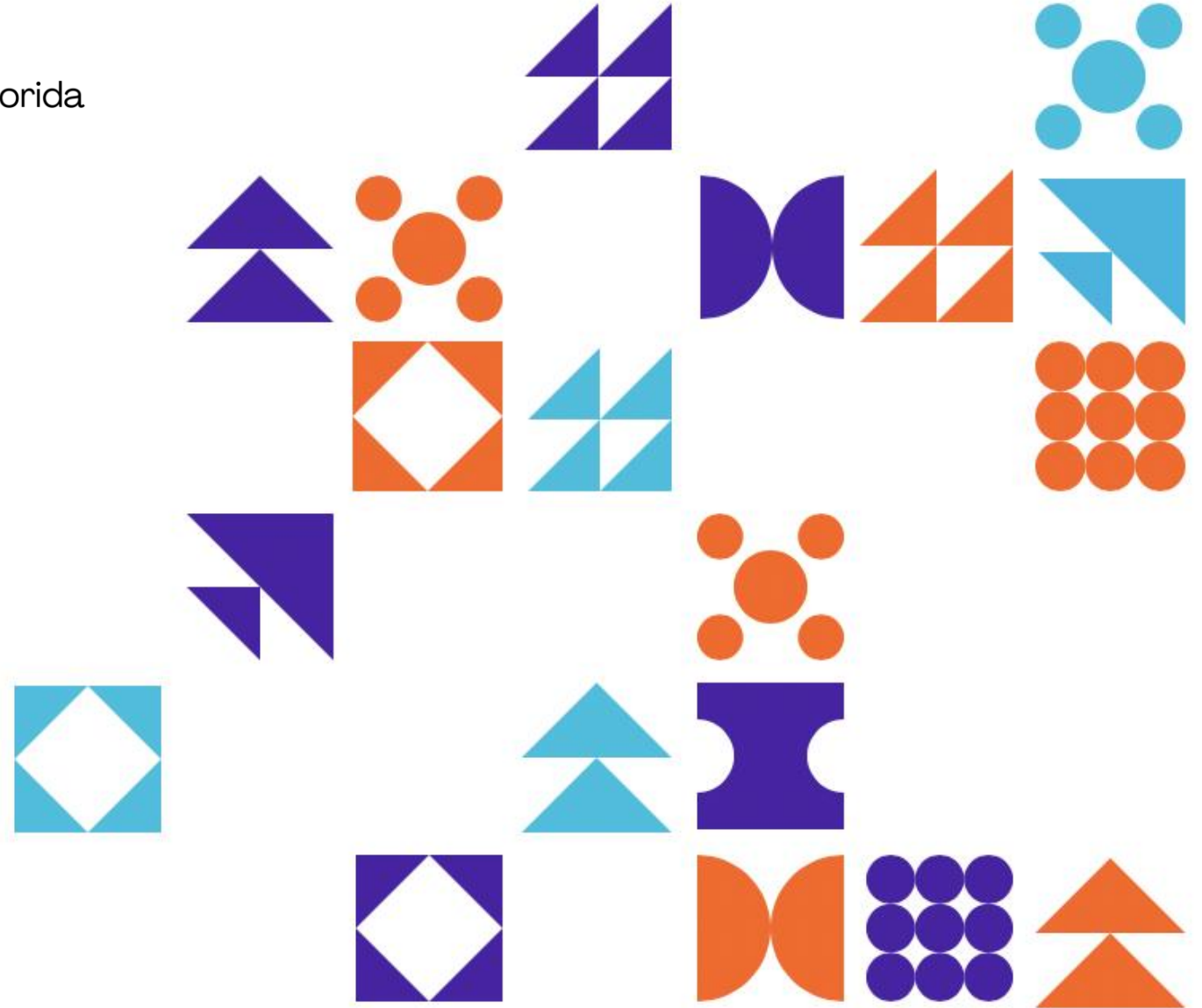


# TAILORING RISK TO YOUR NEEDS

Mike Steele  
July 31, 2021



# Speaker Info/Background

## Mike Steele

- **20+ years of IT experience**

- ADS Environmental
- Sanmina
- Northrop Grumman
- Huntington Ingalls Industries
- Raytheon Technologies

- **Roles**

- Systems Engineer
- IT Project Manager
- IT PMO Manager
- Digital Technology Project Manager

- **U.S. Navy Reserves**

- Seabees

- **Education**

- B.S. Environmental Studies – UWF
- M.S. Industrial Technology – ECU
- PMP, PMI-RMP, ITIL, CSM

