Project Risk Management

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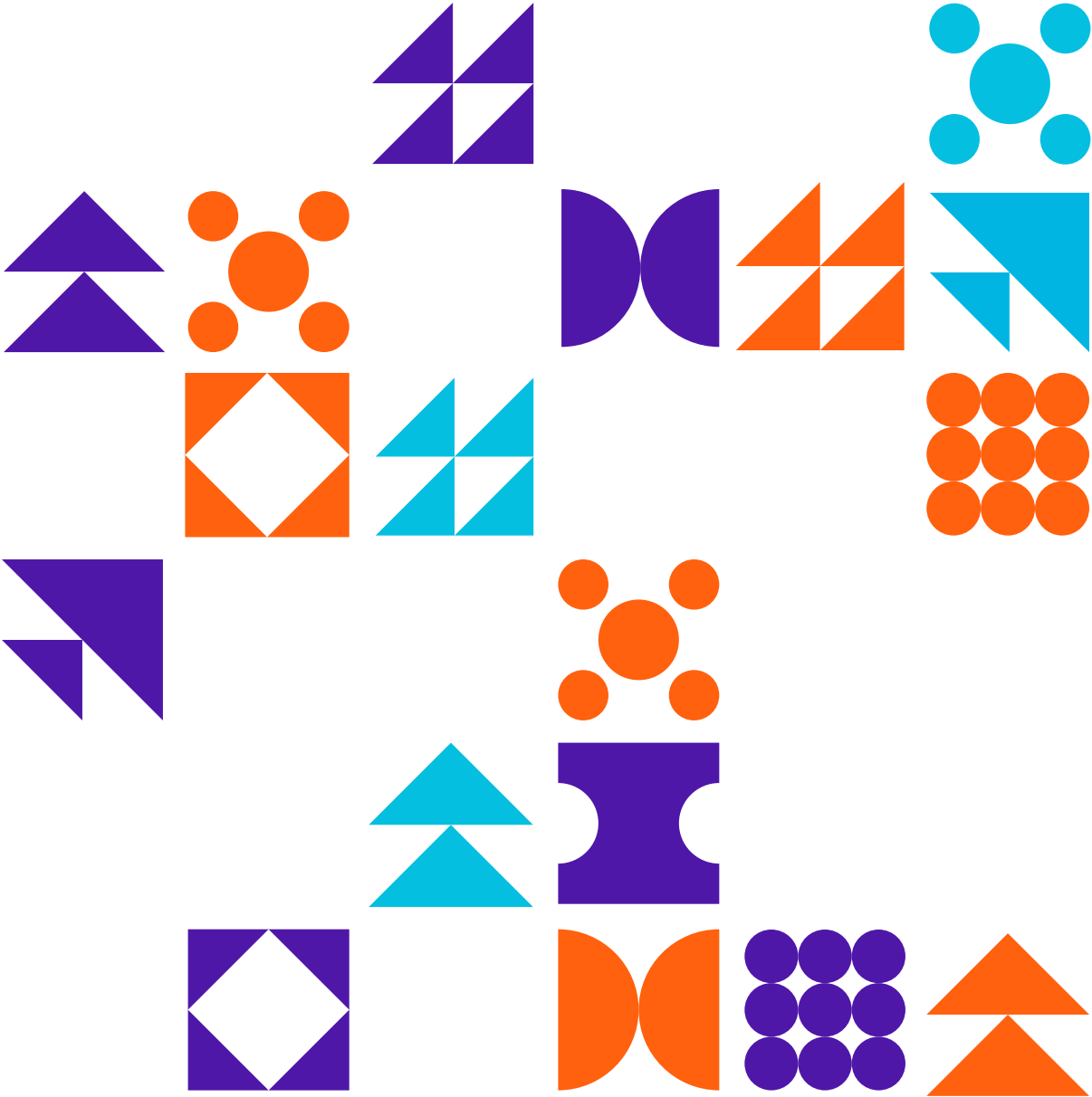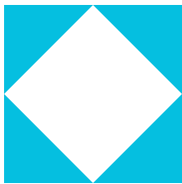
PMI Tasmania Chapter

Melanie Strachan

Managing Director, Phase 2 Consulting

Thursday 19th September 2024
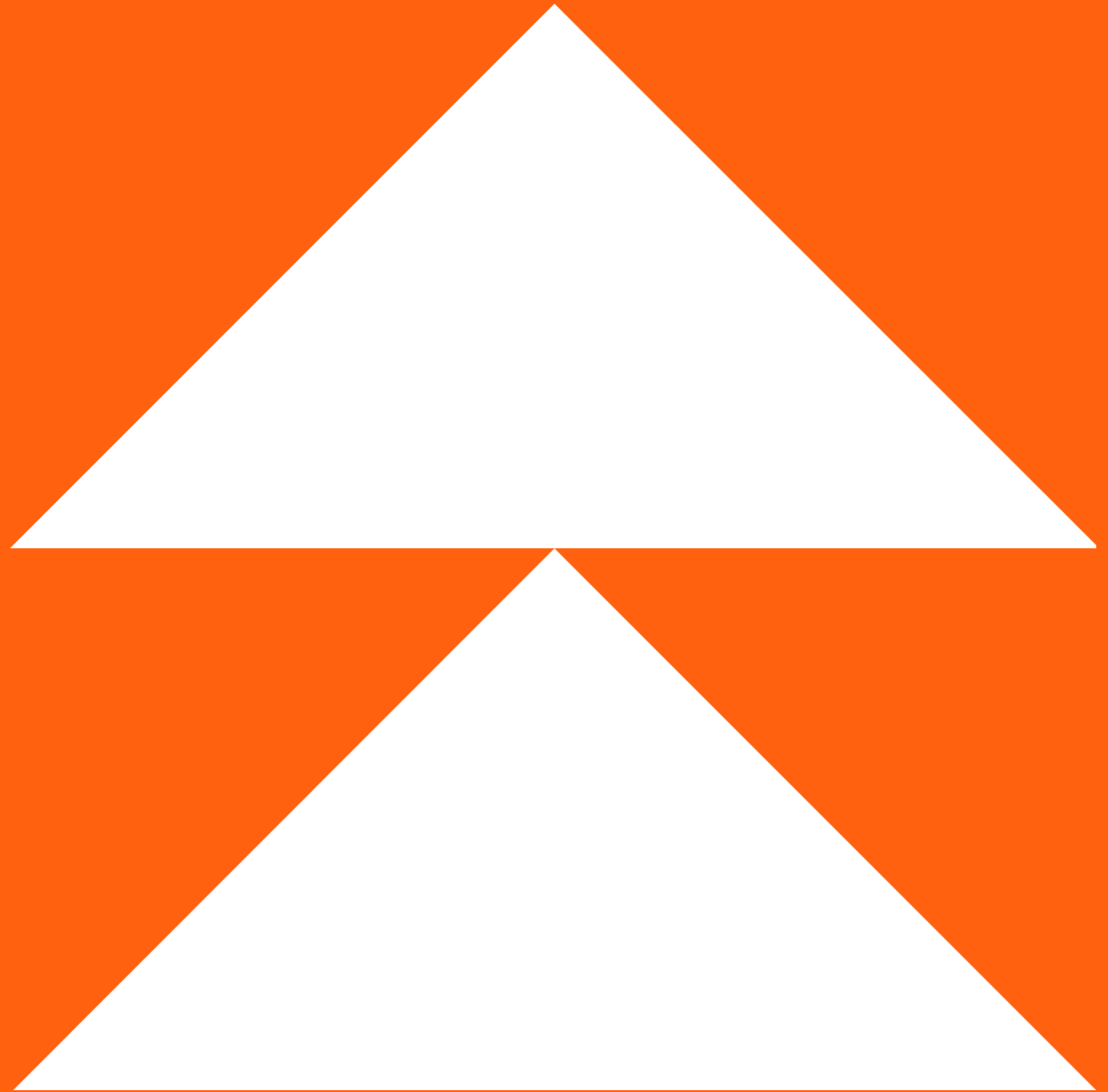
Project Risk Management

