

Risk Management: Small Habits in Risk Planning That Drive Tremendous Project Value

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Agenda

- Introduction
- The importance of risk management
- 5 habits in risk planning
- Q&A

Introduction

- **Erika Flora, PMP, PgMP, ITIL Expert**
 - Principal, Beyond20
 - itSMF and PMI board member and speaker
 - Led multiple ITSM projects
- **Beyond20**
 - ITSM / Project Management training, assessment, consulting, and implementation
 - PMI Global Registered Education Provider
 - APMG Accredited Training Organization (ATO)



The Importance of Risk Management

What is Risk Management?

- Keeping a list of risks?
- Discussing risks at project kick-off?
- A systematic process of ***identifying***, ***analyzing***, and ***responding*** to project risks

Risk Management Activities



Why should you care?

A strong risk management process can decrease problems on a project by as much as 80 or 90%.

- Executive Brief (August 2009)

“A little risk management saves a lot of fan cleaning.”

- Anonymous

5 Habits in Risk Planning

1: Use Simple Tools

RISK IDENTIFICATION				RISK ANALYSIS			RISK PLANNING		
DATE IDENTIFIED	RISK (IF [event] BY [date] THEN [consequence])	CATEGORY	IMPACT DISCUSSION (Consequences)	PROBABILITY (0 - 1)	IMPACT (0 - 100)	REN = Prob x Impact	MITIGATION PLAN	OWNER	CURRENT STATUS/PROGRESS

Simple Games



- **Getting Teams Unstuck: Using Games to Promote Creativity and Solve Problems**
<http://www.beyond20.com/blog>

2: Create IF THEN Statements

IF <event> **BY** <date>
THEN <consequence>

3: Analyze Each Risk

**Risk Event Number (REN) =
Probability x Impact**

- **Scale:**
 - 0 – 35 (low risk)**
 - 36 – 64 (medium risk)**
 - 65 – 100 (high risk)**

4: Plan Risk Responses

- For the risks with the highest REN number, identify the risk response(s)
- Assign ownership

5: Monitor, Control, and Report

- Regularly update the Risk Register

RISK IDENTIFICATION				RISK ANALYSIS			RISK PLANNING		
DATE IDENTIFIED	RISK (IF [event] BY [date] THEN [consequence])	CATEGORY	IMPACT DISCUSSION (Consequences)	PROBABILITY (0 - 1)	IMPACT (0 - 100)	REN = Prob x Impact	MITIGATION PLAN	OWNER	CURRENT STATUS/PROGRESS
7-Feb-07	IF product quality fails to meet Established Quality Goals BY 30-May-08 THEN customer product delivery will be delayed by 1-month	Quality	Customer will miss market window	0.7	90	63	<u>MITIGATE:</u> Add 3- S/W Eng <u>MITIGATE:</u> Test Tool (\$150K) <u>MONITOR:</u> Track S/W Quality <u>ACCEPT:</u> Delay Delivery	Hammond	9-Feb-07 STATUS: Requesting Senior MGMT Approval for More Budget
10-Feb-07	IF vendor-X does not deliver 50-ABC cables BY 10-Mar-07 THEN product testing will be delayed by 3-	Schedule	Customer will miss market window	0.9	50	45	<u>MITIGATE:</u> Solve cable Issue (\$5k) <u>MONITOR:</u> Evaluate test	Smith	10-Feb-07 STATUS: Requesting \$5K to help Vendor-X expediate cable quality issue

Questions?

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