

Module 5: Risk Management



Discussion



Definitions Recap

Definitions:

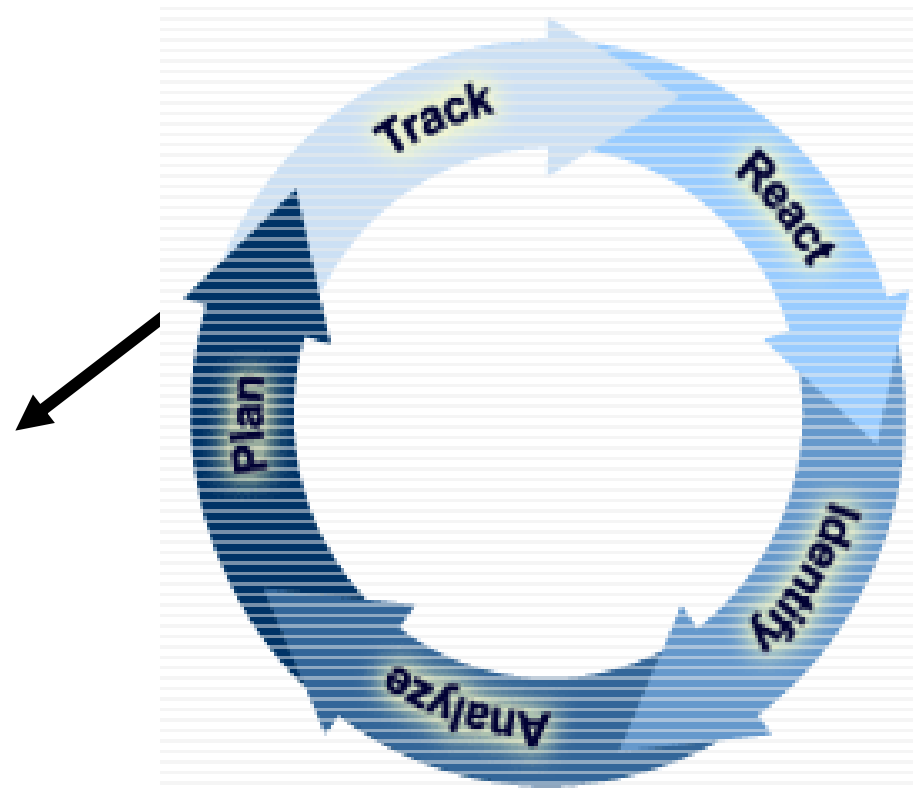
- **Risk** – A potential event or future situation that may adversely affect the project (proactive).
- **Issue** – An event that has occurred that can not be addressed by members of the project team. (reactive)
- **Problem** – A materialized risk or issue that can be addressed by members of the project team. (reactive).



Risk Responses:

- **Transfer risk.** Using a transfer strategy, you transfer all or a portion of a risk to another party.
- **Insurance.** When you have insurance coverage, you can use it to cover the cost of a risk event.
- **Contingency.** In this strategy, you set aside funds to be used when the risk occurs or when later containment is deemed to be appropriate.
- **Mitigate.** When mitigating risk, you take specific action to minimize or avoid the occurrence and effect of a risk.

Risk Management Process



Risk Management Tool

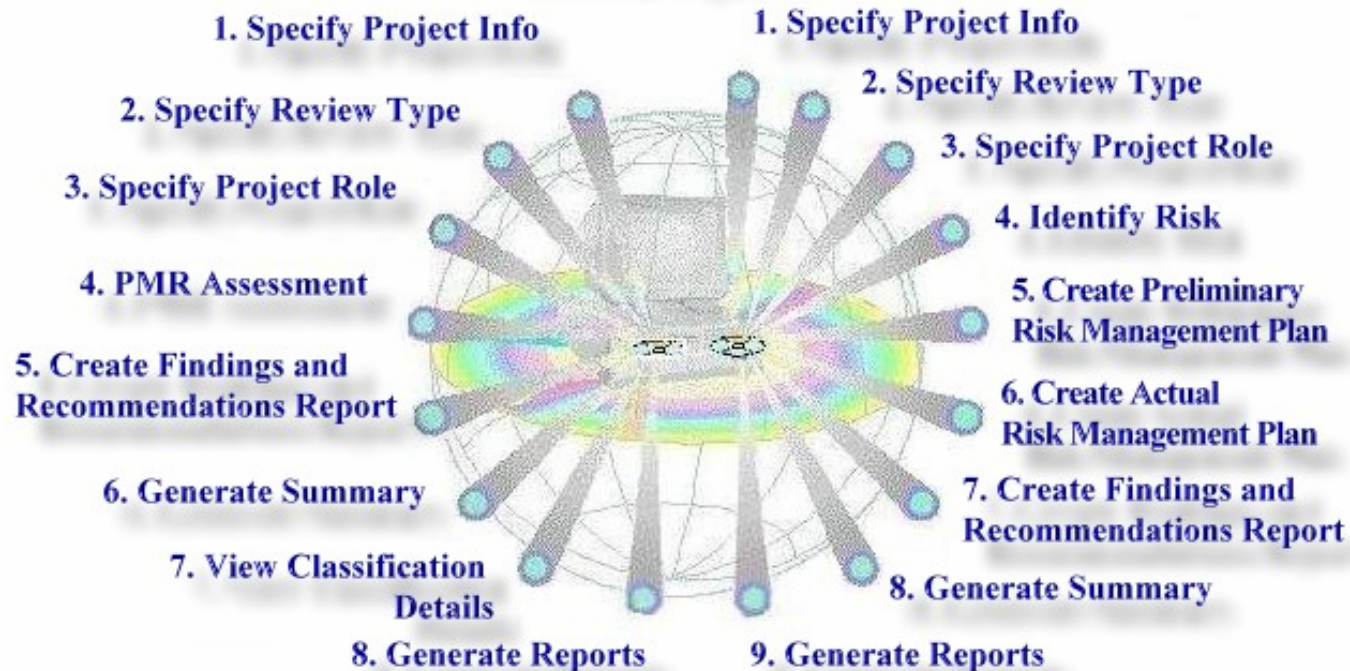
A brief introduction to the GS Risk tool....

