The London 2012 Olympics might be said to be the first ‘risk-based’ Games in terms of its organizing principles and the wide range of strategies and systems put in place to manage and mitigate the risks associated with its delivery and staging. Formal practices of risk management and insurance have been employed in Olympic governance since the 1980s (although it is arguable that less formal organizing strategies or instruments for the mitigation of risk have been active since revival of the modern Games in 1896). Provisions for risk management for London 2012 appear more comprehensive than in previous Games. The extended lead-in time of preparations (beginning with exploratory feasibility studies by the British Olympic Association and formulation of the London bid documents) has seen an evolution of both organizational and external risks. A wide range of stakeholders share responsibility for managing the diverse collection of Olympic risks. These include government, (in particular the Home Office, Cabinet Office and the Department for Culture, Media and Sport); the Olympic Delivery Authority (ODA); the London Organising Committee for the Olympic Games (LOCOG); the Metropolitan Police; and the Greater London Authority. This article reviews the state of play as 2012 approaches, considering the risk conditions associated with hosting the Games and providing an outline of risk management strategies and instruments in use.

Olympic Risk
The Olympics is both a magnet and an amplifier of organizational and operational risks. The event itself increases the probability and consequence of existing hazards and threats, at the same time as generating its own unique set of risks. The immovable deadline of 2012 is another potential source of risk inflation – as delay or postponement is not an option. There are difficulties in learning from other Olympics and sporting events due to the uniqueness of the geographical, political, legal and environmental context of each Games. Nevertheless, a number of risks tend to recur throughout the
history of Olympic governance, including financial controls, construction, geo-politics, and economics.

For London 2012, just like past Games and other mega events, risks are not stable but are fluid across different parts of the Olympic programme and across different organizational jurisdictions. These are encountered in various forms (e.g. security, procurement, environmental, transport) and in different locations (e.g. main site, central London, the regions). Continued evolution of the risk environment (such as change in security threats) means that risk management responsibilities are in an ongoing state of monitoring, review and negotiation. Sharing of complex organizational objectives and responsibilities is itself a source of risk in Olympic delivery and operations as risks must be ‘owned’ in order to be managed.

The extended lead-in time from the bid preparation to the post-Games legacy planning presents a particular challenge for risk assessments and risk management. To illustrate the changing horizon of risks faced by London 2012, it is possible to identify a number of critical risks that have become known or risks where the estimated likelihood has increased significantly since the bid. For example:

- The increased threat from al-Qaeda and decreased threat from Irish Republicanism.
- Scientific evidence of an elevated risk of a global pandemic (and actual outbreak of the swine flu pandemic).
- Increased likelihood of extreme weather events associated with climate change.
- Risks for the Olympic programme posed by the effect of the credit crunch and economic downturn on public finances, investment from the private sector, and revenue from ticket sales and sponsorship.

The credit crunch has presented a unique challenge to risk management for London 2012. It has increased the likelihood of insolvent suppliers and made the securing of finance from the private sector more difficult. LOCOG recently cancelled a sponsorship contract with Canadian telecoms provider Nortel, which had filed for bankruptcy protection earlier in the year, leading to a shortfall in expected revenues. Despite this there remain opportunities for future revenue generation from sale of the Olympic village after the Games. With three years still to go, economic conditions might change once again.
Olympic Risk Management

Provisions for risk assessment and risk management in organization of the London 2012 Olympics are comprehensive in comparison to past Games. These risk preparations include infrastructure, operations and security, along with contingency planning for environmental hazards and manmade vulnerabilities or threats. This is not to say the various risk management systems for London are perfect, but there has been a concerted effort on the part of organizers to integrate risk into decision-making processes of all major delivery and operation functions. In organization of past Olympics, the concept of risk has not been as prominent at both a strategic and operational level. The historical development of Olympic risk governance has often been preoccupied with fighting the last war: through organizers’ experience of events such as the Munich Massacre in 1972; the financial deficit incurred at Montreal 1976; the political boycotts in Moscow 1980 and Los Angeles 1984, and IOC corruption scandals in the lead-up to Sydney 2000 and Salt Lake City 2002; along with external events such as 9/11. Each of these incidents has informed the subsequent evolution and reform of organizing strategies. While inter-Games learning is an essential condition for progress, hindsight-bias influences both the identification of threats and hazards, and the implementation of bespoke risk management strategies or tools.

The pre- eminent place of risk management in the organization of London 2012 also reflects the complex mix of risks facing London – with its vast programme of construction and operations, exposure of the UK to both domestic and international terrorism, its dependence upon London’s old and fragmented transport network, location of the main site near to high density domestic and commercial populations, and importance of a successful Games to the reputation of the UK. It also reflects growing standardization and sophistication of the risk management profession and its practices, through which the language of risk enables conversation between organizers responsible for example for security, legacy, infrastructure, operations and finance – even if that shared language is subject to difficulties of translation across jurisdiction or differences in opinion concerning priorities for risk mitigation.

