



# Risk Management: A Guide to Implementation In Your Organization

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Company: Crosswind Learning

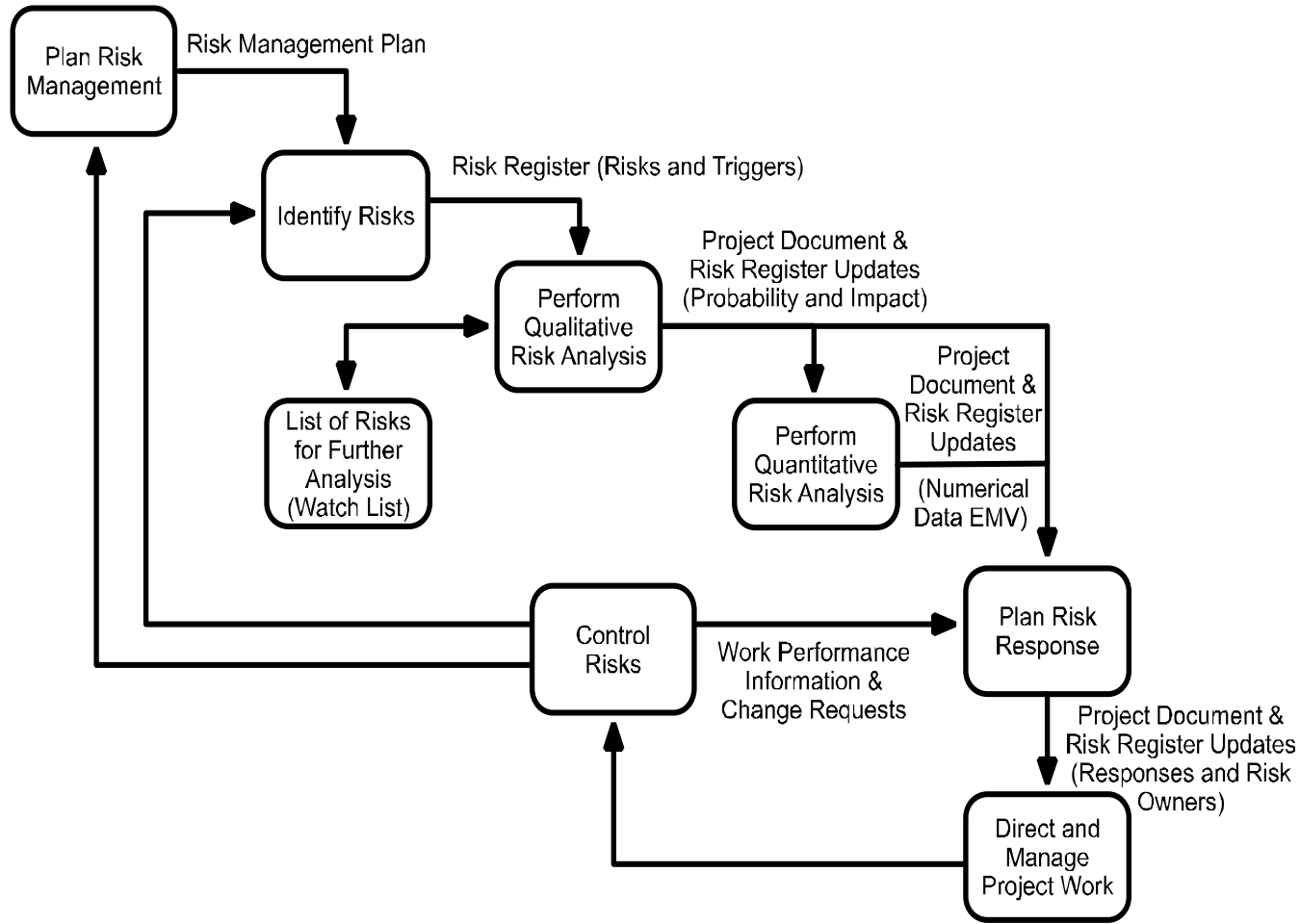
Website: [www.crosswindpm.com](http://www.crosswindpm.com)

**Welcome to the PMI Houston Conference & Expo and Annual Job Fair 2014**

- **Please set your cell phone/pager to silent mode**
- **Q&A will be taken at the close of this presentation**
- **There will be time at the end of this presentation for you to take a few moments to complete the session survey. We value your feedback which allows us to improve this annual event.**



# Risk Management



# Risk Management

- What is Risk?
- Planning for Risk
- Identifying Risks and Triggers
- Ranking Risks (Qualitative & Quantitative)
- Establishing Reserve
- Establishing Risk Responses and Owners
- Watching and Adjusting (As Needed)

