



A Discussion on

Project Risk Management

Led By

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Project Risk Management



Agenda

- **What is a Risk? Understanding Risk**
- **Why Manage Project Risks?**
- **PMI's Practice Standard for Risk Management**
- **Risk Management Process**
- **Communicating Risks**
- **Q & A**

Project Risk Management



What is a Risk?

What picture comes to your mind when you hear the word “Risk”?

Project Risk Management



What is a Risk?

Project risk is an ***uncertain event*** or condition that, if it occurs, has a positive or a negative effect on a project's objectives.

- From PMI's Practice Standard for Project Risk Management - Chapter 2 , Page 9

More on Risks

Risk Synonyms	Risk Antonyms
<p><u>accident</u>, <u>contingency</u>, <u>danger</u>, exposedness, <u>exposure</u>, flyer, fortuity, <u>fortune</u>, gamble, <u>hazard</u>, header, <u>jeopardy</u>, <u>liability</u>, liableness, <u>luck</u>, <u>openness</u>, <u>opportunity</u>, <u>peril</u>, <u>plunge</u>, <u>possibility</u>, <u>prospect</u>, shot in the dark, <u>speculation</u>, <u>stab</u>*, <u>uncertainty</u>, <u>venture</u>, wager</p>	<p><u>certainty</u>, <u>safety</u>, sureness, surety</p>

Project Risk Management



Is it necessary to manage project risks?

