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Introduction

How do *you* cope with uncertainties concerning your job? I mean by these uncertainties such as unexpected situations, events and developments, inside or outside of organisations. Such uncertainties can, as a risk or an opportunity, significantly affect all sorts of goals. Goals of you as a professional, of your team, your department, your board or your organisation.

I will mention a few examples. Uncertainties in the area of cybersecurity lead to a hack, taking down your organisation's entire ICT network. Personal data are "out in the open" and your organisation may even be forced to pay a ransom. Uncertainties in the area of quality and safety lead, sometimes after years of slumbering, to global recalls of unsafe products. This is accompanied by extremely expensive dragging mega claims and plentiful negative publicity. Uncertainties about whether citizens' behaviour is legitimate or not lead to dramas with aggrieved citizens who eventually seek redress.

You cope with uncertainties as a professional, even on a much smaller scale. A supplier is all of a sudden unable to deliver on time. The production process, for which you are responsible, promptly halts, with all its consequences. A customer goes bankrupt, preventing you from getting your invoice paid. An unjustly disgruntled patient goes on a rant on social media, putting your reputation as a professional unexpectedly on the line. Or, an insurance policy does not cover what you expected it to. You had interpreted the terms differently, which you do not find out about until the damage is done.

Incidentally, we sometimes forget that, fortunately, uncertainties do also have positive sides. Similarly, a supplier might deliver sooner than expected, allowing you to produce more efficiently. Or you may just have an exceptionally satisfied patient whose post goes viral on social media, unexpectedly boosting your reputation as a professional. In all cases, the question remains, how do *you* cope with such uncertainties professionally? Do you see them coming in time, whereupon you do something to mitigate them or, on the contrary, to take advantage of them? Are you able to do so and are you willing to do so?

Perhaps you do this intuitively and unconsciously, coping with uncertainties. Perhaps you avoid them by ignoring or downplaying them: "It won't be that big of a deal..." Or at the other extreme, you take preventive measures "just to be sure", to minimize uncertainties - at any cost. You may already suspect that many of these measures work particularly well on paper, but at least you did something. You can justify your actions, should it come to it. In this way, we participate in the "tick box culture" in sectors such as health care, education and finance. Another possibility: you leave the risks to the Risk Management Department, or Finance & Control. After all, it is their speciality. The risk manager or business controller visits once a year "to pick up the risks", often at an unfortunate time.

These are examples of coping with uncertainties that I have observed in numerous organizations and sectors over the past few years. Not that these ways of coping are necessarily wrong; I am careful to make value judgments about them. What I do experience, and you as a reader probably do as well, is that things tend to go quite differently

than planned in organisations. Quite frequently this is due to uncertainties, in the form of occurring risks. Sometimes you could not reasonably see such a risk coming. More often, afterwards, there do appear to have been signals, it always being easy to talk in hindsight. How is this possible?

We are currently living in an era full of uncertainties, fuelled by dynamics and complexity. In our work and our organizations, much is constantly changing, just think of the ongoing digitalization and the focus on sustainability. Also, many organizations are intimately connected and are thus dependent on each other for the achievement of results and goals. For example, I recently heard a mayor sigh that it is impossible for a municipality to achieve numerous social goals while it is "merely a municipality". This requires many other parties, including the central government, the business sector, civil society organizations and collectives of citizens.

Something similar applies to companies, which sometimes work with dozens or even hundreds of suppliers, from all over the world. How fragile this can be, was experienced during the COVID-19 pandemic, or when a container ship ran aground in the Suez Canal. We cannot possibly fully understand, let alone predict, the behaviour of all those relationships in such networks. Not at all when including turbulent geopolitics, on which the Netherlands, as a small world player, has little to no impact. To put it briefly, uncertainties are ubiquitous and they matter, at every level in every organization.

Thus, how attractive would it be to deal with those uncertainties? In other words: Explicit, Realistic and Structured? Not to eliminate them

all or control them completely, that will not succeed anyway. Rather, to reasonably detect relevant uncertainties early on, concerning the results and goals that are important to you, your team, your department, your organisation or your client. To work together with those involved to weigh considerations about whether or not to address those uncertainties, preferably with a minimum of extra work, extra consultations, and extra reporting. After all, you are probably busy enough and the others are not wishing for that either.