Future-proofing your projects

Project Risk Management

Future-proofing your projects

Please watch this webinar in gallery mode

Our Presenter

Melanie Strachan

Managing Director, Phase 2 Consulting

Treasurer, PMI Tasmania

Melanie is the Managing Director of consulting firm, Phase 2 Consulting. She has a history of successfully delivering a wide range of large, high profile, and strategic projects in many complex business environments.

Her specialty is Government project and program delivery and Project/Program Management Office functions. Her 30-years career includes:

- Program Director
- PMO/EPMO Director
- Strategic Projects Advisor
- Digital Health Consulting.

In addition to her career in project delivery and consulting, Melanie has also owned and operated several retail and commercial businesses and has held positions on not-for-profit and charity boards. She is the Treasurer and webmaster for PMI Tasmania.

Slido / Menti Survey

Create a Slido or Menti survey

Ask questions such as:

- What do you hope to get out of this session

- Are you a member of PMI / PMI Tasmania

- Do you hold a PMI certification

- etc

Insert QR Code here

Risk Management
Is for All of Us!

Risk Management
Is for All of Us!

Risk Management Roles and Responsibilities

Executive / Senior Leadership

- Accountable for the Organisational risk management policy

- Decides and defines the overall risk appetite

- If assistance is sought, provide guidance and de-escalation, as required

Sponsors / Governance

- Ensure appropriate governance, internal controls and risk management strategies are in place

- Make recommendations and take action to mitigate risks and issues escalated by the program / project

- Ensure methodologies are in place to enable effective risk and issue management

- Take action to mitigate risks and treat issues escalated by the program / project

Program / Project Managers:

- Ensure risk and issue management practices and escalation processes are in place and the program / project team is appropriately supported

- Report all high and extreme risks and issues (at a minimum) to relevant governance and sponsors

- Follow up with risk and action owners to ensure mitigation and treatment actions are being progressed

Risk Management Roles and Responsibilities

Risk Owner / Business Owner

- Ultimately accountable for ensuring the risk / issue is managed appropriately and mitigation / treatment actions are undertaken

- Assist with the identification, analysis and evaluation of risks and issues

- Support mitigation and treatment actions

- Report to relevant governance and sponsors; keeping the program / project manager updated on status of actions

Stakeholders

- Assist with the identification, analysis and evaluation of risks and issues

- Support mitigation and treatment actions

Project Management Office

- Enable and support effective program / project risk management processes in line with organisational risk management requirements

- Set risk management standards and monitor tolerances

- Owners of the Risk Management Framework

Terminology

Risk

An uncertain event or set of events that, should it occur, will have an impact on the achievement of objectives

Can be negative; but can also be positive (opportunity)

There should be a risk identified for every assumption, constraint and dependency associated with the project

Issue

A major problem that is or will impact the project.

Because an issue is something that has occurred, is occurring or will occur with certainty, an issue is just "a risk with 100% likelihood"

When the issue was foreseen, it is identified as a realised risk

Mitigation/Treatment

The action of reducing the severity, seriousness, or painfulness of an event.

In risk management theory:

mitigation means to take preventative action to reduce the likelihood and/or consequence of a risk

treatment means the action(s) taken to reduce the impact of an issue.

Hence, mitigations are preventative, treatments are reactionary

Risk Management

The systematic process of identifying, analysing and responding to risk.

Identifying something as a risk:

increases its visibility

allows a proactive risk management plan to be put into place

Risk Management Process

Step 1 – Identify Risks

Step 2 – Analyse Risks

Step 3 – Evaluate Risks

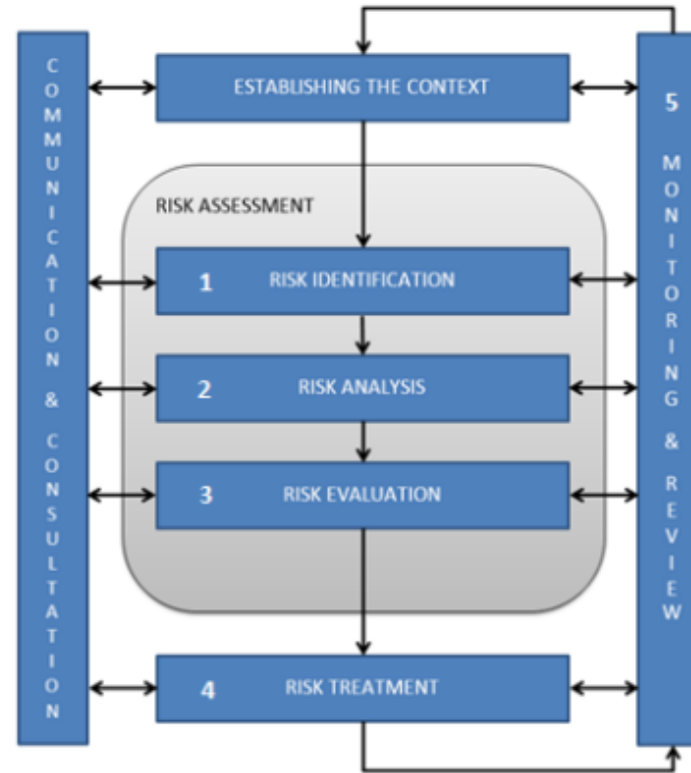Step 4 – Mitigate Risks

Step 5 – Monitor and Review Risks

Figure 1 Adapted from AS/NZS ISO 31000:2009

Step 1 – Identify Risks

- An iterative process that generates a comprehensive list of threats and opportunities