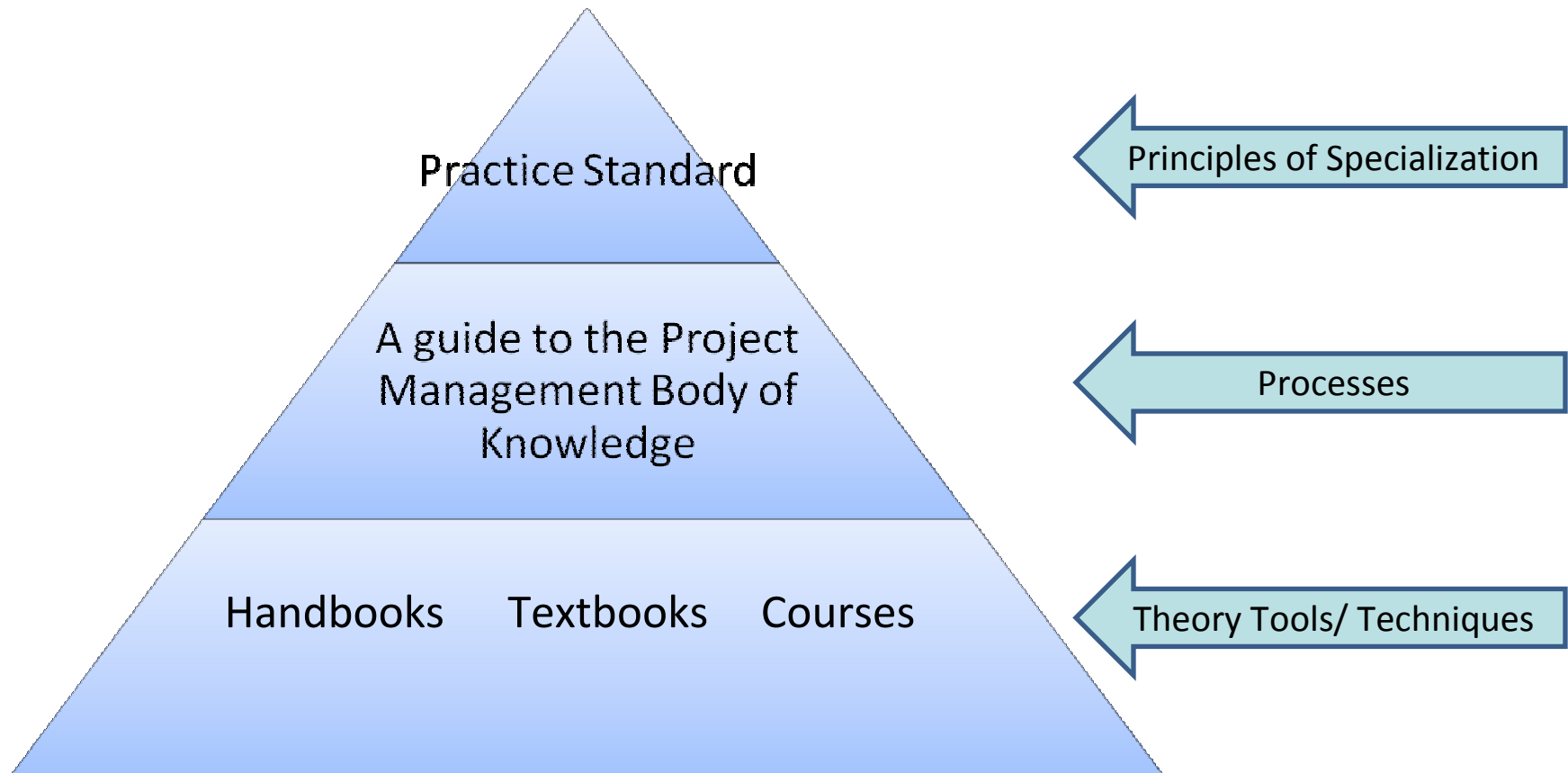
Yes, Absolutely

Why?

To increase predictability

To improve probability of success

PMI's Practice Standard For Project Risk Management



Project Risk Management

Status Check

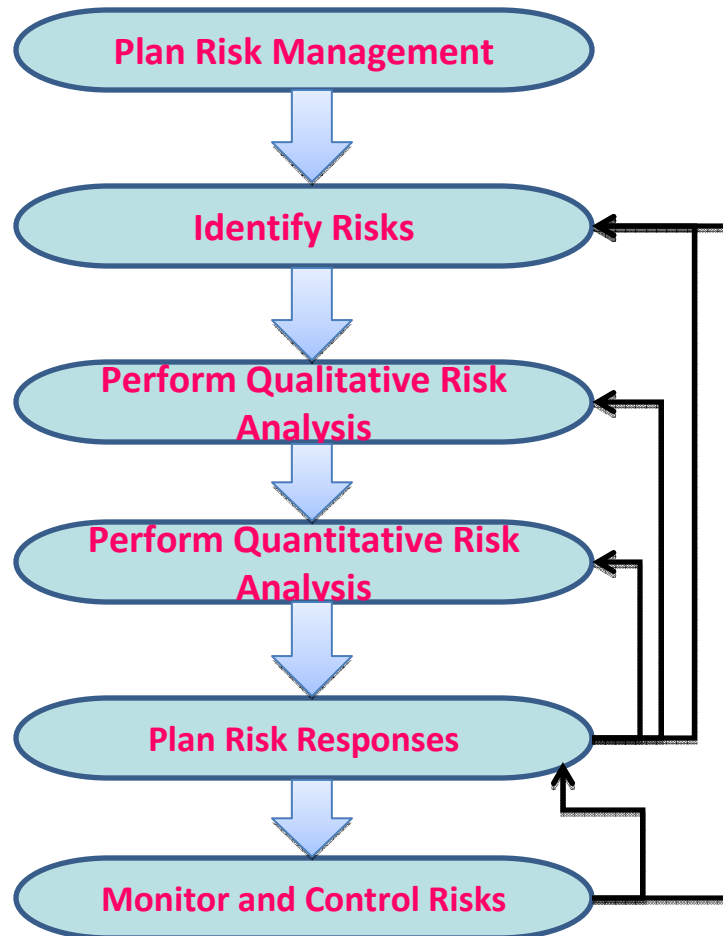
1. **What is a Risk? Understanding Risk** 
2. **Why Manage Project Risks?** 
3. **PMI's Practice Standard for Risk Management** 
4. **Risk Management Process**
5. **Communicating Risks**
6. **Q & A**

