



# PROJECT MANAGEMENT CENTER FOR EXCELLENCE

A.J. CLARK SCHOOL OF ENGINEERING  
Civil & Environmental Engineering Department



# BUSTING THE BARRIERS TO MANAGING RISK

*Susan Parente, PMP, PMI-RMP, CISSP, RESILIA, PMI-ACP, CSM,  
PSM I, ITIL MS Eng. Mgmt.*

*2017 Project Management Symposium*

# Objectives

- ◆ What is Project Risk Management?
- ◆ Why aren't we doing Risk Management?
- ◆ Barriers, barriers, and more barriers...
- ◆ Tools for Busting Barriers!
- ◆ Plan for Implementing RM

# Agenda

- ◆ Definitions of Risk/ Risk Management
- ◆ Why?
- ◆ The 4 P's of Project Risk Management
- ◆ Risk Management Process
- ◆ Planning for Implementation
- ◆ Summary

# Foundations

- ◆ *As project managers, we have heard of risk management, but how much of it are we actually doing...?*
- ◆ *If we know what risk management is and why it is valuable, why are we not doing more of it...?*

This interactive session will address the hurdles to implementing risk management and provide you with tools and techniques to bust these barriers to implementing risk management in your organizations and on your projects.

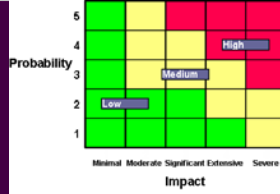
# Project Constraints



- ◆ Fundamentally, only 2 of the 3 aspects of the triad can be selected. The 3 is then determined by the aspects which are selected.



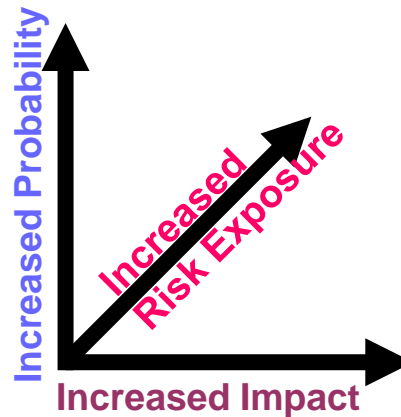
# Risk Defined



- ◆ A **Risk** is an **uncertain event or condition**, that if it occurs, has a positive or negative effect on at least one objective
- ◆ **Probability** x **Impact** = **Risk Exposure**

## Probability:

The Likelihood of Occurrence That an Objective Will Not Be Met Using the Current Plan



## Impact:

The Consequence of Occurrence  
Penalty Incurred If the Objective Is Not Obtained

## ◆ Risk vs. Issue

- A **Risk** is an event that may occur in the future
- A **Problem** or **Issue** is something that has already occurred and you are dealing with now

# Project Risk Management

- ◆ **Risk Management** is an organized, systematic decision-making process that efficiently *plans, assesses, handles, monitors/ controls, and documents risk* to increase the likelihood of achieving project goals and decrease the likelihood that a risk would become a future problem

# Project Risk Management

- ◆ Project Risk Management has us inquire in uncertainty within our project...
  - What are our project *unknowns*?
  - ...*known unknowns*?
  - ...*unknown unknowns*?
- ◆ Risk Management provides a capability to quickly and effectively **communicate** risk information up and down the management chain



# Why are we not doing RM...?

## Why ARE we doing RM?



# Why Not?

- ◆ Why are we doing Project Risk Management?
  - We are supposed to...
  - Our PMBOK told us to...
  - Our boss told us to
  - The woman presenting told us to...
  - *'Just Do IT!'*

# Why Do It?

- ◆ Why are we doing Project Risk Management?
  - If we could know about the future now, how might that benefit us?
  - Keeping the Project Constraints in balance.
    - ❖ Scope, Cost, Time, Quality
  - Learning what I don't know that I don't know
  - Dealing with reality
  - Planning for potential problems or successes

# When Do Risk Management?

## ◆ All Projects:

- Identify potential problems
- Efficiently manage project resources
- Reduce threats
- Increase opportunities
- Structured and systematic review of Project
- Decision Making
- Process for system improvements
- Project Communication

# Barriers to Project RM

- ◆ What stops us from doing RM?
  - No buy in from others:
    - ❖ Our boss
    - ❖ Our project sponsor
    - ❖ Our company
  - No time
  - No \$
  - No requirements
  - No plan

# The 4 P's of Project Risk Mgmt.



...The PAIN  
(or the *Possibility...*)