- Occurs at all stages of the project / program lifecycle

- May be informed in formal workshops / brainstorming sessions, during meetings, etc

- If an event is identified that could have an impact on the initiative, it should be considered a potential risk and should be recorded
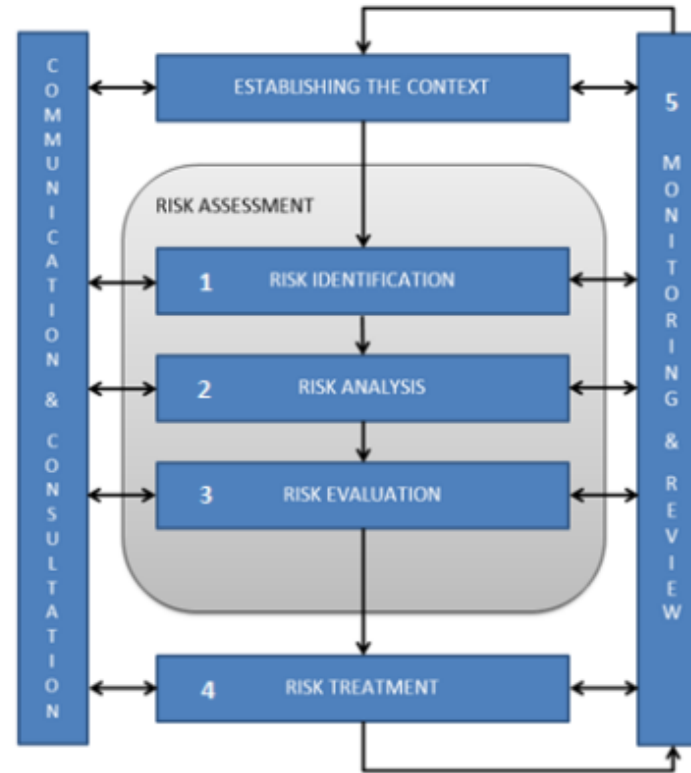

Figure 1 Adapted from AS/NZS ISO 31000:2009

Risk Brainstorming

Potential sources of risks:

- Incorrect assumptions

- Constraints on the project / initiative

- Dependencies (external or internal)

- Actions or consequences of actions

- Uncertainties and unknowns

- Errors / mistakes (what could go wrong?)

Types of risks:

- Political

- Economic

- Social

- Technical

- Legal / compliance

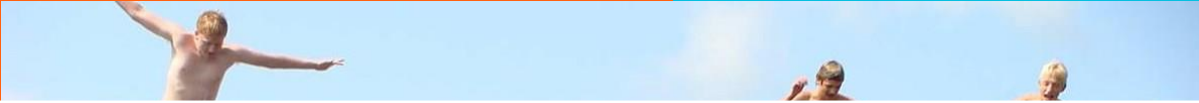- Environmental

Other possible risk factors:

- Related projects, initiatives, solutions

- Dependent technology, interfaces, integration

- Governance and accountability

- Policies, procedures, business practices

- Resource availability (financial, labour, technical, etc)

"Bellies and Bad Nights?"

Risk Evaluation

"We can jump off that bridge..."

"When it crumbles beneath us!"

Step 2 – Analyse Risks

- Risks are analysed from two perspectives:
  - Likelihood – the chance of the risk event occurring
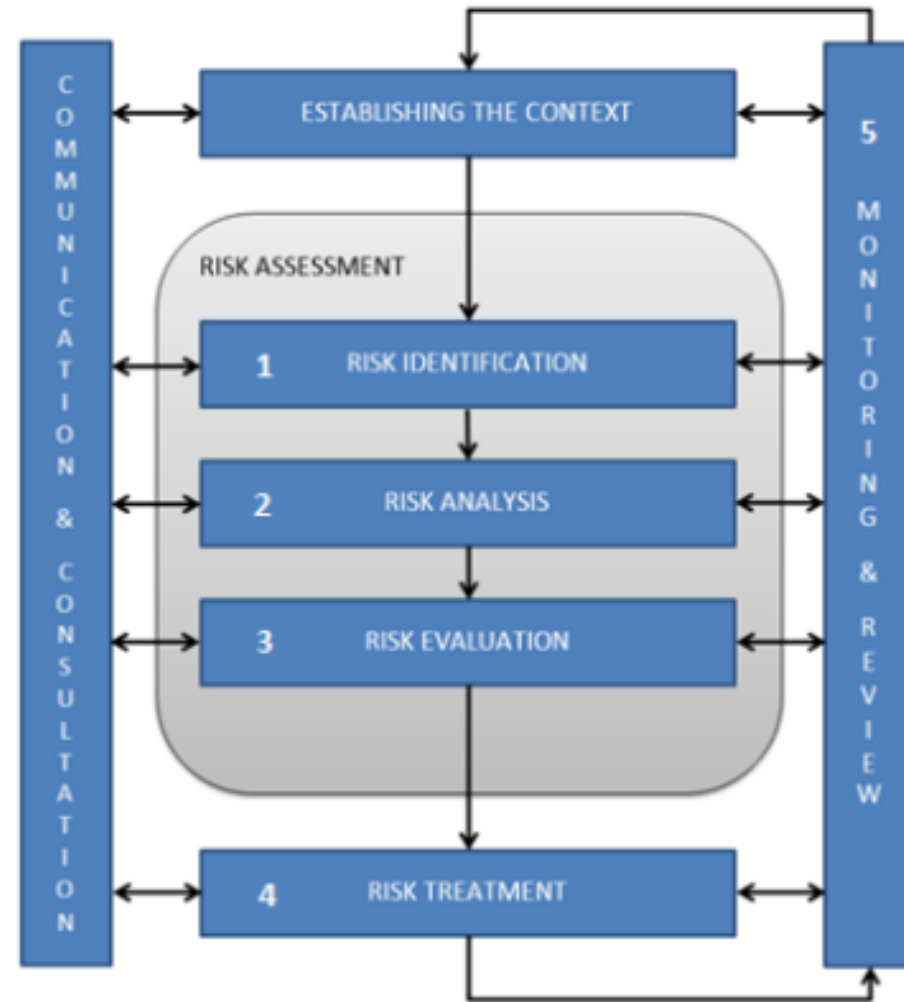 - Consequence – the impact the risk will have if it does occur

Figure 1 Adapted from AS/NZS ISO 31000:2009

Analyse – Risk Ratings

Likelihood

Likelihood	Guidance
Almost Certain	Is expected to occur
Likely	Will probably occur in most circumstances
Possible	Aware of instances that have occurred at some time or it is considered likely it might occur
Unlikely	Could occur at some time or it is considered unlikely to occur
Rare	May occur but would only be in exceptional circumstances