Project Risk Management



Risk Management Process

Risk Management Process



Plan Risk Management



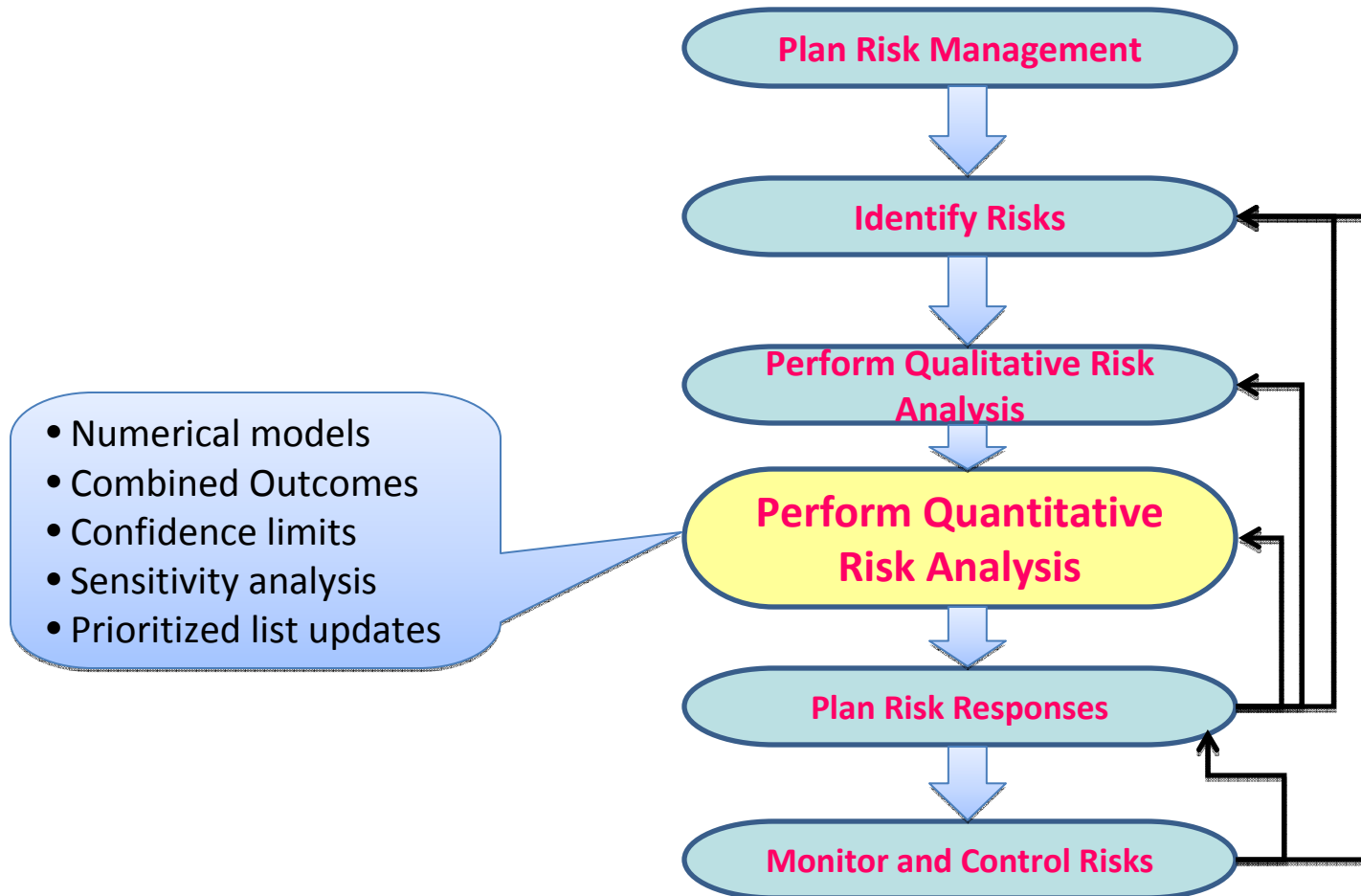
Risk Identification



Risk Qualitative Analysis



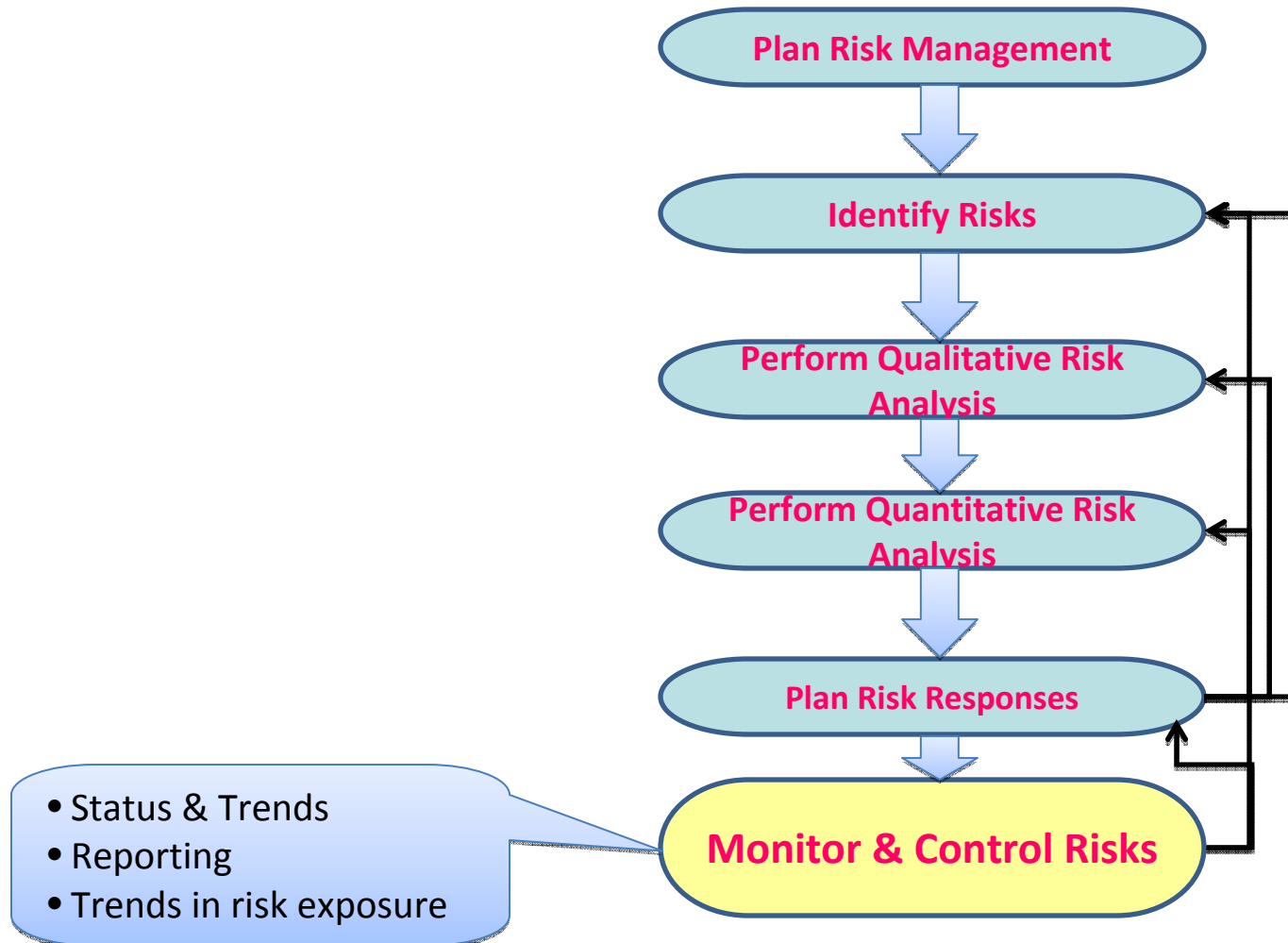
Risk Quantitative Analysis



Plan Risk Responses







Monitor & Control Risks



Project Risk Management

Status Check

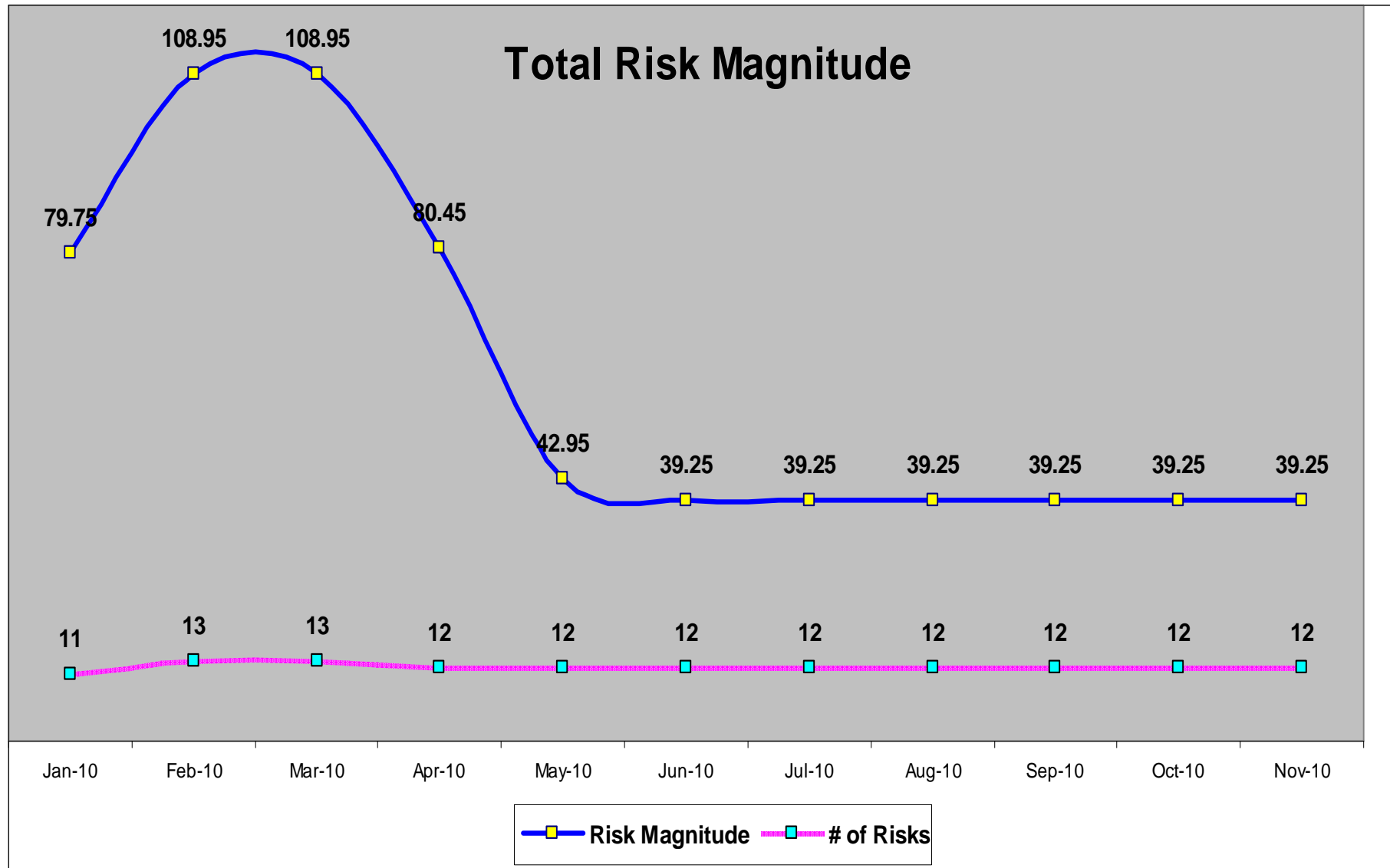
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Project Risk Management



Communicating Risks

Risk Behavior Over Time



Risk Impact on the Project