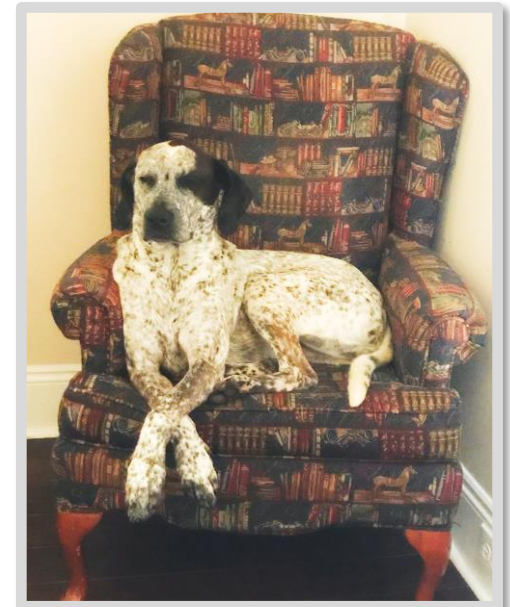
- **Strength Builders**

- Futuristic
- Achiever
- Competition
- Strategic
- Maximizer

- **Myers Briggs**

- ENTJ

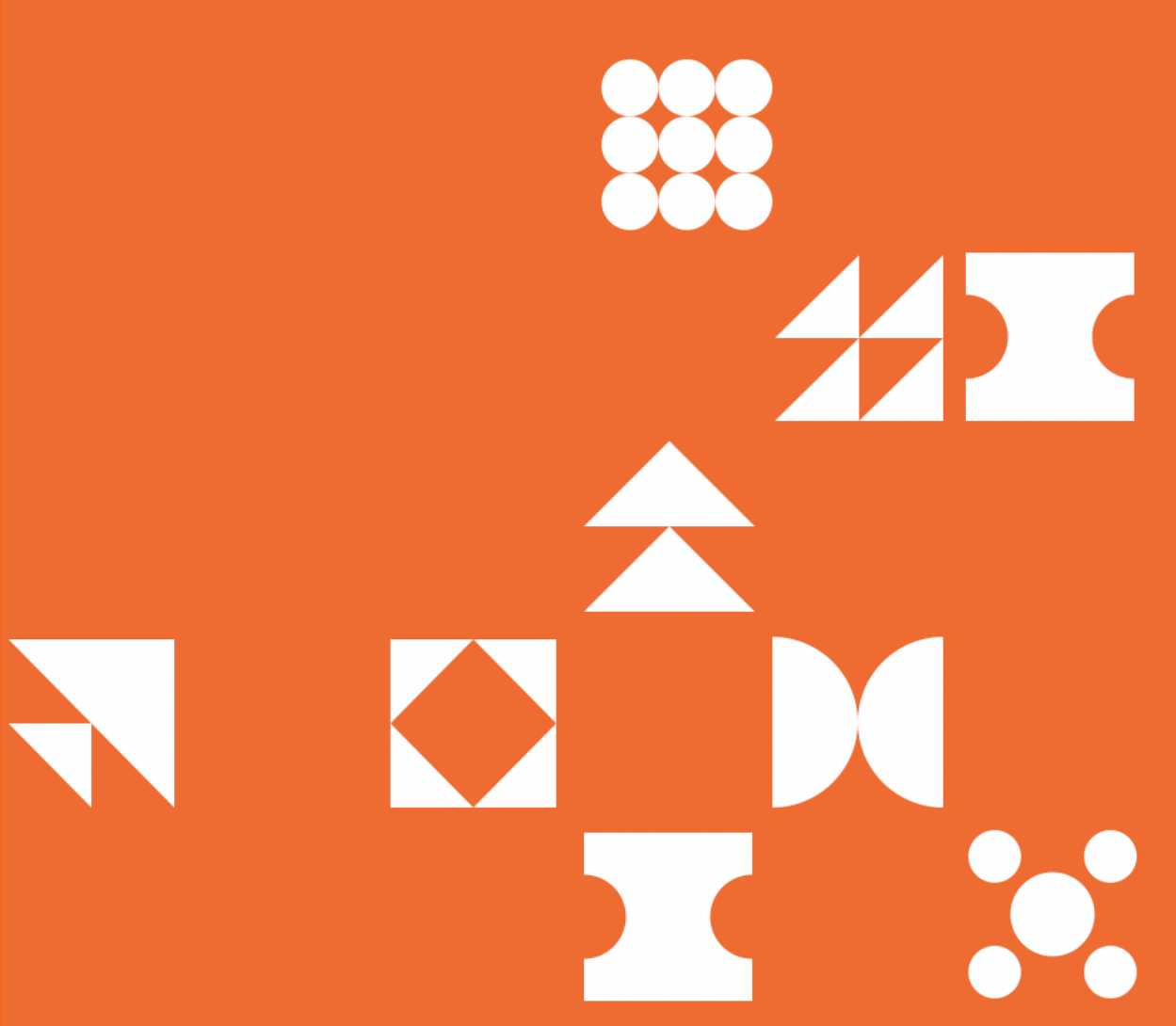
- **Member of PMI Emerald Coast**



# Outline

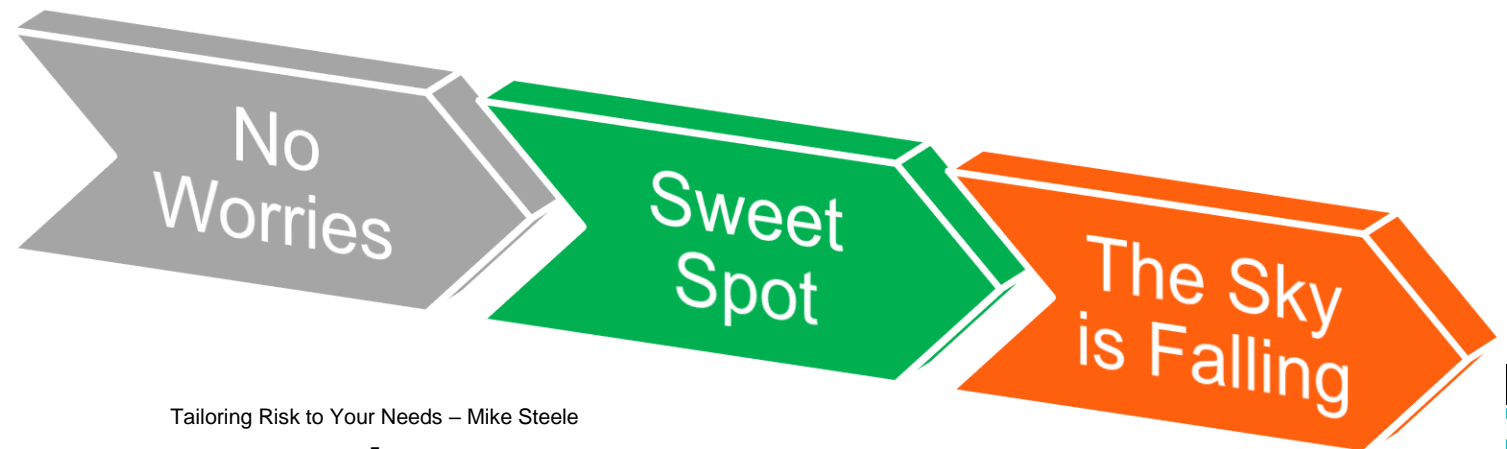
- Preparing for Risk Management
  - Mental focus on risk
  - Why tailor risk?
  - Project levels
  - Key Risk Indicators
- Essential risk deliverables tailored to projects
  - Establish a Risk Register
  - Perform risk reviews
  - Establish risk metrics