Consequence

Consequence Category	Negligible	Minor	Moderate	Major	Extreme
Patient service delivery – impact on quality, timeliness and continuity of services	Isolated failure in patient service delivery activities with incidental impact	Isolated failure in patient service delivery activities resulting in minor patient impairment(s) which are simply resolved	Failure in patient service delivery activities resulting in patient impairment(s) which are reversible with proper care and management	Failure in patient service delivery activities resulting in significant irreversible patient impairment(s)	Failure in patient service delivery activities resulting in patient death(s)
Outsourced / purchased health and human services – impact on quality, timeliness and continuity of services purchased by DHHS and provided by external organisations.	Isolated failure in client service delivery activities with incidental impact	Isolated failure in client service delivery activities with minor impacts which are relatively simply resolved	Failure in client service delivery activities resulting with impact on client(s) impacts which are reversible with proper care and management	Failure in client service delivery activities resulting in material and permanent harm to individual clients or segmented groups of clients	Failure in client service delivery activities resulting in client death(s) or material, sustained and irreversible impacts on broad client groups
Community/Population health outcomes - the impact of events on public health or desired policy outcomes in respect to Community/Population health	Isolated failure to achieve outcomes with incidental impact	Isolated failure to achieve outcomes which can be simply addressed	Failure to achieve outcomes which can be reversed with proper care and management	Failure to protect public health or achieve policy outcomes which result in enduring adverse health outcomes for segmented community groups.	Major or systemic failure to protect public health or achieve policy outcomes which has widespread and enduring adverse health outcomes for the broad community
Other policy and Planning outcomes - the impact on desired policy outcomes excluding Community/Population health.	Incidental/isolated failure to achieve Policy outcomes	Minor failure to achieve Policy outcomes which can be simply resolved	Failure to achieve Policy outcomes resulting in recurring incidents which are able to be resolved with proper attention	Failure to achieve policy outcomes which have material enduring adverse outcomes for segmented community groups.	Systemic failure to achieve major policy outcomes which has material, widespread and enduring adverse community impacts.
Regulatory, legal and internal policy compliance –impact on legislative, regulatory and internal policy compliance	Isolated regulatory, legal or internal policy failure with incidental impact	Minor legal, regulatory or internal policy failure which can be simply resolved	Limited legal, regulatory or internal policy failure with consequences that can be managed with proper attention	Major level, regulatory or internal policy failure – possibility of prosecution by authorities with sanctions	Major, systemic legal, regulatory or internal policy failure – resulting in prosecution by authorities and material sanctions
Reputation –impact on the Department's reputation with key stakeholders	An insignificant impact on reputation	An event which could lead to limited adverse media coverage.	An event leading to significant but intermittent adverse media coverage/ damage.	An event leading to significant and ongoing (shorter-term) adverse media coverage/ damage.	An event leading to significant and sustained (longer-term) adverse media coverage/ damage.
Work health and safety– impact on personal health and safety	An incidental workplace injury	Minor workplace injury requiring minimal treatment	An event causing injuries requiring medical treatment	An event with potential to cause significant injuries	An event with potential to cause multiple major injuries (possibly including death(s)
Management effort – impact on management effort required to respond to an event	An event, the impact of which can be absorbed through normal activity	An event, the consequences of which can be absorbed but management effort is required to minimise the impact.	A significant event which can be managed with concerted effort under normal circumstances.	A critical event which with proper management can be endured with dedication of significant resources	A disaster with potential to lead to significant prolonged business interruption.
Financial –impact on the budget (Strategic level) – at the Group/Business Unit level this will vary according to budget levels	< $500k	$500k - $5m	$5m - $25m	$25m - $100m	>$100m

Rating

Overall Risk Rating		Consequence				
		Negligible	**Minor**	**Moderate**	**Major**	**Extreme**
Likelihood	**Almost Certain**	Medium (7)	High (11)	Extreme (17)	Extreme (23)	Extreme (25)
	Likely	Medium (6)	High (10)	High (16)	Extreme (20)	Extreme (24)
	Possible	Low (3)	Medium (9)	High (15)	High (18)	Extreme (22)
	Unlikely	Low (2)	Medium (8)	Medium (12)	High (14)	High (21)
	Rare	Low (1)	Low (4)	Low (5)	Medium (13)	Medium (19)

Analyse – Risk Ratings

Consequence

Consequence Category					
	Negligible	**Minor**	**Moderate**	**Major**	**Extreme**
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Financial –impact on the budget (Strategic level) – *at the Group/Business Unit level this will vary according to budget levels*	< $500k	$500k - $5m	$5m - $25m	$25m - $100m	>$100m

Step 3 – Evaluate Risks

- Risk evaluation involves determining:
    - which risks need active mitigation
    - the appropriate level of effort to be expended on mitigation activities
    - the relative priority of each risk within the risk register.

- Consider all the risks in a risk register - use the risk rating to prioritise all risks from greatest priority to lowest

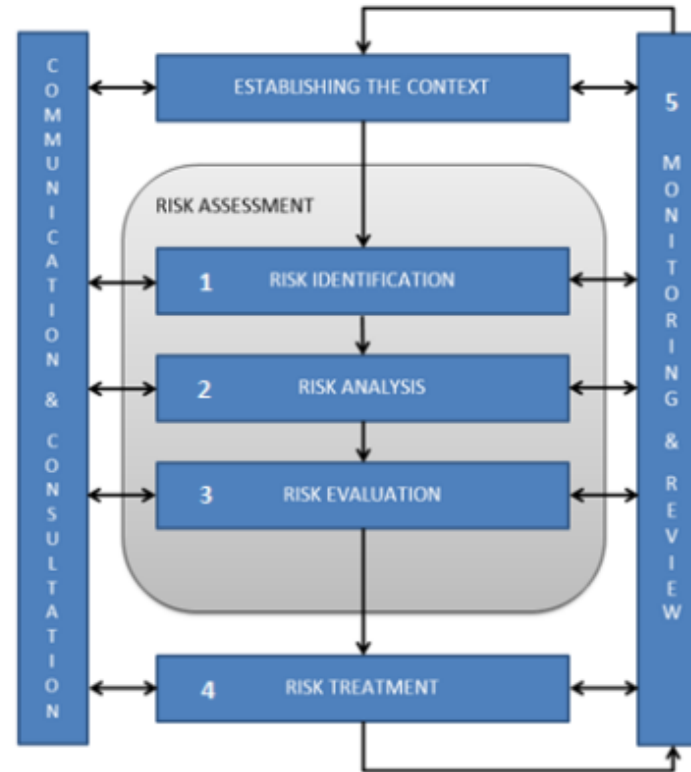- Consider the level of effort to apply to mitigation activities