ID		Task Name	Duration	% Complet	Start	Finish
1		SBR for 1st State (IOWA) - with Risks	73.85 wks	37%	Mon 8/3/09	Wed 1/19/11
2		Risk Reserve for Unmitigated Risks	39.25 days	0%	Fri 11/19/10	Wed 1/19/11
3		Project Tasks	68 wks	41%	Mon 8/3/09	Thu 11/18/10
4						
5		SBR in Production - 1st State (IOWA)	66 wks	55%	Mon 8/3/09	Thu 11/18/10
6	✓	Identify the first state - IOWA	0 days	100%	Fri 11/6/09	Fri 11/6/09
7	✓	Mainframe Tasks Group0	11.8 wks	100%	Wed 11/4/09	Mon 2/1/10
13						
14		Mainframe Tasks Group1	19 wks	99%	Mon 1/18/10	Fri 5/28/10
49						
50		Mainframe Tasks Group2	19.2 wks	75%	Mon 2/8/10	Tue 6/22/10
74						
75		Mainframe Tasks Group3	12.6 wks	67%	Wed 3/24/10	Mon 6/21/10
97						
98		Mainframe Tasks Group4	20.8 wks	59%	Fri 1/22/10	Thu 6/17/10
134						
135		Mainframe Tasks Group5	4.6 wks	15%	Mon 5/10/10	Thu 6/10/10
141						
142		PARIS/PC Tasks	39.8 wks	65%	Thu 10/15/09	Thu 7/29/10
167						
168		Rating Related Tasks	43 wks	61%	Mon 8/3/09	Tue 6/8/10
185						
186		HSM for IOWA	0 wks	0%	Fri 8/6/10	Fri 8/6/10
187						
188		Testing	19.2 wks	0%	Wed 6/23/10	Fri 11/5/10
200						
201		Initial Implementation	15 wks	0%	Thu 8/5/10	Thu 11/18/10