# The Pain!

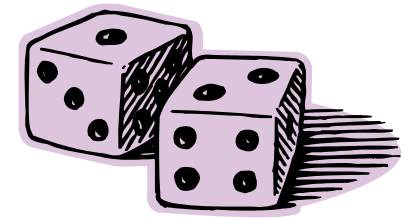
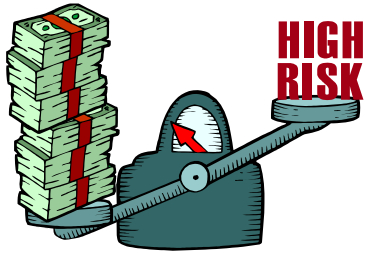
- ◆ What is the pain that your organization/project has?
  - *Why do something if it doesn't solve a problem?*
- ◆ The Pain point will drive *change...*
- ◆ \$\$\$\$ Potential Financial Loss ☹️ drives *change...*

# The Possibility...

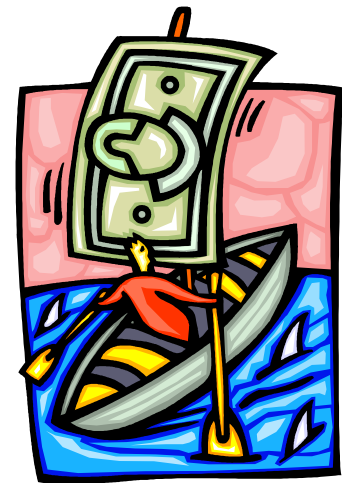
- ◆ What is the possibility that your organization/ project has?
- ◆ What might be the benefit of implementing risk management?
  - *Why do something if there is no benefit?*
- ◆ The Potential Benefit(s) drive *change*...
- ◆ \$\$\$ Potential Revenue 😊 drives *change*...



# The 4 P's of Project Risk Mgmt.



## The PLAN



# The Plan

- ◆ Establish the process for managing project risks?
- ◆ Develop a Risk Management Plan
  - And use it!
- ◆ Generate a culture of risk management
  - Start with me!
- ◆ *Update the Plan for each new project...*

# Risk Management Process

- ◆ **Identification**

- Discovery of a potential risk

- ◆ **Assessment**

- Review, analysis, and prioritization

- ◆ **Response Planning**

- To mitigate, avoid, transfer or assume assessed risks

- ◆ **Execution**

- Of response strategies, as determined in response planning

- ◆ **Planning, Monitoring, Documentation and Communication**

- Foundations of the RMP, essential to all phases
- Part of continuous process improvement for the RMP



# Plan for Risk Management

## Develop a Risk Management Plan:

- ✓ Define Risk
- ✓ Define Your Risk Tolerance
- ✓ Detail your Risk Policy
- ✓ Establish Risk Management Process
- ✓ Define Roles
- ✓ Plan Process Implementation
- ✓ Baseline Risk
- ✓ Develop Risk Documentation/ Templates

# Risk Register Template

## ◆ Sample Risk Register:

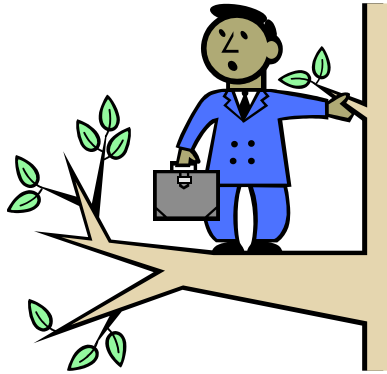
### <Project> Risk Register- Threats

Last Update: <date>

Priority (Rank Order)	Probability	Impact	Exposure (Prob x Impact)	Risk ID #	Risk Type	Status	Owner	POC	Risk Statement
	Very Low, Low, Med, High, Very High	Minimal, Moderate, Significant, Extensive, Severe	(see key) Ex: HIGH 4-5	1	Technical, Cost, Schedule, Security		Ex: D, DO, DOC, DOCN	First and Last Name	Risk defined in "if... then..." statement.

Risk Triggers	Risk Strategies	Residual Risks or Secondary Risks	Status Notes	Date Identified
	Mitigation, Avoidance, Transfer, Assume (include both short and long term)	Residual Risk is the risk remaining after employing the response. Secondary Risks are a direct result of the risk response.	History of Risk Status	Date Risk was identified

# The 4 P's of Project Risk Mgmt.



## PARTICIPATION



# Participation

- ◆ Participation starts with Communication
- ◆ Shift the Culture
  - *'Start with Why: How great leaders inspire action' by Simon Sinek*
  - *Why? (Purpose, Cause, Believe)*
- ◆ Training on Risk Management
  - *How? (Process)*
  - *What? (Templates)*