This book is about dealing with uncertainties, in a positive sense, using risk dialogue. This is an accessible conversation format about uncertainties, risks and opportunities. Risk dialogue is *explicit*, because uncertainties are discussed openly. Risk dialogue is also *realistic*, based on the premise that we can never predict, let alone control, all uncertainties. Furthermore, the risk dialogue is *structured*, using three questions, the DOD questions:

1.   What is the Goal?
2.   In doing so, what is Uncertain?
3.   What do we need to Do?

Does risk dialogue work? Let me give you a first glance through an anecdote. It was a cold, sunny day in December. In Utrecht, I was preparing for a presentation for housing corporations. Standing in the still-empty venue, someone enthusiastically walked up to me. "You probably do not remember me, but do I remember you," was the greeting. That was correct. He continues: "I want to thank you." I had no idea what for. "About three weeks ago you were lecturing in a series for controllers. I was there. You told me then about risk

dialogue with the DOD questions. I started applying those and ... it works! So, thank you!"

That afternoon in Utrecht, I introduced risk dialogue with the DOD questions again, as a practical way of effectively coping with risks and opportunities, intended for anyone who encounters uncertainties. As I have done during countless trainings and workshops over the past few years, ranging from boards of trustees, boards of directors, executive boards and management teams, to all sorts of teams of subject-matter professionals, in all kinds of sectors.

The often surprisingly open dialogues based on three seemingly simple questions repeatedly prove helpful in daily practice. They help us deal with uncertainties, risks and opportunities, which we encounter on our way to the goals we want to achieve, in a sharper, more meaningful and often more enjoyable way.

The complimentary business controller was pleased with the risk dialogue. Many others appeared to share his enthusiasm. Simplicity works when things get complex. With a generous smile, I accepted his thank-you. This is what is meaningful to me. I knew for sure: this book, which had been haunting my mind for some time, really had to be written.

Why and for Whom is this Book?

Why this book? To widely share the proven value of risk dialogue with the DOD approach. To help you, accessibly and practically, deal with uncertainties, risks and opportunities in an explicit, realistic and structured manner. How? Through conversations, with three questions as a premise, of which you can capture the results with some practical

tools; to apply in this way a pragmatic form of risk management, which you can deepen where it makes sense.

You can consider risk dialogue with the DOD approach as the ultimate form of risk-driven working, where you yourself show risk leadership: you dare to purposefully deal with uncertainties, risks and opportunities. Thus, why this book? To help you with that which you want to realize, despite uncertainties. In your work, in or for all kinds of organizations, or just at home, in your personal life.

Whom is this book intended for? For anyone who wants to make a contribution, achieve something, get a result, or reach a goal, despite uncertainties. Because *everyone* faces all kinds of uncertainties today, which can affect ambitions, goals, or results. What do *you* want to realize? Have you already thought about the associated uncertainties? Have you already discussed them with others involved? Do you know what to do?

Therefore, this book is not only for you but also for your colleagues, your supervisors, your employees, your director, your supervisor and your supplier or client. All those people you work with day, day out. You work in or for all kinds of large, medium-sized or small organizations in all possible sectors. Perhaps you are self-employed or the owner of a small closed corporation. In addition, this book may also help you in your private life, to get a better grip on uncertainties, risks and opportunities in that area.

Reading Guide

How is this book organized? In three compact parts. Part 1, with chapters 1 through 3, covers the risk dialogue's why, what and how, or the foundation of risk dialogue. Part 2 is a deepening of Part 1 and deals with the structured format of risk dialogue, the DOD approach. In chapters 4 through 6, we deepen the Goal, Uncertainty and Doing components of the DOD approach, with numerous real-world examples. Part 3 brings together both previous parts: chapter 7 covers the introduction and chapter 8 the execution of risk dialogue with the DOD approach. These chapters also contain examples, based on real-world experience. Chapter 8 includes at the end some easy-to-use tools for visualizing and capturing the risk dialogue with the DOD approach. Those tools can be downloaded using QR codes.

Figure 0.1 shows the reading guide for this book. I recommend you start with Part 1 on the why, what and how of risk dialogue. You can choose after that: you go straight to Part 3. You can even skip chapter 7 and go straight to chapter 8, to read about execution, practical experiences and tools. Then, if you're excited and looking for depth, you can read one or more chapters of Part 2, on the DOD approach. Or you can go to chapter 7, on introducing risk dialogue in (parts of) the organization. The choice is yours, you can go in many directions with this book.

