

Risk Management

*How are local companies
doing today?*

SIUE Project Mgmt Symposium

- **Panel**
 - **Mr. Doug Ascoli** - Ameren
 - **Mr. Wes Frick** - Boeing Retiree
 - **Ms. Mary Ann Gates** - Gates IT Consulting Services

- **Agenda**
 - **Industry Overview**
 - **Q &A / Discussion**

Project Management Advisory Team Charter

- **Consists of a team of 21 companies - formed 4 years ago**
- **Meets regularly to share best practices to further state of the art**
- **Hosts annual Project Management Symposium**
- **SIUE Faculty facilitates the discussions, meetings, member led “deep dives” on selected topics, and the annual Symposium**
- **Risk Management selected for a “deep dive” earlier this year**

Risk, Issue and Opportunity Management - What is the Difference?

- **Risk Management – Predicting problems that could derail project**
 - Risks are not issues or facts, they are things that **might** happen
 - Risk Management deals with Probabilities and Consequences, and developing a plan to mitigate, avoid, or accept the risks
- **Issues Management and Fire Fighting – Normal part of a project, but they are not Risk Management**
 - Determine Root Cause
 - Develop Corrective Action Plan
 - Status and Communication
- **Opportunity Management – How to perform better than plan**
 - Be willing to get out of your comfort zone...take on new opportunities that present themselves
 - Identify actions that improve plan
 - Evaluate amount of risk to achieve the opportunity
 - Gain Management buy-in or direction then proceed

One Key to Project Management Success !

Industry Self Assessments in our Deep Dive

- **Processes & Tools**
 - Planning, risk scoring, Quantitative and Qualitative assessment, identification, response planning, monitoring and control, training, suppliers, tools, and Management Reserve
- **Qualitative Assessment of Implementations**
 - Typical risks, Maturity of their implementation, Management buy-in, Success in managing, are Standard risk charts used, how frequently are they updated and reviewed and with who, Trade studies, are Risk closure plans included

Summarized Results – Processes and Tools

- **Process** – 70% had a process
- **Risk Planning** – many had a standard (some elaborate some not), some only on high value projects
- **Scoring models** – Various models used - 5x5 matrix with likelihood of occurrence on one axis and severity of consequence on the other axis, H/L/M, \$\$ and Likelihood/Consequence
- **Identifying Risks** – Inside team meetings, brainstorming, template driven, Risk Breakdown Structures, suggested topics
- **Monitoring** – Status meetings, review risk registers, PM responsibility, Monthly risk review, template
- **Training** – mostly no
- **Management reserve** – some 20%, some variable, inconsistently applied
- **Used with Suppliers?** – performance clauses, suppliers fully integrated into plan, Largely based on past experiences; mostly poorly done
- **Tools used** – Microsoft EPM, Project, EXCEL, PMBOK, Active Risk Manager, As part of their Quality program

Summarized Results – Qualitative Assessment of our Implementations

- **Typical Risks encountered** - Resource constraints, Schedule dependencies, New technology, Deployment failures, Data Security, Regulatory changes, Contractor availability, Weather, Material lead times, Suppliers, Scope changes, Poor requirements analysis
- **How good on a 1-5 scale** - Mostly 2/3 with outliers on both sides, Good during project approval stage, then poor
- **Standard Risk Charts used**
 - 80% no; One used a standard 70 item template
 - How often updated – if used... 50% only once, 50% monthly
- **Maturity Assessment** – Mostly 2 or 3 out of 5
- **Management Buy-in** – Mostly poor at senior levels, Good with Project Managers
- **Reviewed with Customers** – Mostly no
- **Risk Trade Studies** – Mostly no
- **Risk closure plans in the Project Schedule** – Mostly no
- **Items of note** – Confusing issues and risks, helps if senior leadership supports, Involve the right SMEs, Stratified Contingency Funding, Formal post project review ratios issues to those identified as risks

Scraps of Wisdom Extracted from our Conversations

TIPS

- Plan for change
- Establish and monitor your early warning signs
- Keep a spreadsheet or risk list
- If overwhelmed or lacking sponsorship for risk management, concentrate on risks on the critical path
- Customize the effort expended to the size of the task
- Culture plays a big part

