

Project Management: Risk Management

~ By C J Williams

In many projects, risks are identified and analysed in a random, brainstorming, fashion. This is often fatal to the success of the project, as unexpected risks arise, which have not been assessed or planned for and have to be dealt with on an emergency basis, rather than be prepared for and defended against in a planned, measured, manner. Very early in the preparation and planning stage, it is essential that potential risks are identified, categorised and evaluated. Rather than look at each risk independently and randomly, it is much more effective to identify risks and then group them into categories, or, to draw up a list of categories and then to identify potential risks within each category. This way, common influences, factors, causes, potential impacts and potential preventative and or corrective actions, can be discussed and agreed on.



Categorising risks is a way to systematically identify the risks and provide a foundation for awareness, understanding and action. Each project will have its own structure and differences, but here are some categories that are common to most projects (to which you can add your own local, sector, or project specific, categories). I have not given deep detail here, but your project team and sponsors should be able to relate to these categories and use them in the risk assessment process. For example, with "operational resources" your team can discuss issues such as, availability, delivery timing, cost, capability, necessary conditions for operation (e.g. ground, weather, light); with "stakeholder resources" your team can identify all stakeholders and list potential risks that these stakeholders may generate, such as bad publicity from the media, delays caused by community or environmental groups, delays caused by utility companies, problems with trade unions. Related risks and potential actions, must then be documented in the risk management plan and discussed at all the key stages as the project progresses. All the details and the actual action taken and the outcomes, must then be recorded and reviewed during the closure and review stage, for lessons to be learned and applied to future projects.

Here the question that most project managers ask: "how do we know if we can manage the risk, if it arises?" Often, sadly, no evaluation is carried out to determine the expertise, experience, capabilities of the team, individuals, organisations that would be required to deal with, manage that risk, if it occurred. As a result, if it did, the team may not be able to deal with it effectively, even though the initial forecast was that the risk could be managed. This happens frequently when the planning team is not the project team that manages the project and/or when key individuals in the original project team leave the team during the project and are replaced by individuals with different skills, experience and capabilities. The clear message here is that setting a risk tolerance level is a dangerous business. Each potential risk needs to be carefully, rigorously, analysed and the project team, the supporting teams and individuals, the organisation(s) involved in managing the project, all need to be evaluated to determine whether there is the capability to manage that risk successfully, should it arise. Where gaps in capability

are identified, then appropriate corrective action must be taken. During the project itself, this capability must be constantly monitored and, where necessary, action taken to return the level of capability to the required level.

Conflict over resources often arise during the middle to later stages of a project, because, often unexpected other, newer demands arise which are seen as being of higher priority. This can lead to resources that were originally allocated to the project being taken away, or reduced in quantity or quality, almost certainly to the detriment of the project. The answer to this dilemma is not easy, but in essence, the project management team must include "conflict over resources during the life of the project" as a major potential risk and plan for it accordingly by securing agreements and then monitoring the situation continuously. If a dispute does arise, there is a role here for the project champion and or the client to ensure that the allocated resources are not taken away.

Fundamental to many of the issues that we discuss here is the question of who should be responsible for risk assessment and management. Too often the responsibility for risk identification, assessment and management, are left to the project team, especially once the project has started. But there are other individuals and groups, including some external stakeholders, who should be continuously monitoring particular activity and feeding back regularly to the project team leader. Some are easy to identify. They include of course, the client, the sponsor, key specialists in the project team's organisation, or organisations, the major external participants, such as emergency services, local authorities and contractors.

The easy way to identify other individuals and groups is to look at your list of stakeholders. Each one has a responsibility, to a greater or lesser degree, to help identify potential risk and give information on this to the project team. Again, the answer to managing the question of risk responsibility is to build discussion, planning and action, on this into the project planning and operational activity.

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