I have written this book as compactly as possible, based on my practical experience, straight from the heart and with many examples. Therefore, explanations have always been kept concise, backing up experiences with current literature. The end notes and bibliography give you many opportunities for more in-depth reading. It has thus

become a fairly thin book, readable in a few hours. Also, useful to keep at hand afterwards, when you get started with the risk dialogue. The ultimate intention on my part: to inspire and encourage you to apply the risk dialogue yourself. In order to experience and pass on its value.

What do you know and what can you do (differently), after reading this book? You will understand the essentials of risk dialogue with the DOD approach and you can start applying it immediately, already in your next meeting. This allows you and your conversation partners to deal in an explicit, realistic and structured way with all those uncertainties that can affect goals of any kind. In this respect, I explicitly invite you to see not only risks but also the positive, sunny side of uncertainty: take advantage of opportunities, which sometimes appear just like that. Besides much reading pleasure, I wish you even more success in *doing*!

PART 1 FOUNDATION FOR A RISK DIALOGUE

In this first part, we explore the why, what and how of risk dialogue. In chapter 1, we begin with the why. This is based on the dynamics and complexity in which we work and live, as individuals, teams, organizations and society. Next, in chapter 2 we move to the what question: what is a risk dialogue? In doing so, we first explore the words "dialogue" and "risk" separately. I then bring them together in the concept of "risk dialogue". Chapter 3 is about the how, the workings of risk dialogue. We will take a preliminary look at the DOD approach with three seemingly simple questions: what is the Goal, what is Uncertain, and what do we have to Do?

PART 1 FOUNDATION FOR A RISK DIALOGUE

1. Why is a Risk Dialogue now Necessary?

Why is a risk dialogue necessary at this very moment? In short, because we cannot solve wild issues with tame tools. After all, this does cost you a lot of time and does not help you much. Therefore, what are wild issues and what are tame tools?

1.1 Wild Issues

To properly understand wild issues, it is necessary to first clarify two words, words that tend to be used randomly interchangeably in everyday practice. Something I did myself for many years, and still do sometimes. Just pay attention to these words and you will see it too. The words in question are *complicated* and *complex*.

Something is complicated or complex if we can fully understand and control it, because of purely logical cause-and-effect relationships. Complicated issues are therefore unambiguously solvable, with a logical, reasoned approach. I do A and then always get B. I, therefore, call complicated issues *tame*, even though they can be rather complicated.

Examples of tame issues? These range from a broken toaster and a defective electric car to building the most modern nuclear power plant with a thorium reactor. Complicated issues are thus unambiguously solvable with a noticeable result on which every right-minded person will agree: the toaster toasts crisp bread again, the electric car whizzes away noiselessly, and the state-of-the-art nuclear power plant supplies electricity.

Technology can thus be very intricate and therefore complicated, technology is not therefore complex. Until we enter the realm of artificial intelligence and self-learning algorithms. Once we as humans, including the nerds among us, can no longer trace cause-and-effect relationships and the algorithm starts behaving unpredictably, then the line from complicated to complex has been crossed.

Complicated issues can also become complex in other ways. For example, by putting them in their context and bringing humans into it: "Simply introducing a human is enough to make a system unpredictable."

Take two of the previous examples, the electric car and the state-of-the-art nuclear power plant. An electric car is generally considered more sustainable than a car that runs on diesel or gasoline. Only, how sustainable are you when you choose a colossus of more than two thousand kilograms of steel and plastic that launches you to one hundred kilometres per hour in four seconds? Are you not much more sustainable when driving a much lighter and slower electric model? Should not we as a society ban unnecessarily heavy and fast electric cars? How do you anticipate this as a car manufacturer? With such questions, we end up with a complex issue. The same goes for that state-of-the-art nuclear power plant with thorium reactor: how safe is it really and what do we do with the waste? With such questions, we also end up with a complex issue, without unambiguous solutions on which everyone in society agrees.

What are the key characteristics of complex issues? An issue is complex when many elements affect each other in ways that cannot be fully predicted and understood. Coincidence plays an important role.

Components of a complex issue are constantly adapting, learning and evolving. Complex issues can evolve exponentially. This means that something seemingly small can grow into something enormous in no time, as we experienced with COVID-19. Complex issues, therefore, I call *wild*. Unlike complicated, tame issues, complex issues cannot be fully fathomed, fully understood or fully mastered. At best, we can influence them, whereby it also remains unpredictable what the outcome will be.

What are examples of wild issues, also called "wicked problems"? These play out at all levels in our society. Chances are, in one way or another, you are also dealing with them. Consider our creaking healthcare system, with increasing staff shortages, hefty waiting lists, costs that continue to rise and a rapidly ageing population. At the same time, we harbour high expectations about the quality of our health care. After all, sooner or later we will all have to deal with it. By ourselves, or through our family members, relatives or friends.

