



Risk Management

Knowledge, Learning, and What's
Happening in the Field

Risk Attitude

- Do you know your risk attitude?
- Do you know the risk attitude of the organization for which you are doing risk management?
- Risk Adverse?
- Risk Seeking?
- Somewhere between?
- Why does it matter?

When Do You Start Doing It?

- Does one start when you are assigned as the Project Manager?
- Does one start after the whole project team is assembled?
- Does one start during the development of the Project Charter?
- Does it matter what type of project it is?
- Does one start when developing strategies for the organization that will form the basis of the portfolio structure?
- Just when does one start?

Risk Planning

- **Why do a Risk Management Plan?**
 - Just paper
 - Collects dust
 - Who reads it?
- **Is it part of the checklist for a Sponsor, Customer, or Manager? Require by procedures, orders, etc.?**
- **What will they do with it anyway?**

Risk Identification

- Why worry I have this checklist
- Why worry I will reuse a checklist
- Why worry a contractor gave me their form to use
- Why involve the team—think about the cost
- Why worry I found this formatted outline of risks from this industry association
- How else can I get it done? I mean who knows what might happen.



Brainstorming and Scenario Development

- Should I involve the whole team?
- Should I involve the project management team?
- Should I involve the customer?
- Should I involve some stakeholders?
- What is scenario development and can I facilitate the meeting or do I need a facilitator?

Risk Register

- I have a list of risks—Now what?
- Does format matter and to what extent does it matter?
- Does format only extend to the software platform?
- How to capture the risk:
 - Cause/Risk/Effect (s)
 - Write as if it will happen
 - Why?

What to Capture in the Risk Register Besides the Risk

- Risk Owner
- Probability
- Impact or Consequence
- Ranking
- Assumptions
- Trigger Metric
- Risk Response
- Residual Risk and initial Risk Response
- Secondary Risk
- Handling Strategy
- Success Metric

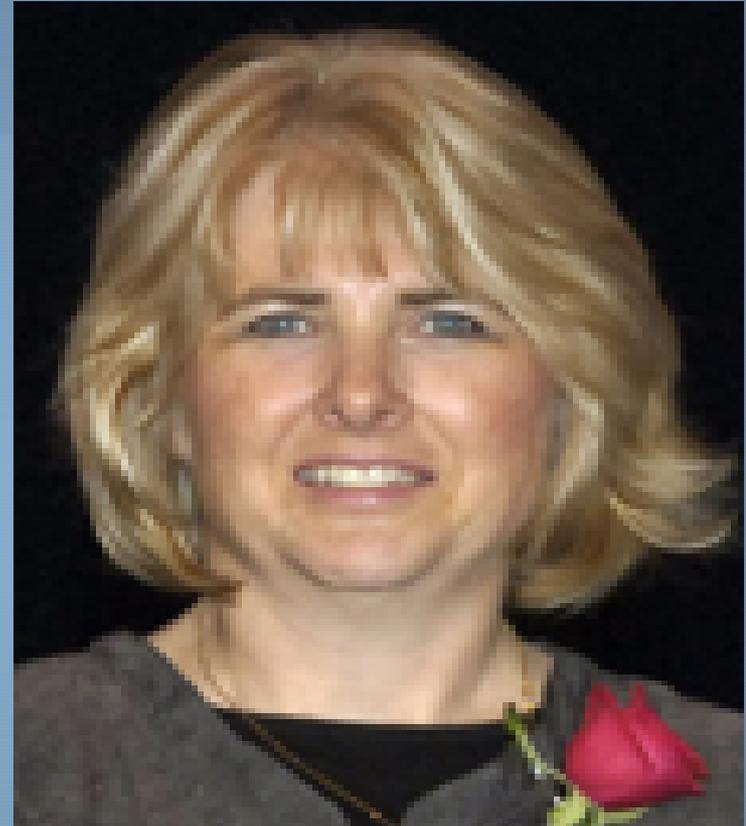
Risk Owner

Of course I am always the risk owner

Who else could be the risk owner

So what does "risk owner" really mean?

Why is it important to me?



What is a Trigger Metric?

- Are there events you know might signal the risk is about to occur or might indicate the risk is about to occur?
- Are you paying attention to that event or those events?
- Once the risk occurs, it is too late to effectively handle it in many cases.
- Once the risk occurs, the cost of handling it to an effect will be higher.



Risk Response

- Think mini-project plan
 - Budget
 - Schedule
 - Step-wise, Gantt Chart ready
 - Stakeholders
- To often it is an item like “Communicate more”
- Or “Talk to Customer”

Risk Response Did Nothing

- Need to ask whether or not the risk is one that reoccurs
- Was the success factor too aggressive?
 - Was it enough to have the risk muted for a time?
 - Was it enough to have the risk delayed?
 - Did the risk response actually allow one to avoid a series of risks arising from the one captured?
- Yes, not all risk responses will be successful
- So then “What”?