Project Risk Management



Project Risk Management

Status Check

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- Why Manage Project Risks? 
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Project Risk Management



Summary

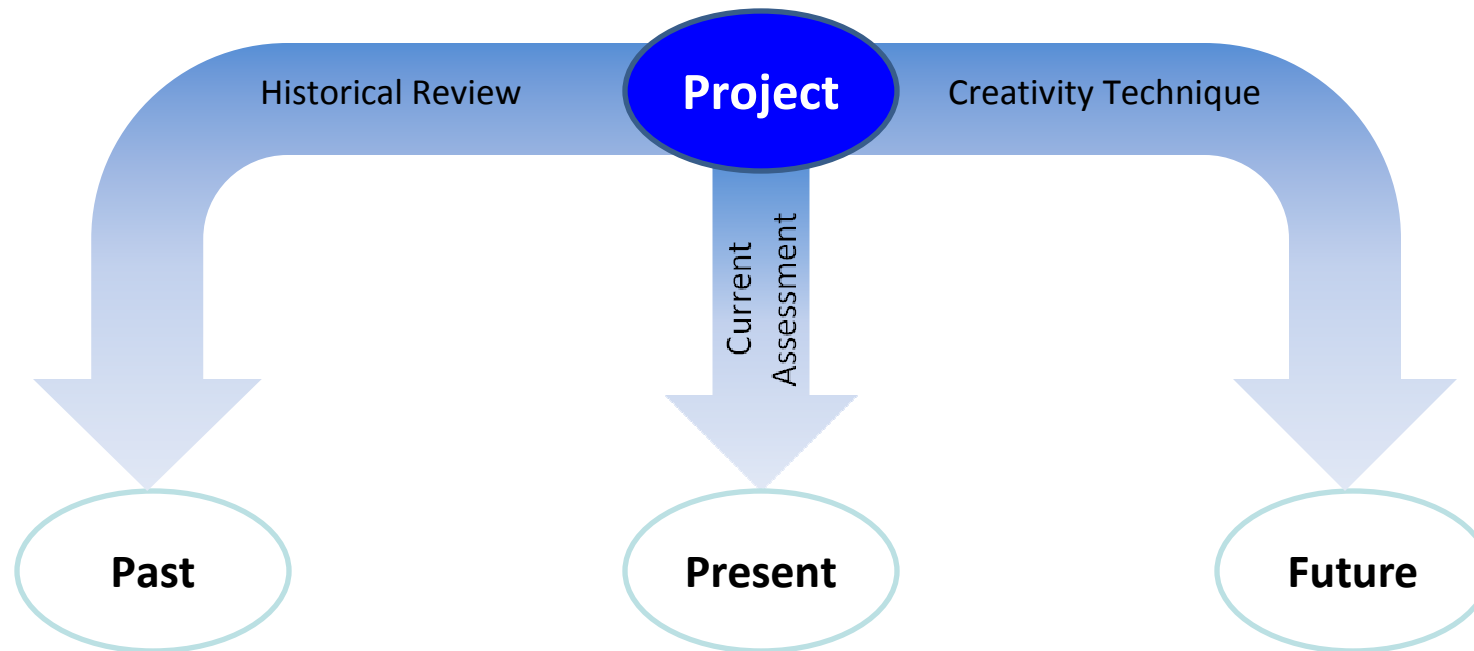
- Risk is an uncertain event, that if occurs, may impact project objectives in positive or negative manner.
- It is extremely important to manage project risks – to reduce uncertainty
- PMI's six step Project Risk Management Process
- How to communicate Risks? – Thru pictures/graphs

