risks to a shared workspace (on the web or their their organisation’s intranet). They can immediately see what other risks have been added, and can comment on the risks if they see fit.

*Editorial Comment*

Thank you for this contribution. Mark is writing the second part of this article in which he will explore the strengths and weaknesses of each approach, in addition this is to include the psychological aspects.

At this point, I would like to add three comments:

*a)* Interesting observation about difficulty in team members meeting up for brainstorming sessions – even if they can, it takes time to arrange and that means delays. Perhaps the latest increase in fuel prices for people attending meetings will help here – well you know what they say about opportunity in uncertainty.

However, there could still be delays if people do not reply quickly to the facilitator. We will have to give thought on how to encourage prompt replies!

*b)* I would add to Mark's point about a team member dominating the session by carrying down one of David's comments from **1 of 2** above under the heading of *Strand 3 – Affective factors*, “. . . . attraction can lead us to adopt risk attitudes, which a more rational assessment might not consider.” More than once, I have come across senior executives who have chosen people for their looks or even voice timbre over their knowledge, qualifications or experience for posts involving group discussions.

*c)* And the concept of the “rounds” is first class – it introduces the key RM doctrine of *iteration* into the process at an early stage.