

MEETINGS

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### **Plan Risk Management**

The process of defining how to conduct risk management activities for a project. The key benefit of this process is it ensures that the degree, type, and visibility of the risk management are commensurate with both the risks and the importance of the project to the organization. The risk management plan is vital to communicate with and obtain agreement and support from all stakeholders to ensure the risk management process is supported and performed effectively over the project life cycle. (PMI, 2013). The first rule is essential to the success of project risk management. If you don't truly embed risk management in your project, you cannot reap the full benefits of this approach. You can encounter a number of faulty approaches in companies. Some projects use no approach whatsoever to risk management.

Working in a global setting you may have to deal with threats you basically have three options, risk avoidance, risk minimization and risk acceptance. Avoiding risks means you organize your project in such a way that you don't encounter a risk anymore. This could mean changing supplier or adopting a different technology or, if you deal with a fatal risk, terminating a project. Spending more money on a doomed project is a bad investment.

Failed projects show that project managers in such projects were frequently unaware of the big hammer that was about to hit them. The frightening finding was that frequently someone of the project organization actually did see that hammer, but didn't inform the project manager of its existence. If you don't want this to happen in your project, you better pay attention to risk communication. The first step in project risk management is to identify the risks that are present in your project. This requires an open mind set that focuses on future scenarios that may occur. Two main sources exist to identify risks, people and paper. People are your team members that

each bring along their personal experiences and expertise. Other people to talk to are experts outside your project that have a track record with the type of project or work you are facing. They can reveal some booby traps you will encounter or some golden opportunities that may not have crossed your mind. Interviews and team sessions (risk brainstorming) are the common methods to discover the risks people know.

A good technique in risk planning is to consistently include risk communication in the tasks you carry out. If you have a team meeting, make project risks part of the default agenda (and not the final item on the list!). This shows risks are important to the project manager and gives team members a "natural moment" to discuss them and report new ones. Another important line of communication is that of the project manager and project sponsor or principal. Focus your communication efforts on the big risks here and make sure you don't surprise the boss or the customer! Also take care that the sponsor makes decisions on the top risks, because usually some of them exceed the mandate of the project manager.

### References

Larson, E. & Gray, C. (2014). *Project Management: The Managerial Process* (6th ed.). New York, NY. McGraw Hill Education.

Project Management Institute (PMI). (2004). *A guide to the project management body of knowledge (PMBOK guide)*. Newtown Square, Pa: Project Management Institute.