



Risk management – it's not the plane, it's the pilot

In January 2024, the Australian National Audit Office (ANAO) published a comprehensive summary of its insights on Commonwealth risk management based on ANAO audits over the five years to June 2022. Unsurprisingly, given that risk and uncertainty are part of everything any person or organisation does, the vast majority of ANAO audits conducted in recent years examined risk management.

In the report (<https://www.anao.gov.au/work/insights/risk-management>), the ANAO sets out eight lessons aimed at improving risk management practices. Encouragingly, only the first lesson is primarily concerned with frameworks and processes. The remainder are more about implementation in practice.

I believe this recognises that any risk framework is only a vehicle to get you to a destination. And, like any vehicle, you can spend all day fretting about it and kicking the tyres, or you can get in and drive it with gusto and competence.

I have reviewed, written, taught or worked within quite literally thousands of risk management frameworks over the last 35 years. Complex ones, simple ones, private and public sector, Australian and all over the globe. They've all been different, but over and over again, I observe that it is the manner and skill with which they are used, rather than the design of the mechanics that makes the biggest difference in practice. It's been because the organisation invested in showing people how to do it. Demonstrating, facilitating, teaching, mentoring or coaching.

There is an inherent tension in drafting any framework, guideline or process. Make it comprehensive and detailed and people will complain that is too dense, complex or time consuming. Make it super succinct and without other guidance and support people will not be able to use it to achieve any actual value-adding result. Yes, there are strategies for maximising the user-friendliness of any document or system (good structure, chunk it up, serve content on demand, clear language, use of graphics and diagrams, etc.), and you should employ them, but they can only do so much.

Every leader wants their organisation to have a positive risk culture. But competence is an essential enabler of good culture. Without competence, your risk culture is just well-intentioned enthusiasm. An under-5-year olds' soccer match...

Next time someone suggests you need to rewrite your risk framework, ask the question "what have we done to get people to use the old one well?" The honest answer is usually "bugger all". Simply rewriting the framework is not going to solve this in isolation. You just give the under-5s a newer and shinier ball.

To quote my favourite naval aviator, when it comes to risk management "*It's not the plane, it's the pilot.*"

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