# Participation

- ◆ **Start small**: Do RM on your projects, don't wait for sponsor or senior management approval.
- ◆ Create an **environment of Risk Awareness** with *your* Team
- ◆ **Generate Leadership**, so Risk Management occurs when you are not there...
- ◆ **Make it safe** to bring up risks and reward people for doing it!!! *...really...*

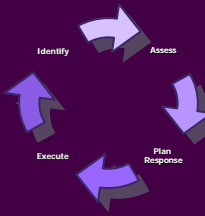


# Participation

- ◆ Any and *all* personnel on a project are responsible for identifying risks – it's an *everyday* part of the job
- ◆ It is not necessary to resolve the risk at this stage – simply capture the potential problem
- ◆ Identification Methods
  - Brainstorming
  - Checklists
  - Cost/Schedule Analysis
  - Functional/Failure analysis
  - Interviewing Subject Matter Experts, etc.



# Participation through Risk ID

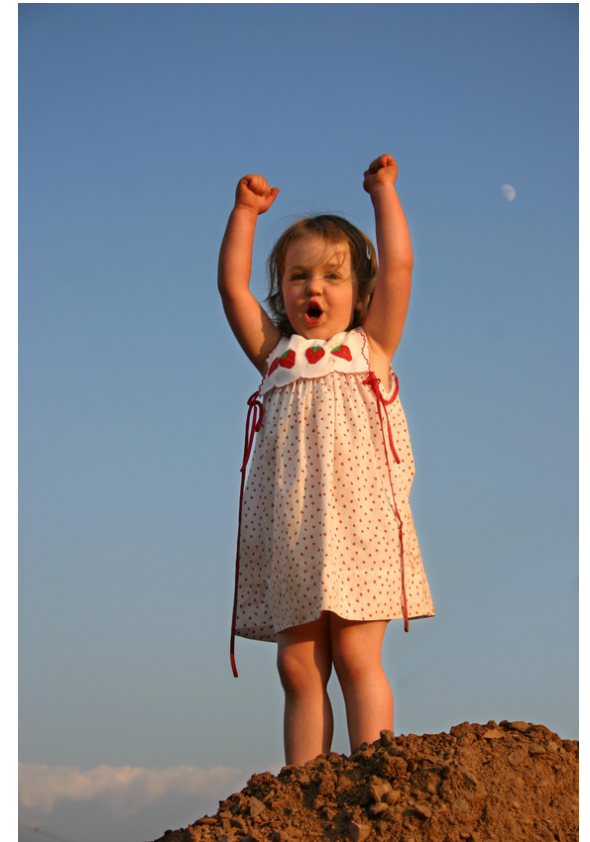


- ◆ Risk Statements/Descriptions are written in a structured manner
  - State the risk in terms of “If..., then...” Statements
    - ❖ **Condition** (**‘If’ statement**) - A short, succinct statement that describes the background information and/or description of the problem [Risk Probability]
    - ❖ **Consequence** (**‘Then’ statement**) - A short, succinct statement that describes the key possible outcome(s) of the current conditions [Risk Impact]
  - Consequences should be directly traceable to the event: **For example, “If I have a flat tire while commuting to work, then I may not get to work on time”**

# The 4 P's of Project Risk Mgmt.



PROOF!



# Proof!

- ◆ As they say, *“It in the pudding!”*
- ◆ Demonstrate the ROI
- ◆ Your best Proof is:
  - **On Time**
  - **Within Budget**
  - **Within Scope**
  - **With Customer Satisfaction!**



# The 4 P's of Project Risk Mgmt.

Start with... **The PAIN**  
*(or possibility)*

Use... **The PLAN**

Generate... **PARTICIPATION**

Demonstrate... **PROOF!**

# Risk Management

*If You Haven't Identified Your  
Risks,*

*You're Already Taking Them.*



# Summary

- ✓ Risk Management is an organized, systematic decision-making process that efficiently *plans, assesses, handles, monitors/ controls, and documents* risk to increase the likelihood of achieving project goals and decrease the likelihood that a risk would become a future problem
- ✓ Bust the Barriers by using the 4 P's of Project RM:
  - The PAIN, The PLAN, PARTICIPATION, PROOF!
- ✓ *Create a Culture of Risk Awareness...*

# Risk Management

*Everyone wants to be doing it. Every  
thinks everyone else is doing it.*

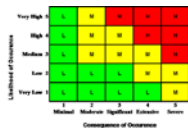
*Not many people are actually doing  
it, and no one is doing it  
particularly well...*