PMR Health

GS Risk

GS Risk Dashboard

GS Risk Explorer



Risk Rating Matrix

IMPACT

High	Significant Risk	Major Risk	Maximum Risk
Medium	Minor Risk	Significant Risk	Major Risk
Low	Minor Risk	Minor Risk	Significant Risk
	Low	Medium	High

PROBABILITY

Create a Risk Management Plan

Purpose: To continue the risk management process by preparing a risk management plan

Process:

1. Read handouts and identify 4-5 risks.
2. Analyze probability and impact for each risk.
3. Use the risk matrix to identify the top 3 risks
4. Develop a Risk Response Plan for the top 3 risks
5. Add your Risk Actions (tasks) to your WBS using yellow "sticky note"



Participation: Teams led by Project Manager

Product: Completed Risk Template for top 3 risks
Be prepared to present using flipcharts and “sticky notes”

Risk Management Plan

Use the sample template for the Risks associated with your deliverables

WBS # or RIN #	Risk Name	Probability	Impact	Severity aka Exposure	Rank (sort)	Risk Response Plan
		H M or L	H M or L	H M or L	1	Task / Action

Identify risks – think of the 7 Keys

After Ranking, develop an appropriate Task Action for the top 3 risks

Analyze: Determine Probability, Impact and Severity for each risk, then Rank them.

Risks are Being Mitigated

**Risks are
being
mitigated**



Healthy Signs

- Documented plan
- Test-it-first tactics
- Regular and systematic probing for risks
- Risk and issue follow-up is taken seriously

Unhealthy Signs

- “What risks?”
- All-or-nothing tactics

- 1. Risk management plan is fully implemented, maintained, and supported.**
- 2. Risks are proactively sought in meetings and discussions and are dutifully identified, documented, and assigned for follow-up.**
- 3. Risk tracking and reporting are timely.**
- 4. Mitigations are effective.**

Seven Keys Assessment

Purpose: Practice reviewing the health of the project using the Seven Keys

Process: See the diagram.

- Record status
- Think about issues & actions

Participation: Teams led by Project Manager

Product: Status, issues, and actions for Risk, Scope, Stakeholders, Business Benefits, and Team

Time allowed 5 Minutes

Seven Keys Assessment Worksheet

- Red - Urgent - Corrective action required immediately.
- Yellow - Warning - corrective action required in the near term.
- Green - Stay the Course - no corrective action required.

Project Name: Interviewee: Date: Interviewer:

Key and Criteria	Noted Issues	Heads Up Display	Proposed Actions
Stakeholders are Committed	➤	Red Yellow Green	➤
Business Benefits are Being Realized	➤	Red Yellow Green	➤
Work and Schedule are Predictable	➤	Red Yellow Green	➤
Scope is Realistic and Managed	➤	Red Yellow Green	➤
Team is High Performing	➤	Red Yellow Green	➤
Risks are Being Mitigated	➤	Red Yellow Green	➤
Delivery Organization Benefits are Being Realized	➤	Red Yellow Green	➤

Debrief



PM Feedback

After the case study exercise:

- The PM describes what went well
- The team describes what went well
- The PM describes what could have been better
- The team describes what could have been better
- Hand the feedback forms to the PM
- After providing the PM feedback. Document your lessons learned in the Learning Log.
 - This should include any changes that you plan to make to your work as a result of this exercise.