Figure 1 Adapted from AS/NZS ISO 31000:2009

Step 4 – Mitigate Risks

- Identify, assess and implement mitigations to reduce the consequence and/or likelihood of a risk

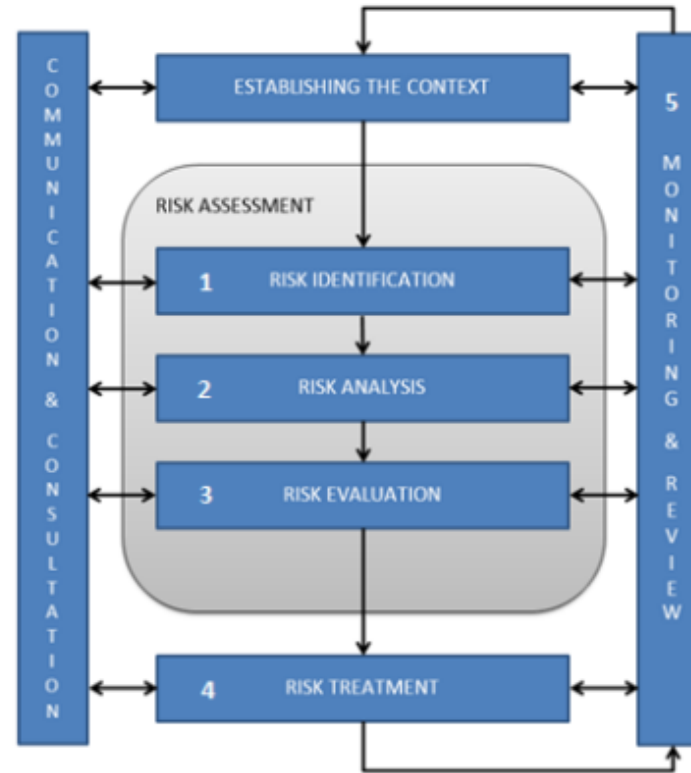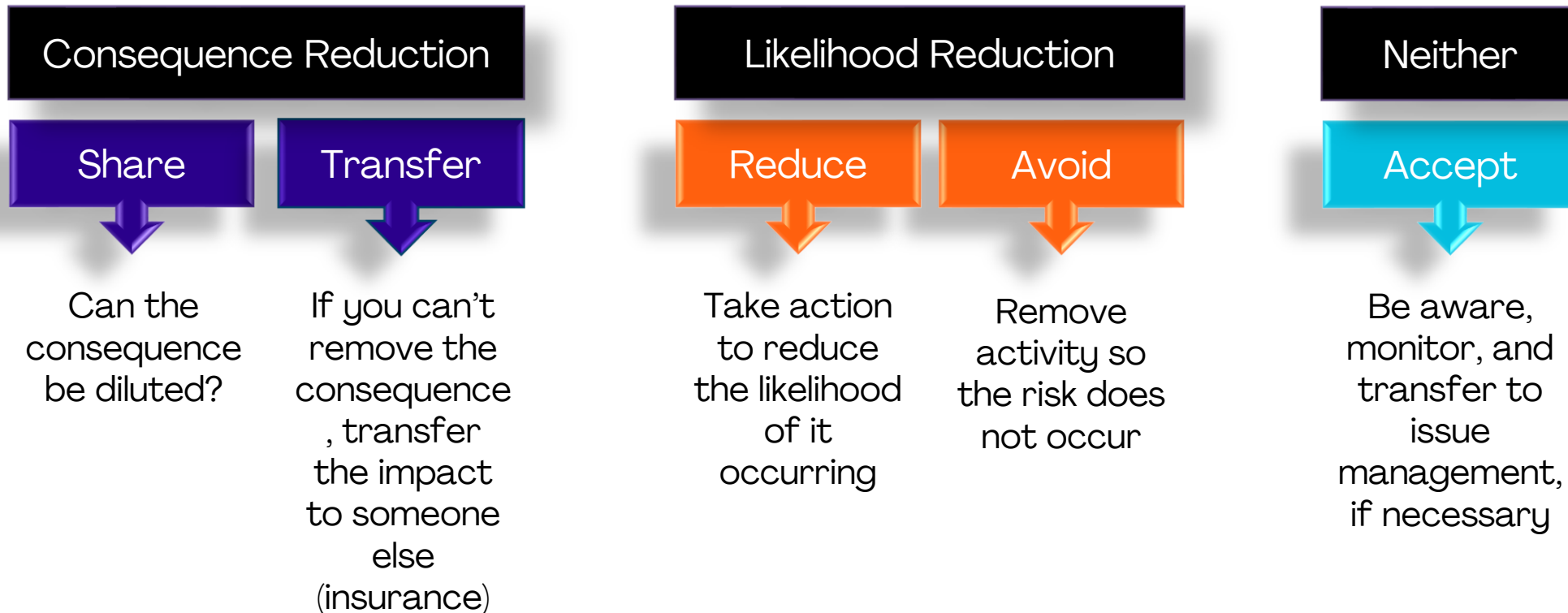- Assign risk owners and mitigation action owners

Figure 1 Adapted from AS/NZS ISO 31000:2009

Mitigation (and Treatment) Types

Consequence Reduction

Share

Can the consequence be diluted?

Transfer

If you can't remove the consequence, transfer the impact to someone else (insurance)

Likelihood Reduction

Reduce

Take action to reduce the likelihood of it occurring

Avoid

Remove activity so the risk does not occur

Neither

Accept

Be aware, monitor, and transfer to issue management, if necessary

Step 5 – **Monitor and Control**

- Conduct regular reviews to reassess each risk

- Update likelihood and consequence as things change

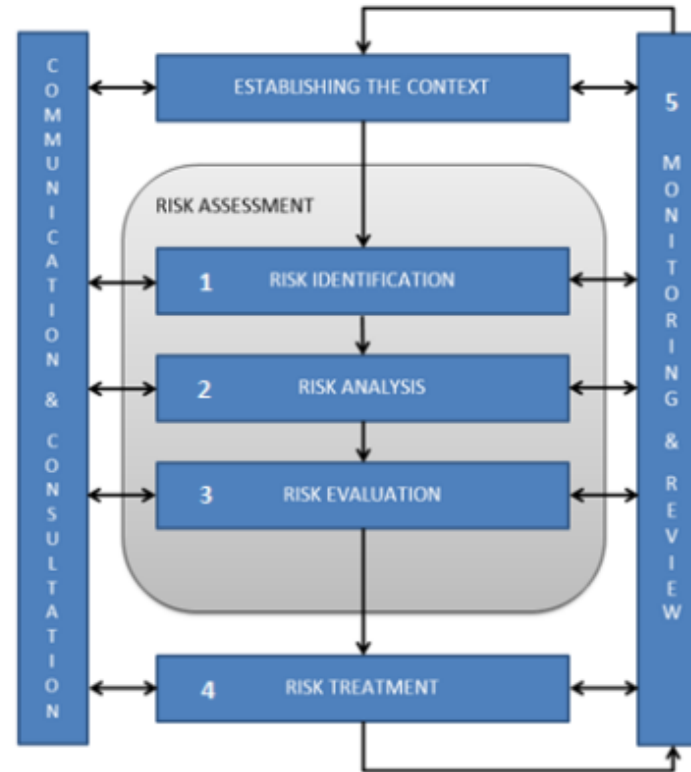- Re-evaluate the value of mitigation actions