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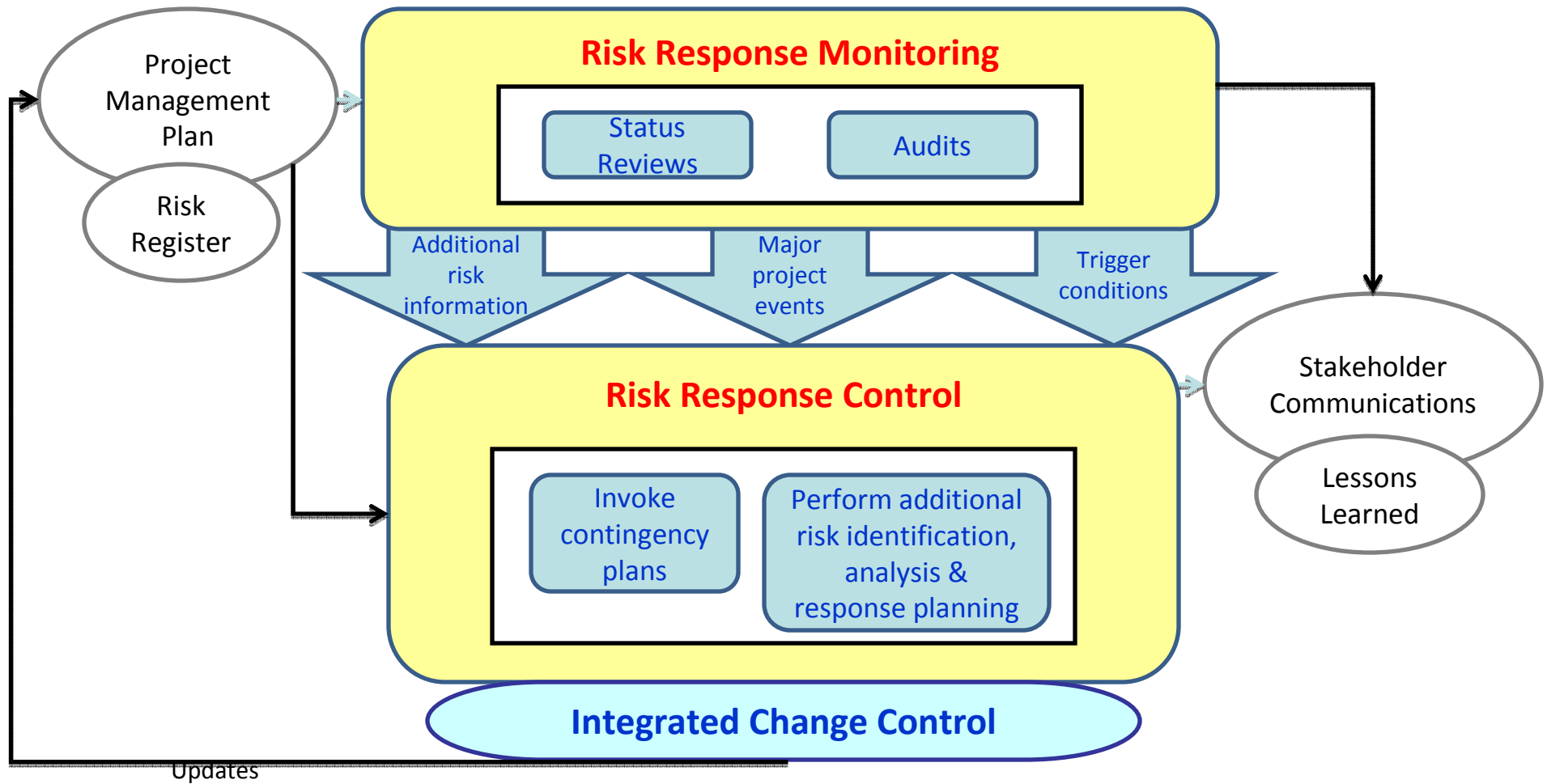
Status Check



Risk Identification Tool



Risk Monitoring & Control



Risk Identification Example

Id	Risk Description	Event Date
1	Performance issues due to redesign of batch (splitting into 4 concurrent jobs) are not handled before the cycle testing begins in September	Sep-10
2	Server performance issues are not handled before the cycle testing begins in September	Sep-10
3	Unanticipated table changes occur after the coding has been completed in August	Aug-10
4	The testing environment chosen could interfere with other high priority projects	Sep-10
5	Priority to implement non-rating mod may go up due to NJ coming up right after IOWA.	Aug-10
6	Impact Analysis brings up something that we are not thinking of now (on both mainframe and PARIS sides), that may result in pushing the project dates	Jun-10
7	Coding may take longer than expected	Jul-10
8	Finding too many differences between SBR and Mainframe rating of a policy during Integration Testing may longer to complete, pushing the dates for cycle testing and the project.	Aug-10
9	Daily business functions could be interrupted for Production Problems - taking the resources away from this project Ex: HSM, GA Home/ROP, Claims Splitting, RCT Changes	Anytime
10	Other new product (MA Auto, NJ Auto, Company8, Chrome Expansion) - Taking resources away from this project	Anytime
11	System upgrades (Rating Engine 4.0, end of VB6...) may be pushed on us right in the middle of this project	Jun-10



