

Project risk management and organizational crisis management: in a pandemic, where do they meet, and where do they differ?

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Several of our organizational partners have recently asked us the following questions: What's the difference between crisis management, and risk and security management? *Can a contingency plan truly mitigate a crisis? Risk management plan, project mitigation measures, risk management during a crisis ... is there any difference, or are all these terms synonymous?*

To begin, managing project risks, and planning how to manage organizational risks in the event of a crisis represent two distinct, theoretical, conceptual and practical realms. However, a connection exists between these two fields. When project risks are thoroughly identified in a project management cycle, those that are deemed "high impact, but unlikely to occur" cross over into the realm of crisis management planning.

There are many similarities between preparing a project risk management plan and an organizational contingency plan in anticipation of a possible crisis. Though they remain grounded in their distinct realms and managerial perspectives, both rely on the elaboration of scenarios that can range from "highly likely" to "exceptional."

Managing project risks

Risk management in project mode refers to a client-commissioned or organizational project with clearly defined scheduling, scope and budget parameters. Projects are often managed according to methodologies, best practises and norms such as those put forward by the Project Management Institute (PMI) or Prince2. Risks are viewed as possible obstacles that might hinder the successful implementation and delivery of a project. As such, a contingency reserve is usually calculated for each of the identified risks, which a project manager can draw from, should it be necessary. The required actions to address project risks are determined in advance and listed in the project risk management plan.

Project risk analyses will typically reveal some hazards that have a high impact but a low likelihood of occurring¹. However, seldom do project managers identify such risks as the one we currently face. This is because projects rest on certain key assumptions about their context, and an expectation that these will remain unchanged. For instance, project outcomes will be achievable

¹ Nassim Nicholas Taleb, *The Black Swan: the impact of the highly improbable*, London, Penguin, 2010, 2nd Edition. (1st Edition, 2007)

if municipal by-laws do not change, *if* taxes remain at the same level, or *if* the economy does not collapse. Should these basic assumptions no longer stand, the very foundation upon which a project rests are destabilized. Thus, the project must be redesigned according to revised conditions, or cancelled altogether.

Risk management in the context of a crisis

For organizations, crisis preparedness entails the elaboration of diverse scenarios similar to those identified in project plans. Organizational contingency plans tend to focus on high-impact hazards such as the loss of sensitive data, or the sudden death of the company's senior management team in a plane crash. Since the Indian Ocean tsunami that occurred in 2004, risk management plans increasingly feature high-probability ecological disasters that are difficult, or even impossible, to predict. In fact, the five greatest global threats identified in the World Economic Forum's 2019 report are all linked to environmental or natural hazards². The 2004 tsunami, deforestation in Nigeria, the 2010 volcanic events at Eyjafjallajökull in Iceland and more recently, the "water crisis" in the Philippines and the fires in Australia and California (2019) are but a few examples. Since the H1N1 outbreak, major epidemics have also been included in many European organizations' contingency planning. The World Health Organization, in its 2019 report titled "A World at Risk", warned that states needed to prepare for a pandemic, the consequences of which would be devastating from both a global health and economic perspective³.

An organizational contingency plan is different from that of a project, because it not only includes different risk scenarios and their estimated likelihood, but also the names of expert teams that will need to be mobilized in the event of a crisis. Because senior management may not possess the knowledge or expertise to respond to such crises, it is imperative that organizations solicit the collaboration of experts for the rapid and coherent implementation of a response in an emergency. This response must evolve along with the crisis.

Conclusion

It is not surprising that project managers, who are neither trained in crisis management, nor experts in emergency response, are struggling with today's situation. Many are obliged to improvise, because their project plans and mitigation measures are no longer aligned with the societal changes which we currently face. As such, we invite managers to interrogate the fundamental assumptions upon which their projects are based, alongside their stakeholders, before attempting to devise revised project plans and risk mitigation measures.

As for organizational crisis management, we currently face an unprecedented situation of global proportions. Project risk management plans and organizational contingency plans must be adapted, and managers must learn to navigate in this new and unknown territory. We are reminded of Patrick Lagadec's assertion that we must "learn to be surprised"⁴, which holds even greater truth in today's context. Events are no longer unfolding as planned, as managers must

2 Global Risks Report 2020. <https://www.weforum.org/reports/the-global-risks-report-2020>

3 World at Risk. https://apps.who.int/gpmb/assets/annual_report/GPMB_annualreport_2019.pdf

4 <https://www.preventica.com/actu-interview-lagadec-ecole-polytechnique.php>

acquire new skills to face emerging challenges. The pandemic's rapid evolution reveals that flexibility must be built into plans and responses. In anticipating adjustments and solutions in times of insecurity, managers must remember to consult with their stakeholders. Most importantly, project managers and crisis managers must prepare for the assumptions upon which their work is based, to be profoundly disrupted.