Figure 1 Adapted from AS/NZS ISO 31000:2009

Embedding a Risk Management Culture

Risks can arise from

- Assumptions

- Constraints

- Dependencies

Embed these section in all program / project documentation

Embedding a Risk Management Culture

Include a section for risks and issues in program / project status reports

Indicate the current level of risk

RISKS							
Date Raised	Risk	Inherent Rating	Mitigation	Residual Rating	Risk Movement	Last Modified	Risk Owner

ISSUES						
Date Raised	Issue	Treatment	Rating	Issue Movement	Last Modified	Assigned To

Embedding a Risk Management Culture

Hold regular Risk Meetings where:

- new risks are identified and recorded

- existing risks are reviewed

If you're following an Agile Methodology, are you addressing blockers?

AGENDA   Program Risk Mgt Meeting

MEETING DETAILS	
Purpose	The purpose of this meeting is to identify and assess risks, plan mitigation / risk responses, review risk status & progress.
Date and Time	Thursday 17.09.2014 (11.30-12.30)
Location	Meeting Room 4.19, Executive Annex, City
Attendees	

AGENDA			
Item	Description	Notes	Owner
Opening • Apologies • Approval of Minutes • Review of Outstanding Action Items	Apologies Review previous minutes Review action items and update actions		
Risk/Issue status update Risk log	New or closed risks/issues this period - #474, 475,476 New risks/issues proposed this period New Risk/Action owner of Risks/Issues/Actions owned by Sheryn Darr	ExecutiveSummaryReport -	
Key project level risks	Risks/issues to be escalated		All

Embedding a Risk Management Culture

Never let your Risk Register get stale; review it regularly

Hint: review your register whenever you produce a status report and/or before each risk management meeting

Risks					
Reference ID	**Context**	**Description**	**Inherent risk**	**Treatments/ Agreed action**	**Residual risk**
R-ICT-Pfo-Prg-016	A	**Resource availability** There is a risk that securing appropriately skilled temporary full-time staff for the Digital Healthcare Portfolio will be challenging. There is a possibility that proposed projects could be delayed or not completed, caused by not being able to recruit suitably skilled staff, the consequence of which may result in a delay to projects commencing or the need to recruit contract staff at higher labour costs.	Very High (23)	1. Undertake temporary full-time government recruitment processes – in progress. 2. Prepare resource options paper for Executive decision (if risk is realised) – in progress. 3. Enact recommended option – not started. **Update Apr 2019** The resource options paper is circulating for consideration **Trending UP**	High (15)

Currectly Articulating Risks

As project professionals we understand risk.
We shouldn't expect that our stakeholders do.
Fully articulate the risk statement.

Risk Event

Describe the potential event

Risk Cause

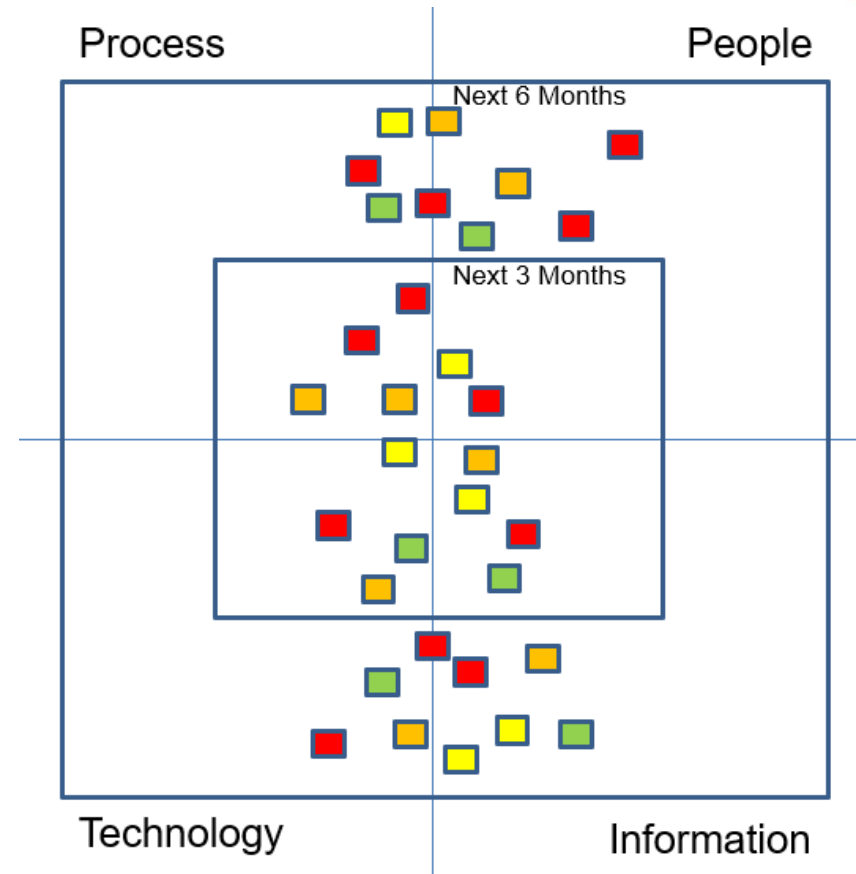Describe the possible source or cause of the event

Risk Impact

Consider everything that may be impacted

Describe the possible impacts

"There is a risk that … The cause of this may be … The impact of this could be …"