# What is Risk

- Anything with some degree of uncertainty
  - Opportunities you want to maximize
  - Threats you want to minimize or eliminate
- Remember, you are not a fortune teller, but you are expected to be one

# Planning For Risk

- What is the culture of the market and the company?
  - Regulated
  - Averse
  - Seeking
  - Neutral

# Planning For Risk

- Risk Management Plan
  - Methodology Details
  - Risk Probability and Impact Matrix
  - Risk Register Template
  - Risk Categories
    - Risk Breakdown Structure
  - Roles and Responsibilities for Risk
  - Risk Funding Details
  - Response Owners and Details
  - Stakeholder Risk Tolerance
  - Risk Tracking and Communication

# Identifying Risks and Triggers

- Risk Register
  - Risks
    - Things that could go differently than planned
      - Good or Bad!
  - Triggers
    - Indicators that something uncertain could happen

# Identifying Risks and Triggers

- Risk Register Sample

Risk #	Risk Name	Trigger(s)	Probability	(\$)	Impact	Response(s)	Risk Owner	Reserve Amount

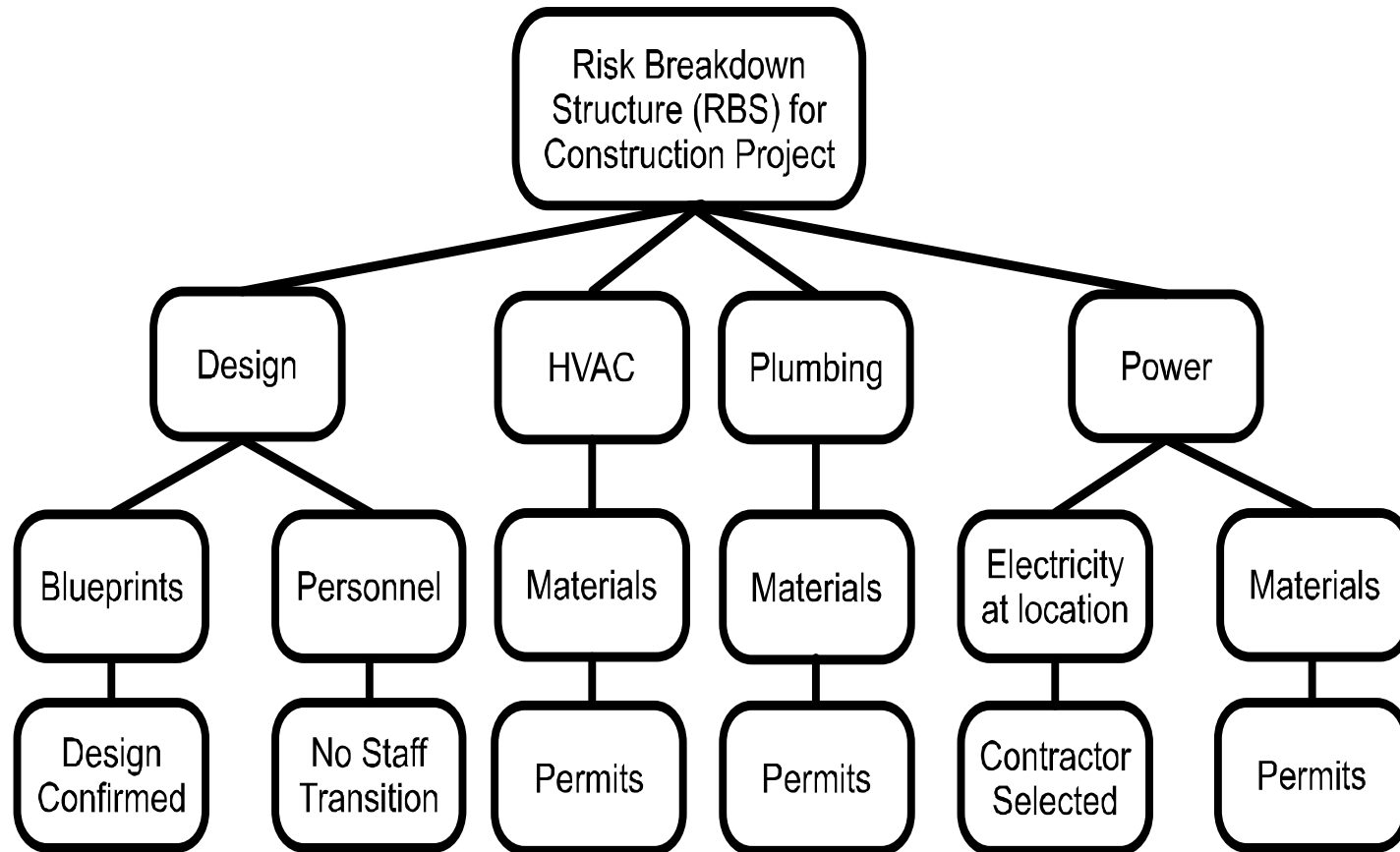
- Risks and Triggers (Identify Risks)
- Probability, Impact and Reserve Amount (Ranking Risks)
- Responses and Owners (Plan Responses)



