



“We Didn’t See *That* Coming!”  
Ethnography for Risk Management

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Taking a cue from the title of our sessions here – Business Anthropology Matters – let’s continue our exploration of the question: how does anthropology matter to business? Fundamentally, what matters to business, and how can anthropology help?



More than anything, business leaders hate surprises. Budgets, schedules, resource allocations, supply chains, operating logistics...all are developed months, quarters, or years in advance, and any unexpected changes cause disruption. There can be additional costs, delays, loss of customers, damage to reputation. Whatever the impact, it's bad news.

Some unpredictable events, like the Category 5 hurricane Maria in the Caribbean or the Boston Marathon bombing, are so rare and catastrophic that nobody can adequately plan for them. Others, like the outcome of an election or the effects of a corporate reorganization, create foreseeable instability that can be managed with response strategies. Still others, like fluctuations in the financial markets or variability in production output, can be addressed through contingency budgets.

Risk Management is the professional discipline that prepares businesses to deal with unpredictable events in

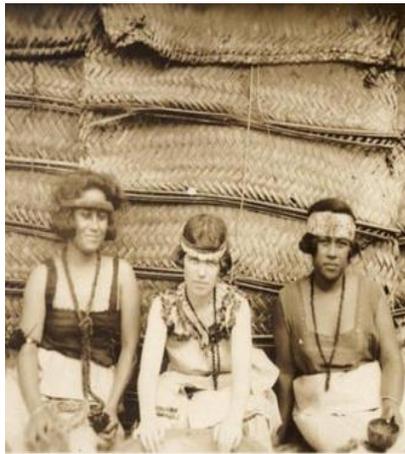
the future.



### **Strategic risk management**

- “ Macroeconomic trends
- “ Currency valuations
- “ Corporate capital structures
- “ Credit instruments
- “ Securitization criteria
- “ Liquidity thresholds
- “ Regulations

At the strategic, executive level of the organization, risk management applies data analytics, probability theory, behavioral theory, and statistical models to understand various metrics for the purpose of ensuring that a business protects its assets and cash flow. The experts who perform this function are usually mathematicians, economists, and other species of quantitative analysts.

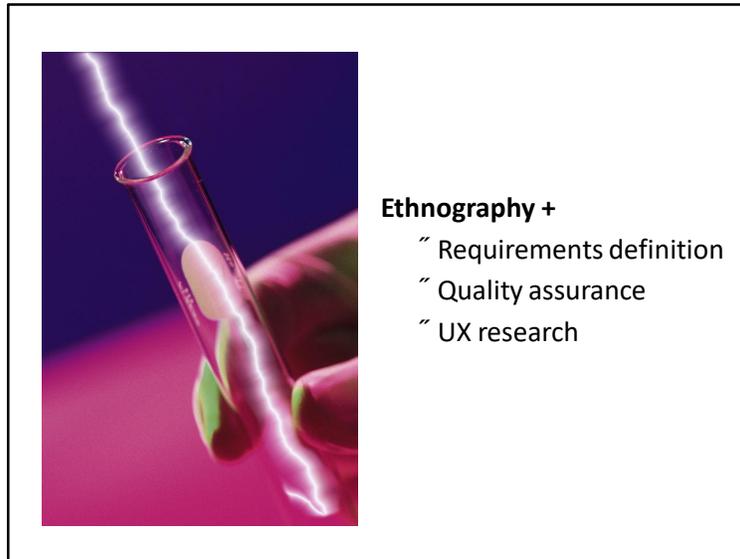


### **Project risk management**

- " Customs
- " Values
- " Beliefs
- " Rituals
- " Taboos
- " Material artifacts
- " Social networks

Meanwhile, at the level of products being built, services being deployed, and operations staying functional, risk management is all about people. The practice involves specialized concepts, methodologies, and techniques, but ultimately it is an ethnographic exercise in cross-cultural communication among stakeholders who bring their different perspectives to the process.

The goal is the same for ethnographers as for quants: avoid surprises, and know what to do if one happens.



Beginning while I was in graduate school, the focus of my professional life has been risk management on business projects to implement innovative technologies for internal employees and external customers. Typically, my work falls under the categories of project requirements definition and/or quality assurance and/or user experience research. To each category it adds another dimension:

- “ Requirements definition asks what the deliverables will look like and how they will behave. Ethnography asks how the deliverables will change people’s lives.
- “ Quality assurance asks what objective standards the deliverables will need to meet and who will verify them. Ethnography asks how people perceive quality.
- “ UX research asks people to describe their tactile sensations, cognitive processes, and emotional responses. Ethnography asks people to articulate their values and beliefs.



### **Ethnography expertise**

- " Broadens vision
- " Expands stakeholder diversity
- " Engages marginal communities

In addition to broadening the vision, ethnography encourages project sponsors to expand the diversity of stakeholders who participate in the risk identification, prioritization, and response processes. Anthropologists have earned a well-deserved reputation for expertise in engaging with marginalized, disempowered communities. Ensuring that those voices are heard during the design phase of a project can significantly reduce the troublesome surprises during or after deployment of the deliverables.



**Sample projects**

- “ Customer relationship management
- “ Office workflow tracking
- “ Business continuity
- “ Supplier performance monitoring
- “ Cyberwarfare defense
- “ Internet content delivery
- “ Business/government credit analysis
- “ IT security and data privacy
- “ Financial fraud prevention
- “ Institutional investment management

During the past thirty years I have worked on a range of technology projects that have both created and responded to cultural changes in internal employee work practices and external customer relationships. Some have taken a proactive approach to reducing the probability of risks, and some have taken a reactive approach to mitigating the damage.



**Anthropology matters to Risk Management...**

**Risk Management matters to Business...**

**Business Anthropology matters!**

From my experience, studying anthropology was a worthwhile investment. Combined with other types of professional skills, the prospects for a job seeker with an anthropology degree and an interest in business can be bright. Risk management for products, services, and operations is a natural fit. It matters to business, and anthropologists can succeed by taking such matters into our own hands.