# PREPARING FOR RISK MANAGEMENT



# Mental Focus on Risk

- Risk management is proactive
- Every action has risk, always think of how to associate risk to each action
- Risk management allows PMs to turn “feelings” into measurable items
- Be a risk leader, create a “Risk Culture”
- Risk provides an avenue for communication
- Managing risk effectively enables PMs to meet project goals/objectives
- Use risk metrics/lessons learned as input to continuous improvement, use continuous improvement to advance your risk results
- Find your risk “Sweet Spot”



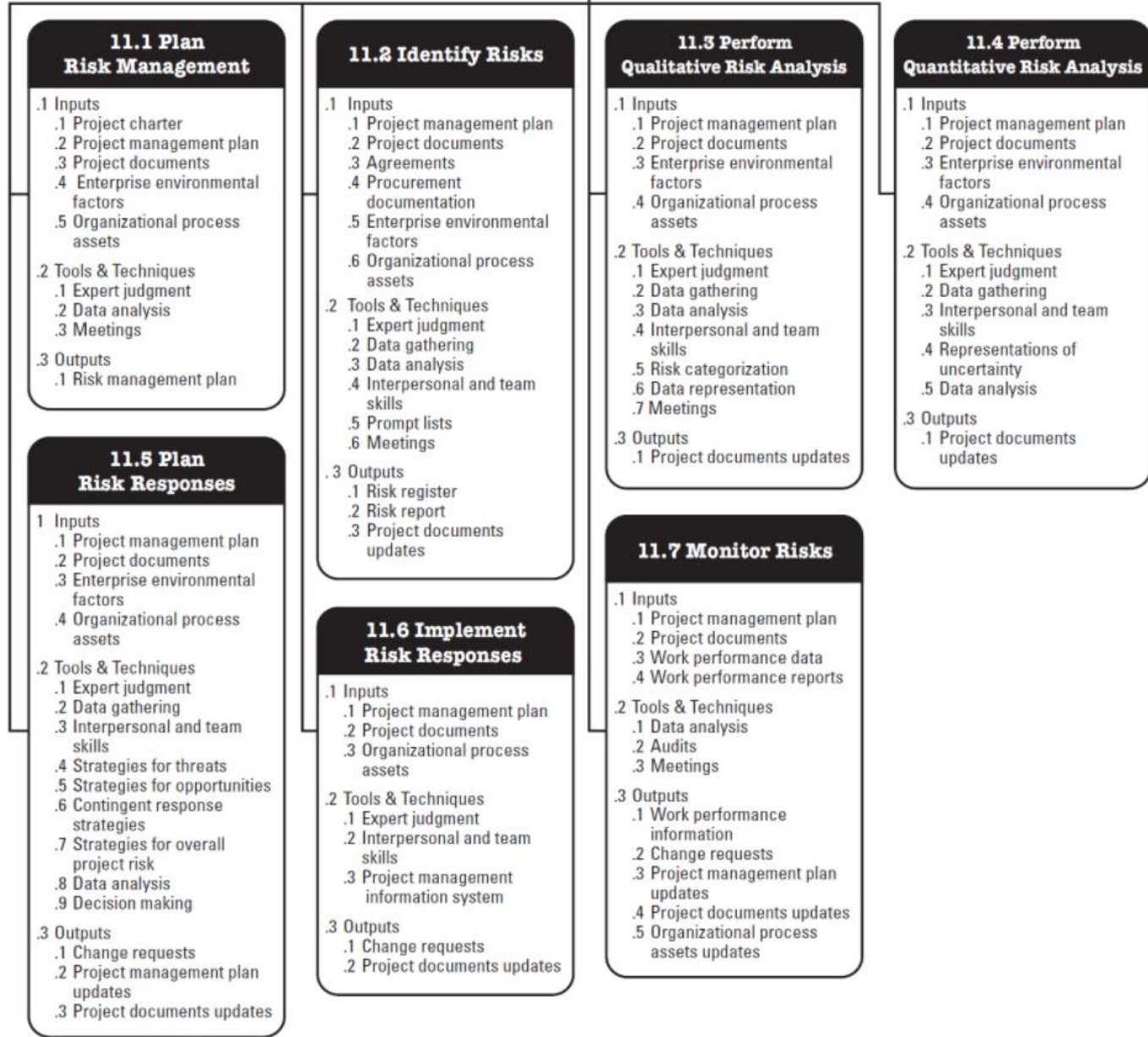
# Result of No Mental Focus?