# Busting Barriers to Implementing RM

*For discussion and resources on Risk Management...*

Please join us on **LinkedIn** in the



## Risk Management Implementation Group

<http://www.linkedin.com/groups?mostPopular=&gid=3442533>



## Agile Risk Management Group

[http://www.linkedin.com/groups?gid=4020498&trk=myg\\_ugrp\\_ovr](http://www.linkedin.com/groups?gid=4020498&trk=myg_ugrp_ovr)

**S<sup>3</sup> Technologies, LLC**

**Susan Parente**

[Parente@s3-tec.com](mailto:Parente@s3-tec.com)

[www.techriskmanager.com](http://www.techriskmanager.com)

O: 203-307-5246



[@TechRiskManager](https://twitter.com/TechRiskManager)

# Additional Information

PMI-RMP® Certification

# PMI-RMP® Certification

## PMI Risk Management Professional (PMI-RMP)®

- ◆ “PMI’s Risk Management Professional (PMI-RMP)® credential is a response to project management’s increasing growth, complexity and diversity. Globally recognized and demanded, the PMI-RMP® fills the need for a specialist role in project risk management.”
- ◆ “It recognizes your unique expertise and competency in assessing and identifying project risks, mitigating threats and capitalizing on opportunities, while still possessing a baseline knowledge and practical application in all areas of project management.”

**Reference:** PMI, “PMI Risk Management Professional (PMI-RMP)” Retrieved from:

<http://www.pmi.org/en/Certification/PMI-Risk-Management-Professional-PMI-RMP.aspx>

# PMI-RMP® Certification

## Who should apply:

- ◆ Risk management specialists and Project Risk Managers
- ◆ To increase your skills in project management
- ◆ To highlight your specialized expertise to employers

## PMI-RMP Requirements:

- ◆ A 4 year degree (bachelor's or the global equivalent), with at least 3,000 hours of project RM experience and 30 hours of project RM education.

OR

- ◆ A secondary diploma (high school or the global equivalent) with at least 4,500 hours of project RM experience and 40 hours of project RM education.

**Reference:** PMI, "PMI Risk Management Professional (PMI-RMP)" Retrieved from:

<http://www.pmi.org/en/Certification/PMI-Risk-Management-Professional-PMI-RMP.aspx>

# PMI-RMP® Certification

## How to Apply:

- ◆ Online at [www.pmi.org](http://www.pmi.org)
- ◆ More Info:
  - PMI-RMP Handbook
  - PMI-RMP Exam Preparation

## Maintain Your PMI-RMP:

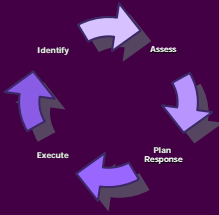
- ◆ Earn 30 PDUs/ 3 year cycle in project risk management
- ◆ Learn more at: <http://www.pmi.org/en/Certification/PMI-Risk-Management-Professional-PMI-RMP.aspx>

Interested in taking a PMI-RMP Prep Class? Questions?

Contact me: [parente@s3-tec.com](mailto:parente@s3-tec.com), 703-328-7391

Reference: PMI, "PMI Risk Management Professional (PMI-RMP)" Retrieved from:

<http://www.pmi.org/en/Certification/PMI-Risk-Management-Professional-PMI-RMP.aspx>



# Additional Risk Terms

- ◆ **Secondary Risk:** Often the “Consequence” of one risk statement becomes the Hazard or “What can go wrong?” for another risk (called the Secondary Risk).
- ◆ **Residual Risks:** Risks that remain after implementing the Risk response.
- ◆ **Risk Trigger:** Is an event which when it occurs is a warning that the risk event will soon occur. It is a precursor to the risk event. A signal that the risk event is about to occur or has occurred.
- ◆ Record & Track risks in a **Risk Register**

# Risk Management Process

## ► Identification

- Discovery of a potential risk

## ► Assessment

- Review, analysis, and prioritization

## ► Response Planning

- To mitigate, avoid, transfer or assume assessed risks

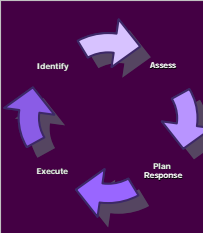
## ► Execution

- Of response strategies, as determined in response planning

## ► Planning, Monitoring, Documentation and Communication

- Foundations of the RMP, essential to all phases
- Part of continuous process improvement for the RMP





# Risk Assessment (Analysis)

- ◆ Use a Probability and Impact Matrix

		Consequence of Occurrence				
		1	2	3	4	5
Likelihood of Occurrence	Very High 5	L	M	H	H	H
	High 4	L	M	M	H	H
	Medium 3	L	M	M	M	H
	Low 2	L	L	L	M	M
	Very Low 1	L	L	L	L	M
		Minimal	Moderate	Significant	Extensive	Severe