# Identifying Risks and Triggers

- Types of Projects
  - Different types of projects
  - Repeatability (Reuse)
- Reuse of Risks and Triggers
  - Lessons Learned for Evolution
  - Organizational Process Assets
  - Risk Breakdown Structure

# Risk Breakdown Structure



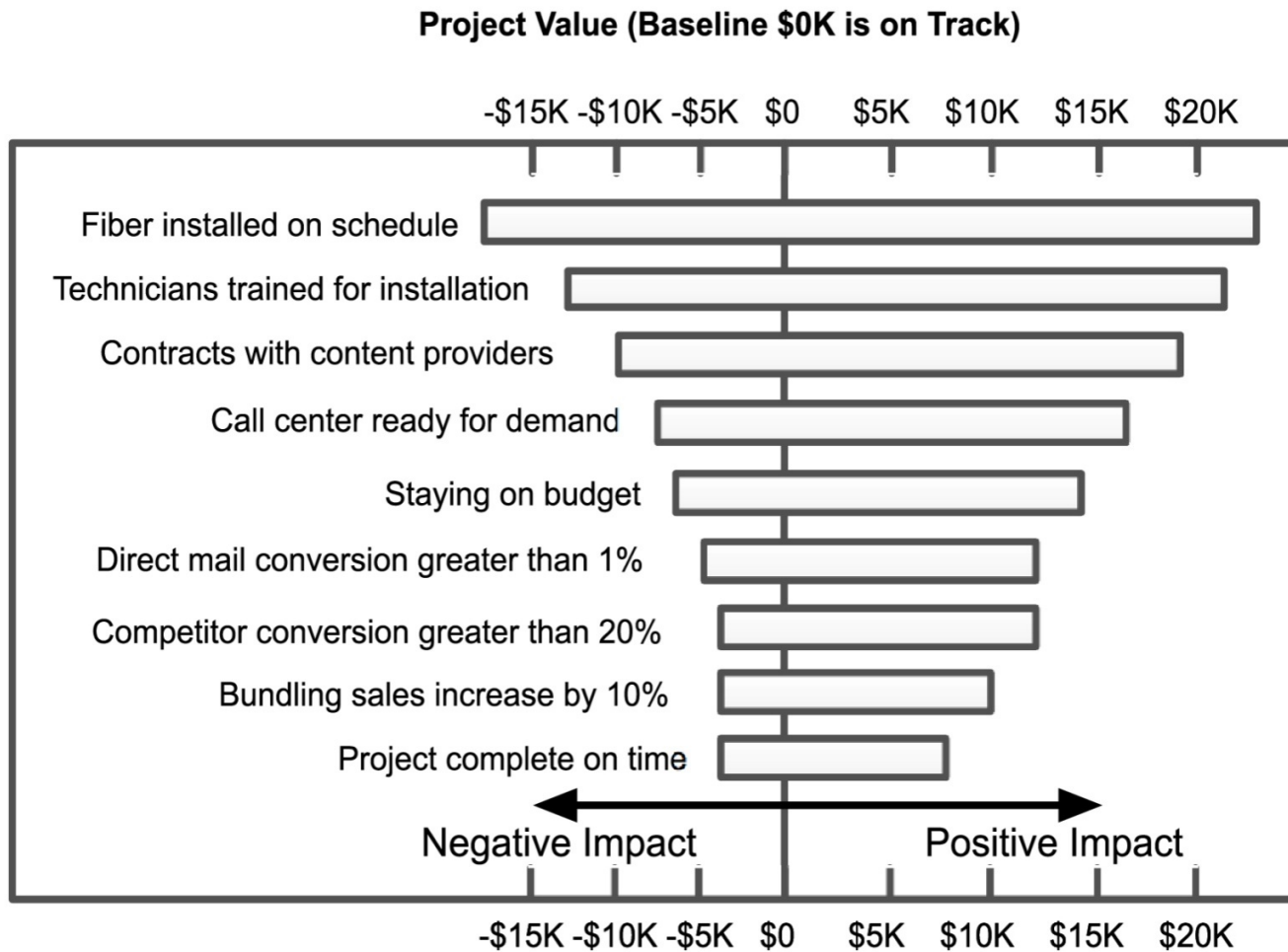
# Ranking Risks (Qualitative & Quantitative)