# Why Tailor Risk?

- **PMI offers a full risk process framework but...**
  - What if your company can't sustain a large risk team?
  - What if the project just doesn't warrant executing the full PMI risk processes?
  - What if the PM is the only one available to execute risk processes?
  - What if your company doesn't have much experience/specialization in risk? (no "Risk Culture")

## Project Risk Management Overview



Source: PMBOK 6<sup>th</sup> Edition Tailoring Risk to Your Needs – Mike Steele



# Project Levels

Project levels are a process of organizing projects into “buckets” by size, criticality, resource demand, or other pre-defined criteria. Project levels enable:

- Prioritization of projects
- Early high level resource estimating
- Process definition per project level
- Pre-defined document templates per project level
- Enable management expectations

Level	Typical Hours	Criticality	Complexity	Budget
Level 3 (Largest)	10,000+	Cyber, Compliance, Enterprise Systems, VP sponsored, must do, resources locked in	Many vendors, business systems, interfaces, large user base	Over 5 million
Level 2 (Medium)	5,000+	Large efforts, secure resources where possible, can impact multiple systems	1 or 2 vendors, several interfaces to med/large business systems	1-5 million
Level 1 (Smallest)	2,000+	Low, work as resources are available	Limited interfaces, small user base	Under 500k

Example

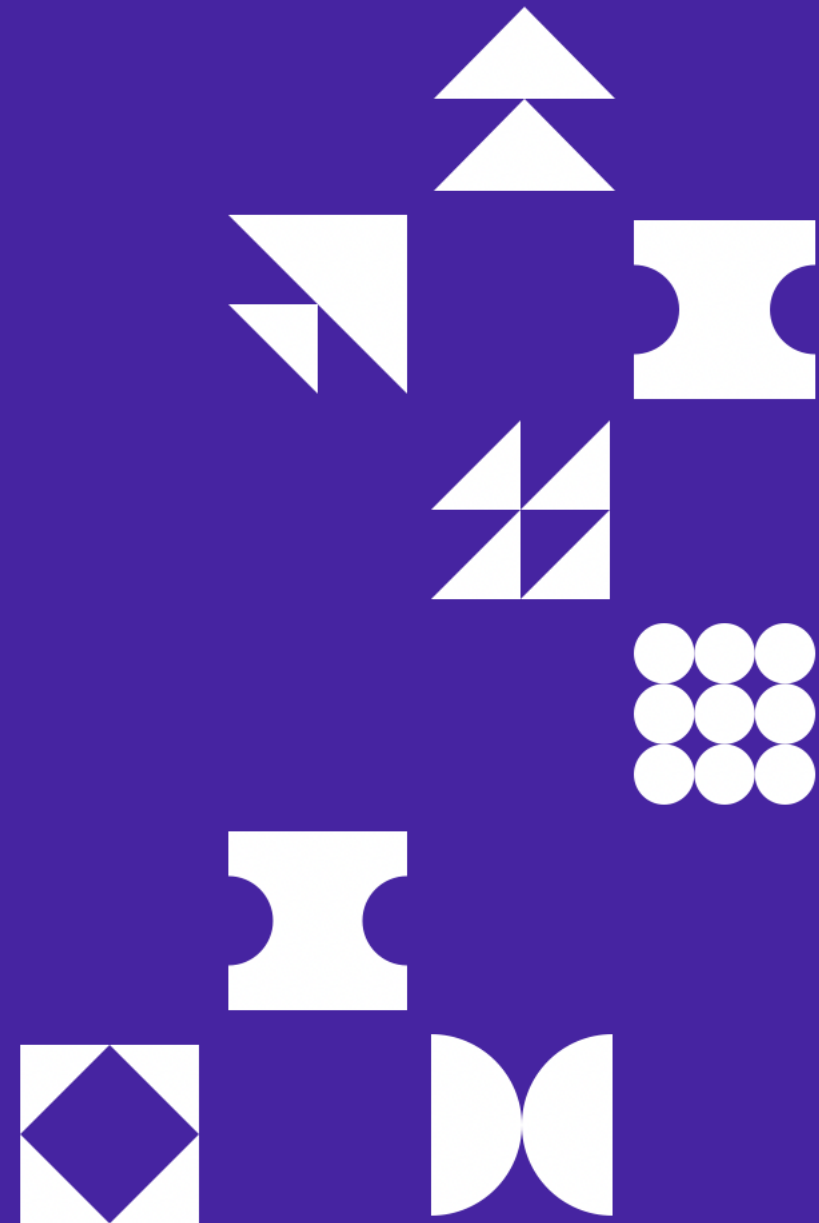
# Key Risk Indicators

Key Risk Indicators (KRI) enable risks to be placed into “buckets.” Valuable for organization, communication, metrics, and lessons learned.