Qualitative Analysis Example

Id	Risk Description	Event Date	Probability	Impact
1	Performance issues due to redesign of batch (splitting into 4 concurrent jobs) are not handled before the cycle testing begins	Sep-10	High	Medium
2	Server performance issues are not handled before the cycle testing begins in September	Sep-10	Low	Medium
3	Unanticipated table changes occur after the coding has been completed in August	Aug-10	Low	Low
4	The testing environment chosen could interfere with other high priority projects	Sep-10	Low	Medium
5	Priority to implement non-rating mod may go up due to NJ coming up right after IOWA.	Aug-10	Low	High
6	Impact Analysis brings up something that we are not thinking of now (on both mainframe and PARIS sides), that may push the project dates	Jun-10	Low	Medium
7	Coding may take longer than expected	Jul-10	High	Medium
8	Finding too many differences between SBR and Mainframe rating of a policy may push the dates for cycle testing and the project.	Aug-10	Medium	Medium
9	Daily business functions could be interrupted for Production Problems - taking the resources away from this project	Anytime	Medium	Medium
10	Other new product (MA Auto, NJ Auto, Company8, Chrome Expansion) - Taking resources away from this project	Anytime	High	High
11	System upgrades (Rating Engine 4.0, end of VB6...) may be pushed on us right in the middle of this project	Jun-10	Low	Medium



Qualitative Analysis Example

Id	Risk Description	Event Date	Probability	Impact
1	Performance issues due to redesign of batch (splitting into 4 concurrent jobs) are not handled before the cycle testing begins	Sep-10	High	Medium
2	Server performance issues are not handled before the cycle testing begins in September	Sep-10	Low	Medium
3	Unanticipated table changes occur after the coding has been completed in August	Aug-10	Low	Low
4	The testing environment chosen could interfere with other high priority projects	Sep-10	Low	Medium
5	Priority to implement non-rating mod may go up due to NJ coming up right after IOWA.	Aug-10	Medium	High
6	Impact Analysis brings up something that we are not thinking of now (on both mainframe and PARIS sides), that may push the project dates	Jun-10	Medium	Medium
7	Coding may take longer than expected	Jul-10	High	Medium
8	Finding too many differences between SBR and Mainframe rating of a policy may push the dates for cycle testing and the project.	Aug-10	Medium	Medium
9	Daily business functions could be interrupted for Production Problems - taking the resources away from this project	Anytime	Medium	Medium
10	Other new product (MA Auto, NJ Auto, Company8, Chrome Expansion) - Taking resources away from this project	Anytime	High	High
11	System upgrades (Rating Engine 4.0, end of VB6...) may be pushed on us right in the middle of this project	Jun-10	Low	Medium



Quantitative Analysis Example

Id	Risk Description	Event Date	Probability		Impact (days)		Magnitude
1	Performance issues due to redesign of batch (splitting into 4 concurrent jobs) are not handled before the cycle testing	Sep-10	H	70%	M	15	10.5
2	Server performance issues are not handled before the cycle testing begins in September	Sep-10	L	10%	M	10	1
3	Unanticipated table changes occur after the coding has been completed in August	Aug-10	L	10%	L	5	0.5
4	The testing environment chosen could interfere with other high priority projects	Sep-10	L	10%	M	10	1
5	Priority to implement non-rating mod may go up due to NJ coming up right after IOWA.	Aug-10	M	25%	H	40	10
6	Impact Analysis brings up something that we are not thinking of now (on both mainframe and PARIS sides), that may push the	Jun-10	M	25%	M	15	3.75
7	Coding may take longer than expected	Jul-10	H	50%	M	20	10
8	Finding too many differences between SBR and Mainframe rating of a policy may push the dates for cycle testing and the project.	Aug-10	M	30%	M	15	4.5
9	Daily business functions could be interrupted for Production Problems - taking the resources away from this project	Anytime	M	30%	M	10	3
10	Other new product (MA Auto, NJ Auto, Company8, Chrome Expansion) - Taking resources away from this project	Anytime	H	70%	H	45	31.5
11	System upgrades (Rating Engine 4.0, end of VB6...) may be pushed on us right in the middle of this project	Jun-10	L	20%	M	20	4
11	Total Risk Magnitude for the Project						79.75

