Risk Management
Process Flow Diagram

Assumption Analysis
Work Plan Analysis
Strategic Cost Analysis

Identify Issue
Make Assumption
Grade Assumption
Recommend Risk
Risk Statement
Grade Risk

Action Item

Repository Item

• Stability
• Sensitivity

• Size
• Probability
• Proximity
• Time

Y
N

Y
N

N

Y

Prepare & Monitor Risk Plans
Risk vs. Amount at Stake

Total Project Life Cycle

Plan

Phase 1
CONCEPT
Conceive

Phase 2
DEVELOPMENT
Develop

Phase 3
IMPLEMENTATION
Execute

Phase 4
TERMINATION
Finish

Accomplish

Opportunity and Risk

Amount at Stake

Period when
Highest Risks
are Incurred

Period of
Highest
Risk Impact

INCREASING RISK

TIME

$ VALUE
Assessment for Programme Complexity Criticality

Positioning Projects Relative to Each Other

![Complexity Diagram](image1.png)

![Criticality and Size Diagram](image2.png)
PRIORITIZING ISSUES

Proximity/Time/Size

The Project
Assumption Analysis

Assumption
(In)-Stability - likelihood to change

Our Sensitivity - to the extent of change
Proximity to Heart of Project

Connectivity - Resources

SME - EMU - System Interfaces

Customer Decision Making - Interface Complexity

Role Clarity - Change Readiness

Time to act - Remaining until impact

Bubble Diagram

1. Scope/Changes
2. Complexity
3. Role Clarity - Change Readiness
4. Connectivity - Resources
5. SME - EMU
6. Interface Complexity
7. System Interfaces
8. Connectivity - Resources
9. Role Clarity - Change Readiness
10. SME - EMU
Analyze Known Risks

Size of impact

Proximity - to heart of project

Probability of impact occurrence

Time remaining until action needed
**PMC: Risk Management at a Glance**

**Minimum Risk Management**
1. Maintain a written census of major risks.
2. Analyze and prioritize each one.
3. Identify its earliest trigger.
4. Develop realistic mitigation plans for the greatest risks.
5. Monitor continuously.
6. Appoint someone to be responsible for each risk.

**Risk Roles & Responsibilities**

<table>
<thead>
<tr>
<th>Role</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Management</td>
<td>Allocates Budget, Ensures Effective Risk Procedures, Appoints External Risk Managers</td>
</tr>
<tr>
<td>Project Manager</td>
<td>Agrees on Risk List, Appoints Risk Owners &amp; Managers, Approves Plans</td>
</tr>
<tr>
<td>Risk Manager</td>
<td>Best person to attack the risk, Draws up plans, Runs the plan</td>
</tr>
<tr>
<td>Risk Owner</td>
<td>Best person to understand the risk, Identifies the risk, Agrees on Plan, Monitors Plan</td>
</tr>
<tr>
<td>Risk Administrator</td>
<td>Maintains Risk List, Maintains Status/Age of Risk Data</td>
</tr>
</tbody>
</table>

**ABCD Prioritization Parameters**

<table>
<thead>
<tr>
<th>Parameter</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
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<tbody>
<tr>
<td>Issue</td>
<td>Question</td>
<td>Time</td>
<td>Size</td>
<td>Proximity</td>
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<tr>
<td>Assumption</td>
<td>Single</td>
<td>Stability</td>
<td>Sensitivity</td>
<td></td>
</tr>
<tr>
<td>Risk</td>
<td>If - Then</td>
<td>Timing</td>
<td>Proximity</td>
<td>Impact</td>
</tr>
</tbody>
</table>

**Risk Process**

1. ID
2. Analysis
3. Prioritization
4. Planning
5. Controlling
6. Monitoring

**Risks**

- Low Quality

**Still Need Help?**
Call Project Management Consulting (703) 742-1179 [8-432]