Other examples of wild issues include the climate issue and the resulting energy transition, the strengthening of biodiversity, the reduction of poverty and the protection of our democratic legal system in times of polarization.

I see you thinking: *these are very big issues. In my organization, in my daily job, this is not a direct issue.* That remains to be seen. I suspect the effects of the aforementioned wild issues are now seeping into almost every organization, think sustainability laws and regulations.

Still not completely convinced? In that case, I got another wild thing, a topic we all care about: safety at work. Physical safety, to be able to get home in one piece at night. But also social and psychological safety, to be able to be who you are at work. What level of security do you want and is it feasible and affordable? How far are you willing to go with prevention, and at what cost? Do your colleagues, co-workers and managers think exactly the same way about this? In other words, safety can also be considered a wild issue, especially since "Me Too".

Do you have a wild issue from your own practice in mind right now? See below if you recognize the common thread in your wild issue.

1.2 The Common Thread

What is the common thread running through all these examples of wild issues? That common thread consists of four intimately intertwined fibres. We have just explored the first – and I suspect the most important – fibre: *complexity*. For example, something is complex because of mutual influence. Complexity, therefore, we can never fully fathom, understand and master. We can only influence it.

The second fibre consists of dynamism, changeability or *volatility*. Wild issues are not stable. They are constantly changing in ways that cannot be fully predicted. Examples range from public opinions to stock market prices.

The third fibre in the thread is *uncertainty*. Much about wild issues we do not know or is uncertain due to lack of data, knowledge or experience. For example, do measures, proposed to influence the

issue, help improve the situation? Are they sufficient or are the measures disproportionate, over the top?

The fourth fibre, which along with the others forms the common thread of wild issues, is *ambiguity*. This fibre is perhaps the most distinctive as it is the only 'human' fibre. 'Ambiguity' means that different people have different views on dealing with the wild issue, even if they have the same information (which, by the way, is by no means always the case). These different views arise from differences in perceptions, interests and values. For example, one person values security much more, while someone else thinks autonomy and personal freedom are vital.

What does this thread of wild issues lead to: this intertwining of complexity, dynamics, uncertainty and ambiguity? To an uncomfortable environment. After all, the ultimate characteristic of wild issues is the lack of the ultimate solution: the makeable ideal we strive for, the solution that everyone in society gets excited about. That solution does not exist for wild issues. This, for many, uncomfortable environment with wild issues is also called the VUCA reality. Table 1.1 shows that VUCA stands for the initial letters of several words that are the opposites of our ideal world.

What can we infer from Table 1.1? That we generally strive for comfort in an ideal world with solvable tame issues. A world with stability and certainty, which can be complicated but is unambiguous. Only, we find ourselves in a VUCA reality at odds with it. That reality is changeable, uncertain, complex and ambiguous. What pinches? For example, that in a VUCA reality, 100 per cent safety can never be

guaranteed. Nevertheless, to defuse this uncomfortable situation, we continue to strive for maximum safety, for example with extra protocols and extra checks. And that may well cost something. Of course, the extent to which we strive for security, for example, is also personal and depends on the role or function we perform.

Table 1.1 Ideal versus VUCA Reality

Ideal (tame issues)	VUCA reality (wild issues)
Stable	Volatile
Certain	Uncertain
Complicated	Complex
Unambiguous	Ambiguous
Unambiguous solution	No ultimate solution
Comfortable	Uncomfortable

Dealing with this uncomfortable reality always involves two fundamental questions: what direction do we want to go? And when is it good enough? While issues in VUCA reality can never be fully resolved, fortunately, progress can be made. Powerlessness and victimhood are unnecessary. What we can do, with due humility, is to influence our wild issues in the direction we desire. A direction we often do not yet agree on.

But what is the case? Both in society, within organisations, and in our private lives, the ideal perfect we strive for is intertwined with the harsh reality. Only, how realistic is it that the raised expectations will be met?

To summarise: we strive for an ideal world with the best of intentions, but reside in a VUCA reality. Both worlds could also be called the system world and the living world. We rig that system world with all kinds of processes, protocols and management systems, aiming to improve our living world. Oddly enough, this does not seem to help our living environment, quite the contrary. Do you recognise this? What world do you find yourself in at work? Do you recognise the wild issues at play and how do you tackle them? Perhaps with so-called 'tame tools'?