- Ranking Matrix (Dartboard)
  - Subjects to Rank
    - Scope, Schedule, Budget, Safety, Others?
  - Thresholds (Probability and Impact)
    - Low, Medium, High, Other
    - Colors (Red, Yellow, Green)
    - Number Range (%'s or 1-10)

# Ranking Risks (Qualitative & Quantitative)

	Low	Medium	High
<b>Probability</b>	0 to 0.33	0.34 to 0.66	0.67 to 1.00
<b>Project Objective (Impact)</b>	Low	Medium	High
<b>Scope</b>	Minimal changes	Significant changes for functionality	Potentially useless product as built
<b>Time</b>	5% or less delay	6% to 15% delay	16% or greater delay
<b>Cost</b>	5% or less increase	6% to 15% increase	16% or greater increase
<b>Quality</b>	Quality slippage minimal	Slippage requires sponsor sign off	Product is basically useless

# Tornado Diagram (Ranking)



# Establishing Reserve (Unknowns)

<b>Risk Management Known and Unknown Table</b>			
<b>Name</b>	<b>Created For</b>	<b>Description</b>	<b>Example</b>
<b>Contingency Reserves</b>	<b>Known Unknowns</b>	<b>For risk events that you know can occur on a project. This is included in the schedule and budget.</b>	<b>Something costing more than planned, taking longer than planned, or scope creep</b>
<b>Management Reserves</b>	<b>Unknown Unknowns</b>	<b>For risk events you cannot forecast potentially occurring on a project</b>	<b>Something you cannot envision occurring on a project, such as a natural disaster or terrorist attack</b>

# Establishing Reserve

- Approaches
  - Percentage of Total Project
    - Not ideal as it could have items lacking
  - Probability Multiplied by Impact, Then Sum
    - Positives (Savings)
    - Negatives (Costs)
  - Remember to Show Impact in Schedule and Budget as Needed

# Establishing Risk Responses and Owners

- Common Types of Response
  - **Share**- Partner to Maximize
  - **Exploit**- Making the Most Good
  - **Enhance**- Expanding the Good
  - **Accept**- Tolerating (Good or Bad)
  - **Avoid** – Eliminating from Happening Again
  - **Transfer**- Someone Else Owns It
  - **Mitigate**- Attempt to Minimize the Negative



# Establishing Risk Responses and Owners

- It's OK to Blend Response Strategies in Reality
- Assign an Owner to a Risk ASAP!
- Remember Risks Should Evolve
  - Probability Can go Up or Down
  - Money or Time Impact can Increase or Decrease
  - Risks can Show Up
  - Risks can Disappear

# Watching and Adjusting (As Needed)

- Promote a Culture of Risk Awareness
- Include “What’s New With Risk” in meetings
- Don’t Be Afraid To Say “What If”
  - Better Now Than Later!

# Watching and Adjusting (As Needed)

- Controlling Risks
  - As the Project Evolves Risks SHOULD Eliminate Themselves
  - As the Project Evolves New Risks COULD Show Themselves
  - New Risks Could Be Added To The Risk Register
  - New Risks Could Cause You to Modify Your Overall Approach To Risk (Updating the Risk Management Plan)

# In Closing...

- Keys To Success
  - Remember Culture!
  - Plan For the Unexpected
  - Don't Be Afraid To Say "What If"
  - Watch For Changes
  - Be Proactive!

# Thank You!

- Any Questions?

# Sources

- This presentation was based on material from the following
  - Crosswind PMI-RMP® Exam Success Series: Bootcamp Manual (Version 5.0)
  - *A Guide to the Project Management Body of Knowledge, (PMBOK® Guide) - Fifth Edition, Project Management Institute, Inc., 2013*
  - Risk Management Standard (First Ed.)

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***Thank You***

# Closing thoughts...

Thank you for attending this session.  
We hope you found this presentation  
added value to your knowledge of  
**Project Management.**

- Take a few moments to complete the Session Survey. We appreciate and value your feedback.
- Hand in your completed survey to **Registration**, you will receive a free raffle ticket for one of the drawings to be held in the Vendor Expo (see Conference Program Guide for details).