

UNDERSTANDING PROJECT RISK MANAGEMENT

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- Introduction
- Portfolio Risk
- Facing Project Risk
- Questions

Participant Profile Questions

- Are a project/program manager? Title?
 - Have >10 years? 7-10? 5-7? 3-5? 1-3? <1?
 - Have PMP?
 - Have formal corporate PM methodologies?
 - Have formal required risk plans? Guidelines?
 - Have a PMO in company?
 - Work in a PMO? IT? Engineering? Other?
 - Work in Banking? Insurance? Retail? Gov't? Food?
Manufacturing? Construction? Transportation?
Other?
-

Group Activity

- What are some horror stories caused by missing risk plans?
- Share these within your groups
- Groups share one or more with all

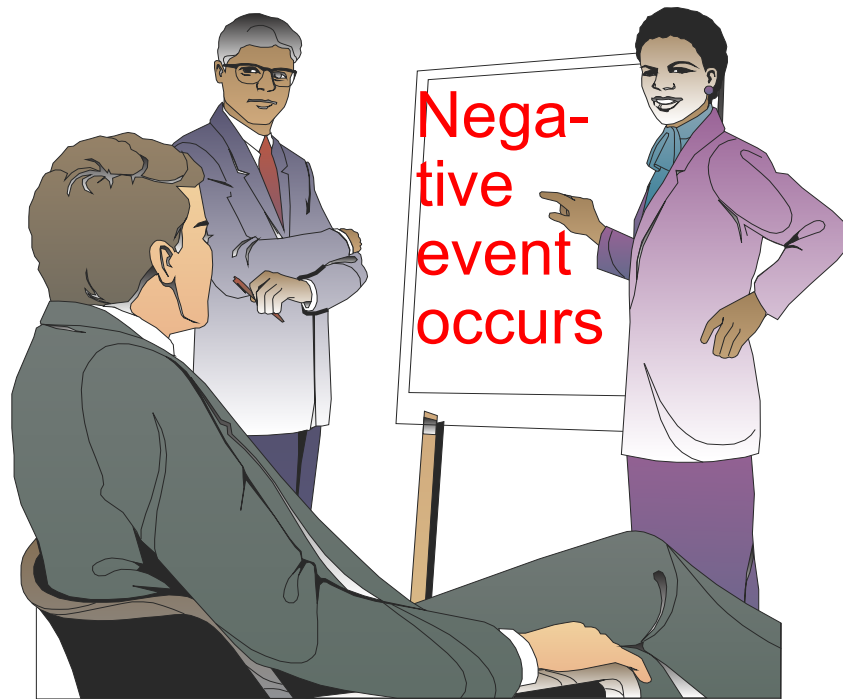
Murphy's Law

Anything that can go
wrong will go wrong ...and
at the worst possible
time

Categorizing Risk

What is Risk?

- In your groups, list at least five factors that affect risk
- Group debrief



Definitions

- Risk: Any uncertain event which can negatively or positively affect a project.
- Risk Management: The planning for, responding to and controlling of a project's risks
- Risk Management Plan: The document which outlines how risk will be managed in the project
- Risk Register: The list of, and ratings and contingencies for specific project risks

Evaluate Portfolio Risk

- What may happen if the project is completed?
- What may happen if it is not?
- What are the odds of successful completion?
- Risk “Of” project
- Usually done at project initiation
- Some type of matrix evaluating size, stability and experience factors

Categorizing Risk

Risks “of” Projects

		FACTOR OPTIONS					
SIZE FACTORS	WEIGHT	0	1	2	3	VALUE	SCORE
Budget	3	<10K	10-99K	100-1M	>1M		
Duration	2	<3 m.	3-6 m.	7-12 m.	>12 m.		
Effort Hours	2	<500	500-2K	2K-10K	> 10K		
Resources	3	1-5	6-10	11-20	>20		
Departments	2	1	2-3	4-5	>5		
Geographic Sites	2	1	2-3	4-5	>5		
Stakeholders	3	1-9	10-99	100-1000	>1000		
Project Interfaces	2	0	1	2-4	>4		
SIZE TOTAL							

Categorizing Risk

Risks “of” Projects

STABILITY FACTORS	WEIGHT	1	2	3	4	CHOICE	SCORE
Clear Requirements	4	High	Med.	Low	None		
Identified Sponsor	2	High	Med.	Low	None		
Dedicated Sponsor	2	High	Med.	Low	None		
Influential Sponsor	3	High	Med.	Low	None		
Identified Client	2	High	Med.	Low	None		
Client Support	3	High	Med.	Low	None		
Project Priority	3	High	Med.	Low	None		
Changes Generates	4	None	Low	Med.	High		
Stable Technology	3	High	Med.	Low	None		
STABILITY TOTAL							

Categorizing Risk

Risks "of" Projects

EXPERIENCE FACTORS	WEIGHT	1	2	3	4	CHOICE	SCORE
Application Type	4	High	Med.	Low	None		
Hardware Technology	2	High	Med.	Low	None		
Programming Language	2	High	Med.	Low	None		
Operating System	2	High	Med.	Low	None		
Team Makeup	5	High	Med.	Low	None		
Customer	3	High	Med.	Low	None		
Vendors	2	High	Med.	Low	None		
Contractors	3	High	Med.	Low	None		
EXPERIENCE TOTAL							
		Size	Stability	Experience	TOTAL	RISK LEVEL	
RISK TOTAL							
0-84 Low, 85-169 Medium, 170-253 High							

Determine Project Risks

- Risks “To” Project
- Common Risks Include Sponsor Leaving, Budget Cut, Key Team Member Leaving, Technology Doesn’t Exist/Doesn’t Work
- List Potential Risks
- Evaluate Likelihood
- Evaluate Effect
- Calculate Seriousness
- Develop Contingencies for Highest Risks

Develop Contingencies

- A plan to implement to counter risk
- Can be insurance, extra time budgets, extra cost budgets, specific activities
- Three main categories of plans
 - ▶ *Eliminate Risk (Avoidance and Transference)*
 - ▶ *Mitigate Risk*
 - ▶ *Accept Risk*

Facing Project Risk

Develop Contingencies

Risk Event	L	E	S	Contingency

Could color code S; Quantify E; Add ease of Detection