WARNINGS

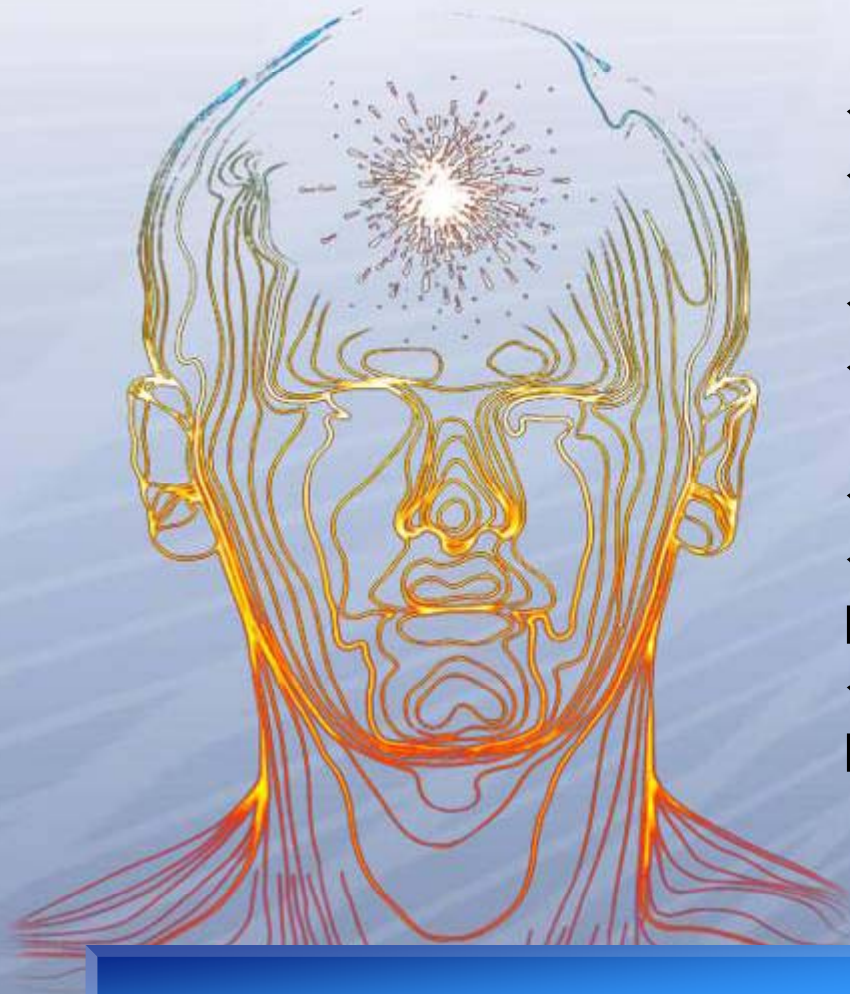
- Don't overspend on low risk mitigations
- When things go bad they can really go bad. Multiple risks can pop at once.
- Don't get too intricate. You'll chase your tail
- Don't ignore your previous work - revisit your risks
- Risk is by nature somewhat unpredictable. Expect this.
- Politics plays a part, as do egos if you are identifying risks in other folks areas

Benefits – It is worth it!

- **Minimizes or eliminates many risks**
- **Provides early warnings of many issues**
- **Highlights areas of uncertainty, opportunity or false confidence**
- **Helps in deciding the best course of action**
- **Provides a basis for plan changes**
- **Increases management awareness and customer confidence**

*Risks prevented are less costly than correcting them
when they are complex problems or issues*

The Future – You have help!



- ✓ **PMBOK**
- ✓ **Commercially Available Packages**
 - Active Risk Manager, WELCOMRisk, etc.
- ✓ **DoD Mil Std 488 Risk Management**
- ✓ **ISO 31000:2009 Risk Management**
 - Principles and Guidelines on Implementation
- ✓ **Microsoft Solutions Framework**
- ✓ **Product Definition Rating Index - PDRI**
- ✓ **PMI – RMP Risk Management Professional certification**

You can make it work !