Risk Management Tools
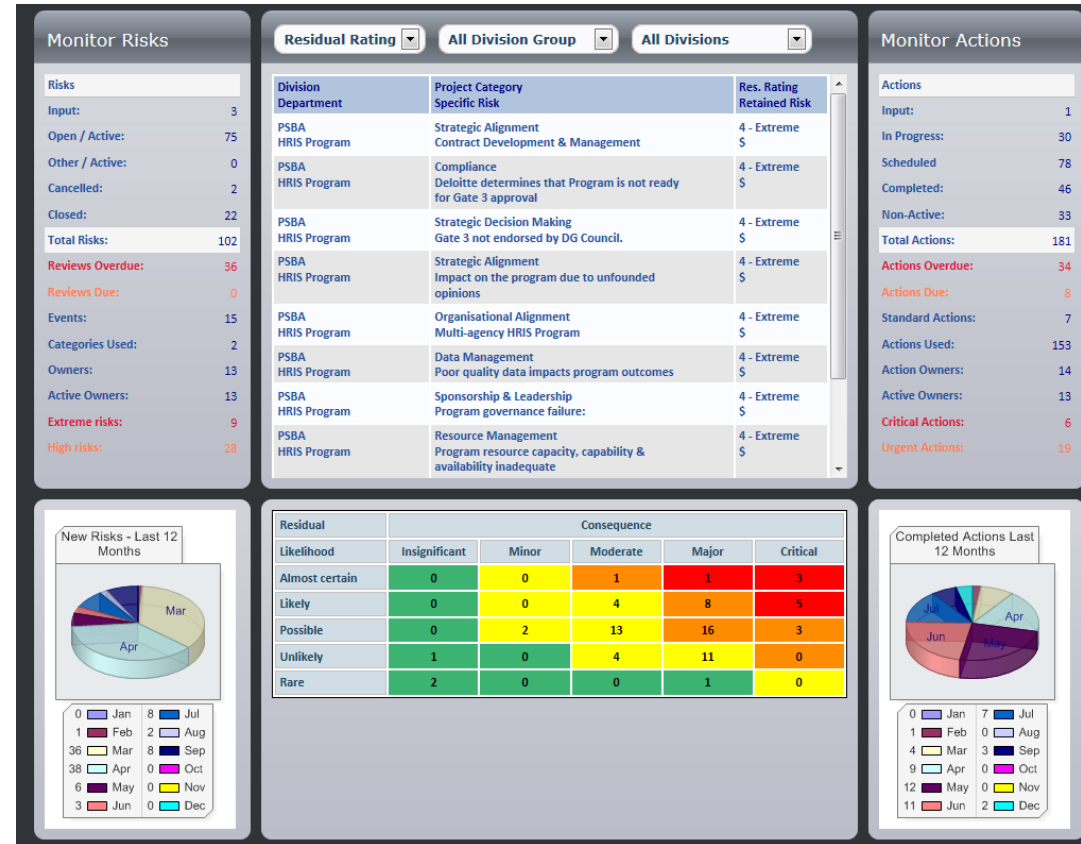
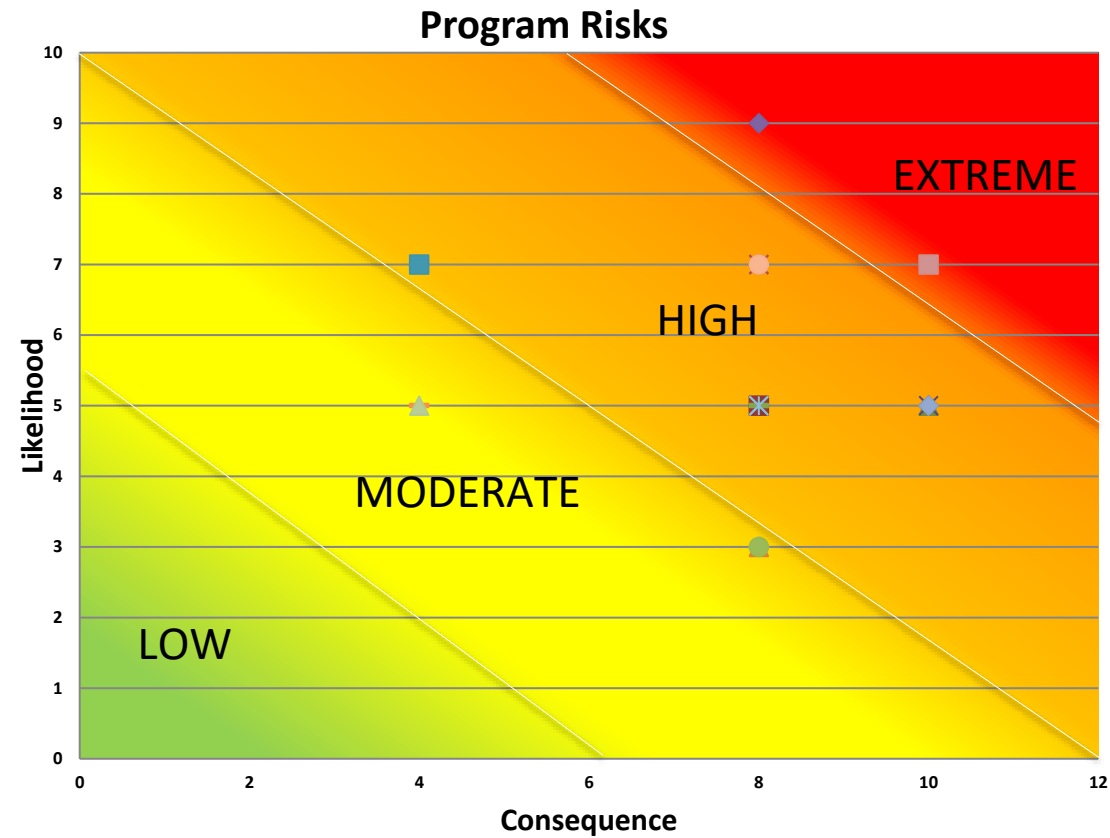Risk Radar