Remaining Risk

- Residual risk
- Does not mean failure
- Part of risk communication
- Can be remaining in whole or in part
- Need to determine if it is reoccurring
- Need to determine whether or not to accept or develop another risk response

Become a Fortune Teller

- Can you create risk by the risk response?
- Answer is “Yes”
- Secondary risk
- Need to determine a handling response including risk communication
- Remember customers and managers hate surprises

Proposed Risk Model



Risk Communication

- “477 years ago, Niccolo Machiavelli in giving history’s most famous advice to ‘management,’ said:
- . . . for knowing afar off (which is only given a prudent man to do) the evils that are brewing, they are easily cured. But when, for want of such knowledge, they are allowed to grow until everyone can recognize them, there is no longer any remedy to be found”
- From “Why Are We Still Conducting Risky Business?”, Project Management Circa 2025, ed. By David Cleland. PMI (2010)

Risk Communication Today

- Argue we are still applying general communication tenets to risk communication
- Message is lost in general communications
- Often fail to discuss risks during project meetings for the team or customer whether internal or external
- Not done as routinely as operational risk management
- Continue to engage in crisis management and crisis communication

Perspectives on Risk Communication

- Historically one has separated operational communication from crisis management
- Risks were viewed as the precursor to a crisis
- Speak no evil; therefore, one shall not see or hear it
- Are we missing the opportunities by not doing risk communication
 - Opportunities are risks
 - Schedule
 - Cost

Planning Risk Communication

One plans general
communications

One works with public relations to
do press releases

One seldom work with public
relations to speak of risk either
threat or opportunity with
stakeholders



Why Plan It?

- Why tell them if it may not occur?
- Is a communication specialist important to every project?
- Framing the Risk
 - Timing
 - Place
 - Message
- Back-of-the-Pocket Message/The Pre-prepared Message
- Not facing the “Why weren’t we told?” Question

Trends

- More risk procedures
 - DOE Guide 7
 - Consulting on procedures
- More Standards
 - ISO 31000
 - TC 258
- PMI
 - Risk Guide
 - Risk Certification

References #1

- B. Baker. 2003. Analyzing Risks. *PM Network*. March, 20.
- B. Barkley. 2002. *Project Risk Management: A Proactive Approach*. Vienna, VA. Management Concepts.
- E. Conrow. 2003. *Effective Risk Management: Some Keys to Success*, 2nd ed. Reston, VA. American institute of Aeronautics and Astronautics, Inc.
- K. Cooper. 2004. Toward a Unifying Theory for Compounding and Cumulative Impacts of Project Risks and Changes, *Innovations: Project Management Research 2004*, Edited by Slevin, Cleland, and Pinto, eds. Newtown Square, PA. Project Management Institute (PMI), 439-451.

References #2

- D. Cooper, et al. 2005. *Project Risk Management Guidelines: Managing Risk in Large Projects and Complex Procurements*. West Sussex, England. John Wiley & Sons, Ltd.
- D. Hillson and R. Murray-Webster. 2005. *Understanding and Managing Risk Attitude*. Burlington, VT. Gower.
- W. Hoffman, W. 2006. Balancing Act. *PM Network*. May, 28-34..
- E. Hoffman, E. 2003. NASA Reduces Uncertainty and Minimizes Risks with Project Methods. *PM Network*. June, 20.
- G. Hutchins. 2002, Ready for Risk Reporting?. *PM Network*. November, 18.
- INCOSE/PMI Risk SIG. 2002a. Risk Management Maturity Level Development. *Risk Management Research and Development Program Collaboration INCOSE RMWG and PMI Risk SIG*.

References #3

- INCOSE/PMI Risk SIG 2002b. *Universal Risk Project, Final Report*. Joint Project: INCOSE RMWG and PMI Risk SIG.
- M. Ingebretsen. 2005. Afraid of a Little Risk?. *PM Network*. February, 74-80.
- M. Jedd. 2005. Risking Less. *PM Network*. September, 76-80.
- T. Kendrick. 2003. *Identifying and Managing Project Risk: Essential Tools for Failure Proofing Your Projects*. New York, NY. American Management Association.

References #4

- H. Levine. 2005. *Project Portfolio Management: A Practical Guide to Selecting Projects, Managing Portfolios, and Maximizing Benefits*. San Francisco, CA. Jossey-Bass.
- A. Logue. 2004. 20/20 Foresight. *PM Network*. September, 32-34.
- E. Maytorena, et al. 2004. Identifying Project Risks: A Cognitive Approach. *Innovations: Project Management Research 2004*. Newtown Square, PA. PMI, 465-479.
- V. Molak, ed. 1997. *Fundamentals of Risk Analysis and Risk Management*, Boca Raton, FL. Lewis Publishers.
- R. Mulcahy. 2003. *Risk Management: Tricks of the Trade® for Project Managers—A Course in a Book®*. RMC Publications.

References #5

- NRC. 2005. *The Owner's Role in Project Risk Management*. National Research Council.
- J. Pfeffer and R. Sutton. 2000. *The Knowing-Doing Gap: How Smart Companies Turn Knowledge into Action*. Boston, MA. Harvard Business School Press.
- PMBOK®. 2004. *Project Management Body of Knowledge 2004 Guide*. Newtown Square, PA. PMI.
- P. Royer, 2002. *Project Risk Management: A Proactive Approach*. Vienna, VA. Management Concepts.
- Uncertainty. *PM Network*, March, 57-60.
- P. Smith, 2003. A Portrait of Risk. *PM Network*, April, 44-48.

References #6

- P. Smith and G. Merritt, 2002. *Proactive Risk Management: Controlling Uncertainty in Product Development*. New York, NY. Productivity Press.
- S. Ward, 2004. Developing Project Risk Management. *Innovations: Project Management Research 2004*. Newtown Square, PA. PMI, 453-464.
- M. Wideman, ed. 1992. *Project and Program Risk Management: A Guide to Managing Project Risks & Opportunities* Newtown Square, PA. PMI.
- D. Williams and T. Parr, 2004. *Enterprise Programme Management: Delivering Value*. New York, NY. Palgrave MacMillan.

Contact

- Email: rebeccawinston@yahoo.com
- LinkedIn: <http://www.linkedin.com/in/rwinston>
- Company site:
- <http://www.winstonstrategicmanagementconsulting.com>

Conclusion