Example

KRI	Risk	Typical Project Impact
1-Requirements	Requirements are not fully developed and documented	Scope creep, budget/schedule overruns, user confusion when testing, too many defects, rework
2-Team	Resources are not available as documented in schedule	Schedule/budget overruns
3-Schedule Design	Schedule is not realistic, dependencies not defined, resource estimates are incorrect	Schedule overruns, frustrated team members, conflicts with other projects, constant schedule changes/additions

ESSENTIAL RISK  
DELIVERABLES  
TAILORED TO PROJECT  
LEVELS



# Essential Risk Deliverables

1. Establish a Risk Management Plan
2. Establish a Risk Register
  - a) Identify risks
  - b) Establish probability/impact
  - c) Establish mitigation plans
  - d) Establish risk triggers
  - e) Establish risk fallback plans
3. Perform risk reviews
4. Establish risk metrics
  - a) Apply lessons learned for continuous improvement

# Risk Management Plan

A Risk Management Plan documents the who, when, and how risk processes will be planned and executed for a project.

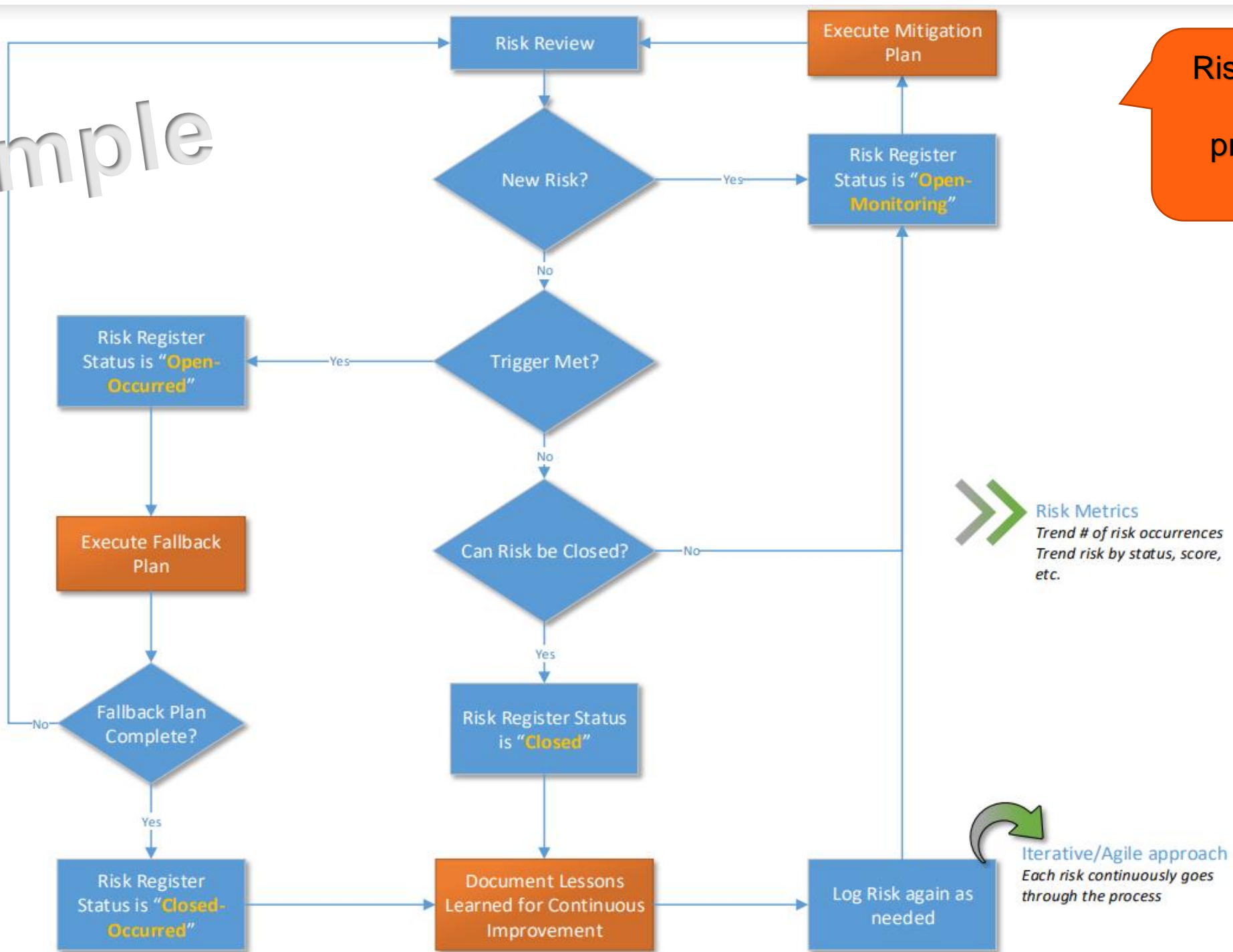
- PM creates a very basic Risk Management Plan (may be part of the Project Management Plan, could be as simple as a summary in the Risk Register, could be a process outline in an email or a flow chart)
- The Risk Management Plan is communicated to project team members
- The Risk Management Plan is updated by the PM

Small  
project/limited  
resources

- A formal stand alone Risk Management Plan should be established and signed off by crucial team members and stakeholders
- The risk processes defined in the Risk Management Plan are complex, and require a specialized team/workstream to execute
- Risk processes are established by PMO
- The Risk Management Plan is changed via a formal Change Advisory Board (CAB)

Large  
projects/resources  
available

# Example



# Risk Register

A Risk Register is an essential tool used to document, review, and communicate risks.