Risk Management Tools

RAID

RAIDL

CRAIDL
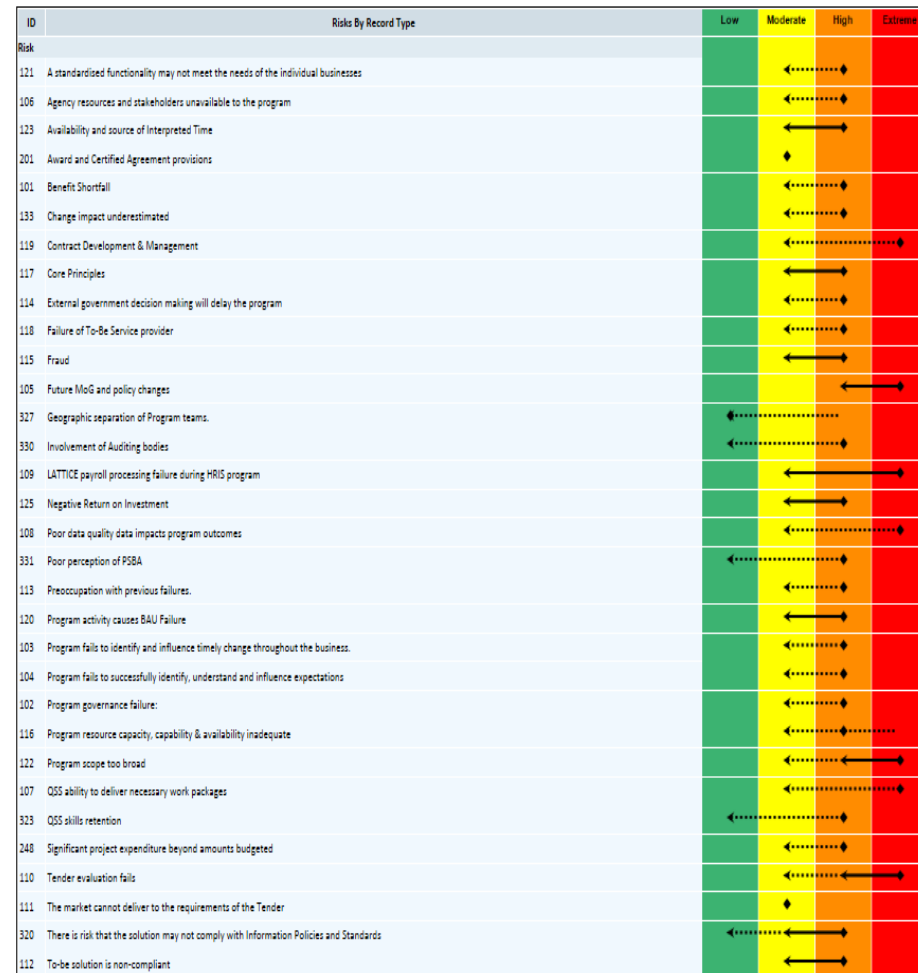
Risk Management Tools

Risk Dashboards

Risk Management Tools

Risk Gradiant

Program Risks

Risk Management Tools

Risk Variation Graph

Project Risk Management

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Benefits of PMI Membership

Recognition

Access to free webinars and discounted events to earn PDUs toward globally recognized certifications

Advancement

Enrich your project management journey with free tools, publications, and real-time guidance

Community

Connect with like-minded professionals, build meaningful relationships, and elevate our world together

Purpose

Contribute your project skills and knowledge to make a positive impact across communities

- Global network of chapters
- Access to a wide network of resources including publications, journals and licensed PMBOK
- Special interest groups
- Discounted certifications
- Discounts for events, seminars and professional development
- Comprehensive and continuous education – PDU program
- Fun   FUN   F U N ! ! !

Share your passion. Earn PDUs.
Volunteer with PMI.

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VOL UNT EER

Are you looking to grow your experience and professional development?

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Earn one PDU for every hour of volunteer work, up to 25 PDUs each year, under the Giving Back category. Giving Back PDUs apply across all certifications.

Enrich your life.

Research shows that volunteering can reduce stress, improve physical and mental health, build skills and self-esteem, and create a sense of purpose.

Impact the future of the project management profession by volunteering with PMI today.

Certifications and education

Take Your Career to the Next Level

We offer project management certifications for every experience level. Explore our certifications and discover how they can enhance your career.

Certified Associate in Project Management (CAPM)®

CAPM® certification demonstrates your understanding of the fundamental knowledge, terminology, and processes of effective project management.

Discover the CAPM Certification Advantage

Project Management Professional (PMP)®

PMP® certification is the gold standard in project management. Recognized by organizations worldwide, the PMP validates your competence to perform in the role of a project manager, leading and directing projects and teams.

Discover the PMP Certification Advantage

Program Management Professional (PgMP)®

PgMP® certification is designed for those who manage multiple, complex projects to achieve strategic and organizational results.

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Portfolio Management Professional (PfMP)®

PfMP® certification recognizes the advanced experience and skill of portfolio managers. The PfMP demonstrates your proven ability in the coordinated management of one or more portfolios to achieve organizational objectives.

Discover the PfMP Certification Advantage

PMI Construction Professional (PMI-CP)™

PMI-CP™ helps construction professionals define the gold standard in global construction projects and bring large, complex projects to life.

Discover the PMI-CP™ Certification Advantage

PMI Risk Management Professional (PMI-RMP)®

PMI-RMP® certification demonstrates knowledge and expertise in the specialized area of assessing and identifying project risks along with plans to mitigate threats and capitalize on opportunities.

Discover the PMI-RMP Certification Advantage

PMI Agile Certified Practitioner (PMI-ACP)®

PMI-ACP® certification is designed for individuals who apply agile principles in project management, requiring training, experience, and an exam. It covers methodologies like SCRUM, XP, LEAN, and Kanban.

Discover the PMI-ACP Certification Advantage

PMI Professional in Business Analysis (PMI-PBA)®

PMI-PBA® certification highlights your expertise in business analysis. It spotlights your ability to work effectively with stakeholders to define their business requirements, shape the output of projects, and drive successful business outcomes.

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PMO Certified Practitioner (PMO-CP)™

PMO-CP® certification is perfect for existing PMO professionals and newcomers, offering comprehensive insights into setting up, assessing, managing, and improving value-oriented PMOs.

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PMO Certified Consultant (PMO-CC)®

PMO-CC® certification helps both external/internal consultants and PMO professionals transitioning into consulting roles succeed by guiding them through advanced PMO consulting practices and skills.

Discover the PMO-CC Certification Advantage ⤢

PMI Tasmania Mentoring Program

Mentoring has become an increasingly popular method of developing professional skills and knowledge.

Benefits of mentoring include:

- Opportunity for mentees to enhance project management and people skills.

- Opportunity for both mentors and mentees to learn about project management approaches in other companies, industries, countries.

- An accountability framework for engaging with professional goals.

- PDUs can be claimed by mentors and mentees.

- Just in time support: Mentees receive information and support when they need it.

- Relevance: work issues can be discussed and progressed.

- Satisfaction for mentors when they see mentees achieving their goals.

- Issues discussed during mentoring meetings are strictly confidential.

Hear from our mentors and mentees

As a mentor in the PMI Melbourne Chapter Mentoring Program, I have the privilege of listening and supporting my mentees as they strike out, whether to change jobs or climb the career ladder. It's very exciting and rewarding – I get to learn and reflect about my journey also.

Mentor A

My first Melbourne Chapter mentor encouraged me to write white papers that established me as a project management leader outside of my discipline. My second mentor guided me in negotiating a $15,000 higher salary and applying for a board position.

Mentee C

The PMI Melbourne mentoring program is very purposeful and rewarding. I learnt a lot about IT project management from my mentee.

My PM career has been incredibly interesting, valuable and varied – I felt the strong desire to give something back to this vital profession, especially after taking the PMP certification in July 2020. I get satisfaction out of building a new relationship and discovering new shared learnings – I really enjoy watching people develop.

Mentor B

I have been underestimating the value of "external" mentor for 15 years!

Diversity of thought and experience.

Takeaways: from theoretical to tangible short-term actions.

A valuable opportunity.

Mentor B's Mentee

THANK YOU
See you next time!

PMI Tasmania Chapter
info@pmitas.org