Specific methodologies and systems of risk assessment and risk management in Olympic-dedicated organizations are not drawn from existing government templates such as the Orange Book, but are customized for the purpose of delivering the Olympics. For example, the Office of Government Commerce (OCG) risk profile of the Games informs design and implementation of the risk
management strategy of the Government Olympic Executive (GOE). The management and mitigation of risks in pre-existing areas of government functions, such as security and contingency planning, has been integrated with existing systems and capacities. Some examples of forms of risk management for London 2012 are listed below:

- National risk register (Cabinet Office)
- Audit and management of programme risk (Olympic Board, GOE)
- Risk registers and risk logs (GOE, ODA, Olympic Security Directorate [OSD])
- Audit (ODA)
- Hedging instruments (LOCOG) and insurance (LOCOG, IOC)
- Counter-intelligence, risk assessments (Home Office, Metropolitan Police)

These instruments or systems range from risk assessment and forecasting such as the national risk register, to contingency responses. Within the general framework, strategic, programme and business risks are each managed at the level of the individual organization. There is not a hierarchical model of risk governance, but a multi-level framework within which risks are the responsibility of stakeholder organizations.

Ensuring the consistency of risk assessments across organizations is one of the greatest challenges for integration of this general framework. There are also organizational differences in principles of risk management due to different functional demands of components of the Olympic programme. The level of acceptable risk is, for example, quite different in Games security compared to construction.

The potential importance of reputational risk is a subject of ongoing consideration in planning for London 2012. For some, reputation only matters insofar as it is a function of substantive operational factors, such that an over-emphasis upon reputational strategies might contribute to under-attention to delivery. Others are more sympathetic to pure reputational aspects of Olympic governance. These differences of opinion reflect variation in the functional responsibilities and jurisdictions of organizations, where some are focused upon a clear set of delivery objectives while others are responsible for a more diverse and ambiguous set of operational risks.

The past experience from Olympic Games and other mega events suggests that preparations occur in a high-stress public environment. This problem is recognized by the register of strategic Olympic
risks, but must be highlighted as a risk that is difficult to manage, even with an effective public
relations and communications strategy in place. The effects of political risk and threats to a positive
working environment in key stakeholder organizations have potential consequences for attrition of
senior management, and personnel in general. The positive image of the London Games is crucial
for a number of operational requirements, such as recruitment of volunteers to staff the Games and
liaison with local communities. There is some optimism for London 2012 in view of the relative
absence of political risk so far despite the initial furore over the original budget estimates. One
critical future break-point in the management of organizational risks is transition from delivery to
rehearsals and Games operations, which will observe a transfer of responsibilities and risk between
organizations and has potential for risks to fall through the gaps (even though the current state of
strategic planning is cognizant of such a scenario).

Risk and the Future

The idea of risk is inextricably interlinked with a belief in the possibility of control of the future.
While London 2012 might be said to the first risk-based Games in terms of its organizing principles
and comprehensive development of specific strategies and systems of risk management, these cannot
guarantee that the Games will pass without minor or serious incident. Such possibilities remain
uncertain because the probability of numerous threats and hazards are difficult to quantify and are
matters for qualitative forecasting rather than a hard quantitative science of risk management.

The London experience raises some general questions about the role of risk and risk management in
organization of the Olympic Games and other mega events. Will requirements of risk management
at mega events such as the Olympics continue to become ever more intensive and sophisticated as a
general function of the scale of events? Or might a tipping point be reached where aversion to risk
starts to introduce paralysis into decision-making processes rather than facilitating them, or where
the costs of risk mitigation outstrip their economic benefits, as risks such as financial control prove to
be highly resistant to management. The revival of the modern Olympics and growth of the Olympic
movement is a perfect example of adaption and evolution of an organization in response to risk. It
also illustrates that risk is an intrinsic side effect of success and organizational growth of such mega
events.
Note: a workshop was held at the ESRC Centre for Analysis of Risk and Regulation on 3 June 2009 on the Olympics, risk and risk management. It was attended by more than twenty participants drawn from academia and a range of public organizations with responsibilities for delivering the London 2012 Olympic Games, along with risk and insurance professionals from the private sector. This article summarizes some of the topics of discussion, but should be considered the interpretation and reflections of the author. Thanks to participants for their contribution to discussions and to the ESRC for support of the Research Fellowship: ‘Going for Gold: The Olympics, Risk and Risk Management’ (RES-063-27-0205).