- PM creates/maintains the risk register in Excel
- Individual risk register for each project
- Risk register is communicated/shared with project team members
- Risk register standards are established by the PM

Small  
project/limited  
resources

- Risk register is part of an Enterprise collaboration tool
- Risk register is tied (hierarchy) into programs/portfolios via Enterprise tool
- PMO dictates risk register standards and expected communications
- Risk register can be tied to corporate risk or master schedules (IMS)

Large  
projects/resources  
available

# Identify Risks

Identifying risk is the process of capturing events that could prevent the project from reaching all the project objectives.

- PM documents risks based off experience and lessons learned
- PM has several meetings with team members/stakeholders to identify any gaps
- PM performs peer reviews and makes updates as needed
- Risk are high level and quantity is small enough for the PM to manage

Small  
project/limited  
resources

- PM team executes multiple PMI processes to create a comprehensive list of risks
- Risks are assigned to multiple risk owners or a single workstream owner
- Risks are detailed (sub-risks/RBS) and the quantity is high

Large  
projects/resources  
available

# Establish Probability/Impact

Probability is the chance a risk can occur, Impact is the severity the risk can affect the project.

- PM documents probability/impact based off experience and lessons learned
- PM has several meetings with team members/stakeholders to identify any gaps
- PM performs peer reviews, makes updates as needed
- Probability/Impact is a simple scale (1-5, or Low/Med/High) where a overall **risk score** is calculated in the Excel risk register

Small  
project/limited  
resources

- Probability/Impact is calculated using multiple PMI processes
- Enterprise software allows for complex analysis
- Large specialized team/workstream establishes then analyzes probability/impact frequently

Large  
projects/resources  
available

# Establish Mitigation Plans

Mitigation is a “plan of action” to reduce or eliminate the probability/impact of a risk.

- PM documents mitigation plans based off experience and lessons learned
- PM has several meetings with team members/stakeholders to identify any gaps
- PM performs peer reviews, makes updates as needed
- Mitigation plans are a sentence or two in the Excel risk register

Small  
project/limited  
resources

- Mitigation plans are created using multiple PMI processes
- Mitigation plans are large stand alone Word documents
- A large team/Workstream establishes then reviews mitigation plans frequently
- Mitigation plans are treated as “mini” projects, with clearly documented deliverables/tasks where status is communicated frequently through a risk board/steering committee

Large  
projects/resources  
available

# Establish Risk Triggers

Risk triggers are **measurable** set of rules or criteria that are monitored, and when met, the risk is then considered “occurred.”

- PM documents risk triggers based off experience and lessons learned
- PM has several meetings with team members/stakeholders to identify any gaps
- PM performs peer reviews, makes updates as needed
- Risk triggers are a sentence or two in the Excel risk register, **however, the triggers should be specific enough for the PM to clearly know when a risk has met the trigger**

Small  
project/limited  
resources

- Risk triggers are created using multiple PMI processes
- Enterprise software is used for risk trigger analysis, monitoring, and tracking
- A large specialized team/workstream establishes and reviews risk triggers frequently through a risk board/steering committee

Large  
projects/resources  
available

# Establish Fallback Plans

A fallback plan is a plan of action that can be executed after a risk has “occurred.”

- PM documents fallback plans based off experience and lessons learned
- PM has several meetings with team members/stakeholders to identify any gaps
- PM performs peer reviews, makes updates as needed
- Fallback plans are a sentence or two in the Excel risk register

Small  
project/limited  
resources

- Fallback plans are created using multiple PMI processes
- Fallback plans are large stand alone Word documents
- A large team/workstream establishes and reviews fallback plans frequently
- Fallback plans are treated as “mini” projects, with clearly documented deliverables/tasks where status is communicated frequently through a risk board/steering committee

Large  
projects/resources  
available

# Example – Simple Excel Risk Register Template

C	D	E	F	G	H	J	K	L	M	N	O
Date Create	KRI	Risk Description	Status	Probability (1-5)	Impact (1-5)	Score	Mitigation Plan	Risk Trigger	Fallback Plan	Occurred Date	Comments/Lessons Learned
7/14/21	1-Planning/Requirements	<insert specific risk> Risk of high level requirements and project planning not fully defined, documented, understood, communicated and signed off (as needed) during the Planning stage	Open-Occurred	1	1	Very Low	Specifics about how to avoid risk, or minimize probability/impact	Specifics on what will events can possibly cause the risk to occur (or "trigger")	Specifics on plan once risk is triggered	07/14/21	General comments. Comments on if the mitigation plan and/or fallback plan was effective. Comments on why risk was triggered.
7/14/21	2-Scope	<insert specific risk> Risk of major documented requirements changing during the project Execution phase, a.k.a. "Scope Creep"	Open-Monitoring	2	3	Med	Specifics about how to avoid risk, or minimize probability/impact	Specifics on what will events can possibly cause the risk to occur (or "trigger")	Specifics on plan once risk is triggered		General comments. Comments on if the mitigation plan and/or fallback plan was effective. Comments on why risk was triggered.
7/14/21	3-Technical	<insert specific risk> Risk of unknown/unexpected technical issues found during the project Execution stage	Closed-Occurred	2	3	Med	Specifics about how to avoid risk, or minimize probability/impact	Specifics on what will events can possibly cause the risk to occur (or "trigger")	Specifics on plan once risk is triggered	07/14/21	General comments. Comments on if the mitigation plan and/or fallback plan was effective. Comments on why risk was triggered.
7/14/21	4-Resources	<insert specific risk> Risk of Team members not being available as per the schedule	Open-Monitoring	3	4	High	Specifics about how to avoid risk, or minimize probability/impact	Specifics on what will events can possibly cause the risk to occur (or "trigger")	Specifics on plan once risk is triggered		General comments. Comments on if the mitigation plan and/or fallback plan was effective. Comments on why risk was triggered.
7/14/21	5-Schedule Design	<insert specific risk> Risk of the schedule not being designed correctly, with the proper dependencies (including other projects), float, detailed deliverables/tasking (as needed), and realistic task estimates	Open-Monitoring	5	4	Very High	Specifics about how to avoid risk, or minimize probability/impact	Specifics on what will events can possibly cause the risk to occur (or "trigger")	Specifics on plan once risk is triggered		General comments. Comments on if the mitigation plan and/or fallback plan was effective. Comments on why risk was triggered.
7/14/21	4-Resources	<insert specific risk> Risk of Team members not being available as per the schedule	Closed	2	2	Low	Specifics about how to avoid risk, or minimize probability/impact	Specifics on what will events can possibly cause the risk to occur (or "trigger")	Specifics on plan once risk is triggered		General comments. Comments on if the mitigation plan and/or fallback plan was effective. Comments on why risk was triggered.
7/14/21	2-Scope	<insert specific risk> Risk of major documented requirements changing during the project Execution phase, a.k.a. "Scope Creep"	Open-Monitoring	2	2	Low	Specifics about how to avoid risk, or minimize probability/impact	Specifics on what will events can possibly cause the risk to occur (or "trigger")	Specifics on plan once risk is triggered		General comments. Comments on if the mitigation plan and/or fallback plan was effective. Comments on why risk was triggered.

Sample



1-Very Low      2      3      4      5 – Very High

Tailoring Risk to Your Needs – Mike Steele



# Perform Risk Reviews

Risk reviews are a process to review risk mitigation plans, triggers, and fallback plans. As things change in a project, risk reviews are critical.

- PM reviews risks as much as possible
- PM has several meetings with team members
- PM performs peer reviews, makes updates as needed
- PM keeps notes of changes made in risk register during risk reviews, communicates changes to team members

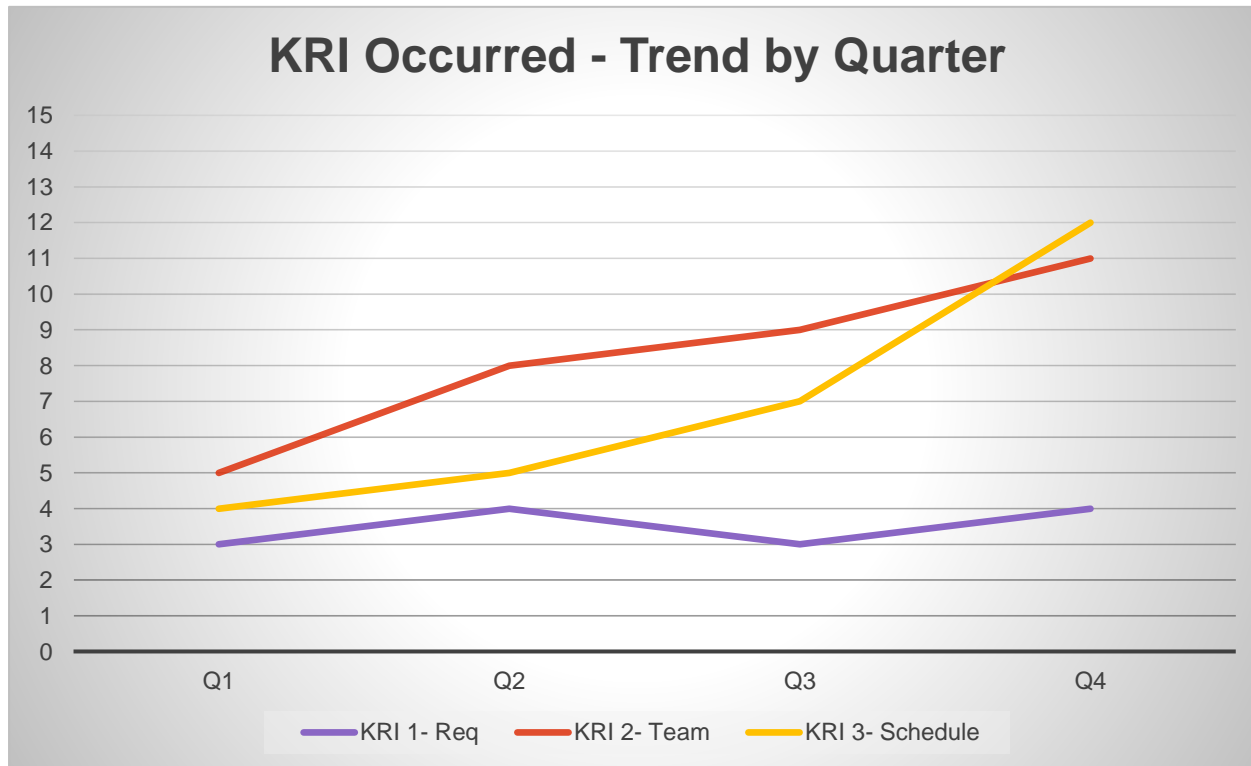
Small  
project/limited  
resources

- A large team/workstream reviews risks frequently in a risk board/steering committee setting
- Risk reviews are large, summarized, frequent, and well documented. Management provides input
- Risk Register changes go through a Change Advisory Board (CAB) or similar steering committee type process

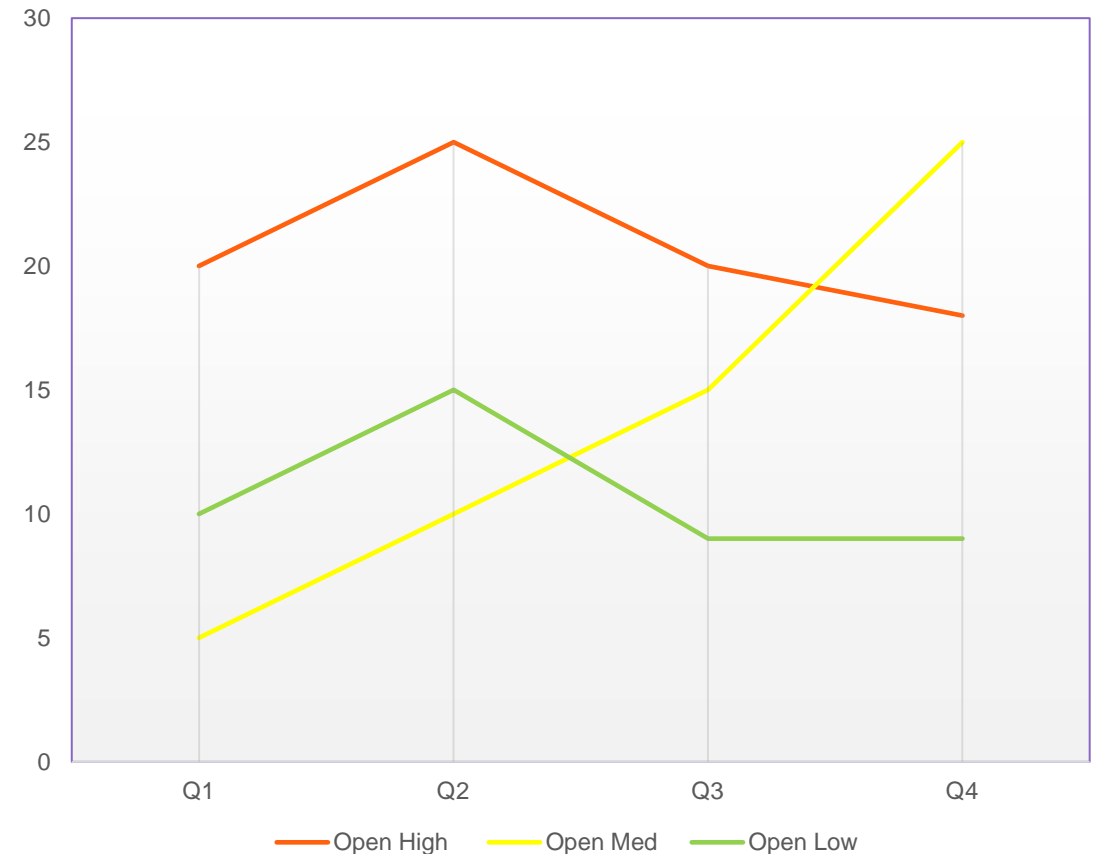
Large  
projects/resources  
available

# Establish Risk Metrics

Recording risk metrics are critical to success. Metrics can tell what is working, what is not working, and provide input (lessons learned/continuous improvement) for the next project. A minimal set of metrics should be established and communicated.



Total Open Risk by Quarter by Status



# Wrapping Up

- Prepare for risk
  - Try to create a risk “culture” or risk “awareness” across the organization
- Create project levels
  - Tailor your risk processes as needed to the project levels
- Set and execute minimal risk management processes even if you have limited support and resources
- Document and communicate risk metrics to management as much as possible
- Utilize continuous improvement processes to improve your future risk management results

*“Human beings, if they realize the strength of their power, they can turn every curve ball of life thrown towards them into a chance of growth and improvement.” Senora Roy*

# THANK YOU

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