

Risks are there... be aware!

Tips and tricks for project risk management

Konstantinos Kirytopoulos

PhD, Dipl. Eng., PMP®

Associate Professor of Project Management
UniSA





... a way to live...

Image source: <https://pixabay.com>



But, what is risk?

Image source: <https://pixabay.com> (Comfreak)

So what is risk?

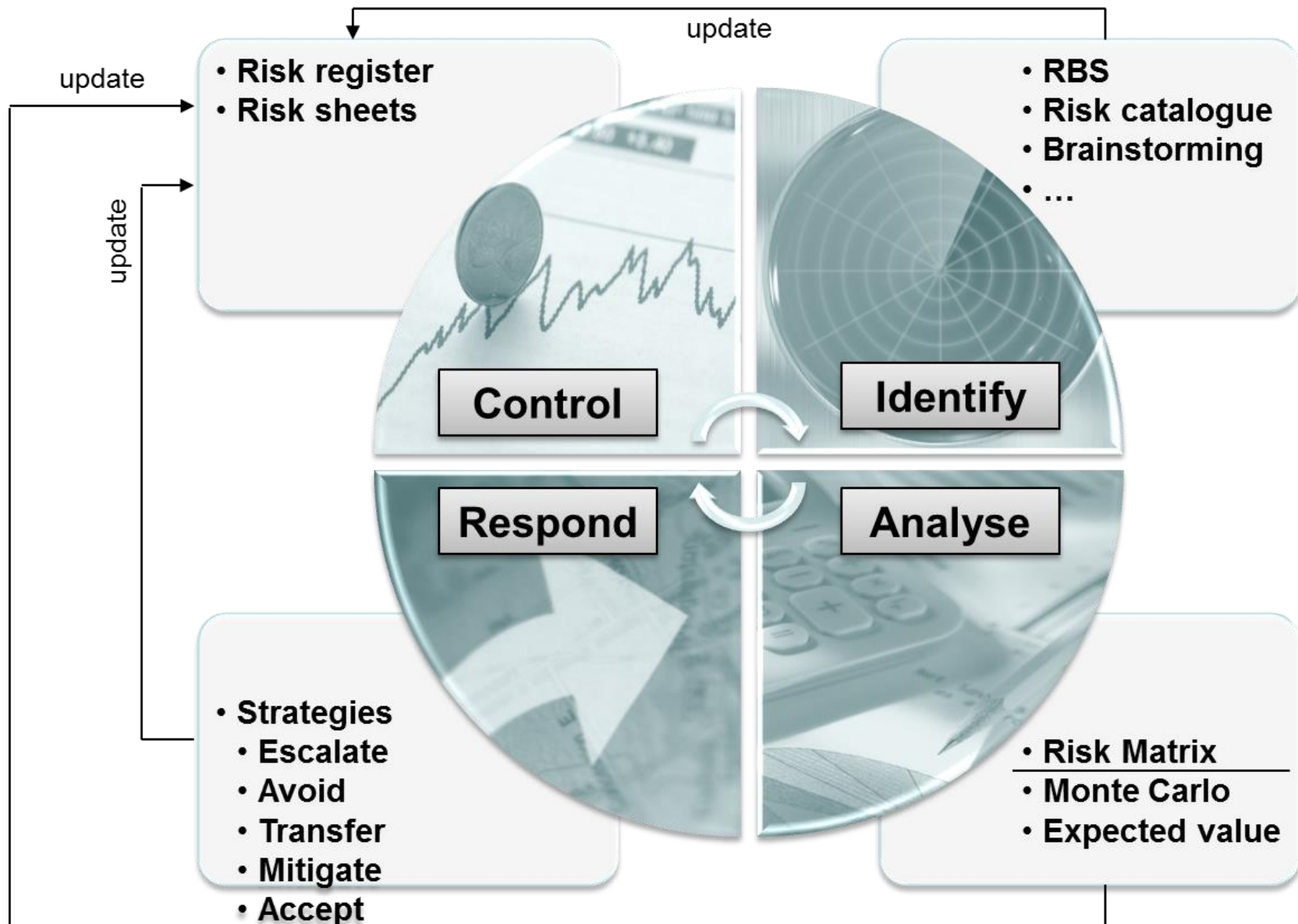


- An individual project risk is ‘an uncertain event or condition that, if it occurs, has a positive or negative effect on one or more project objectives’.
- The overall project risk is ‘the effect of uncertainty on the project as a whole, arising from all sources including individual risks, representing the exposure of the stakeholders to the implications of variations in project outcome, both positive and negative’.

(PMI 2017, p. 397)

Image source: <https://pixabay.com> (freeGraphicToday)

Risk management process

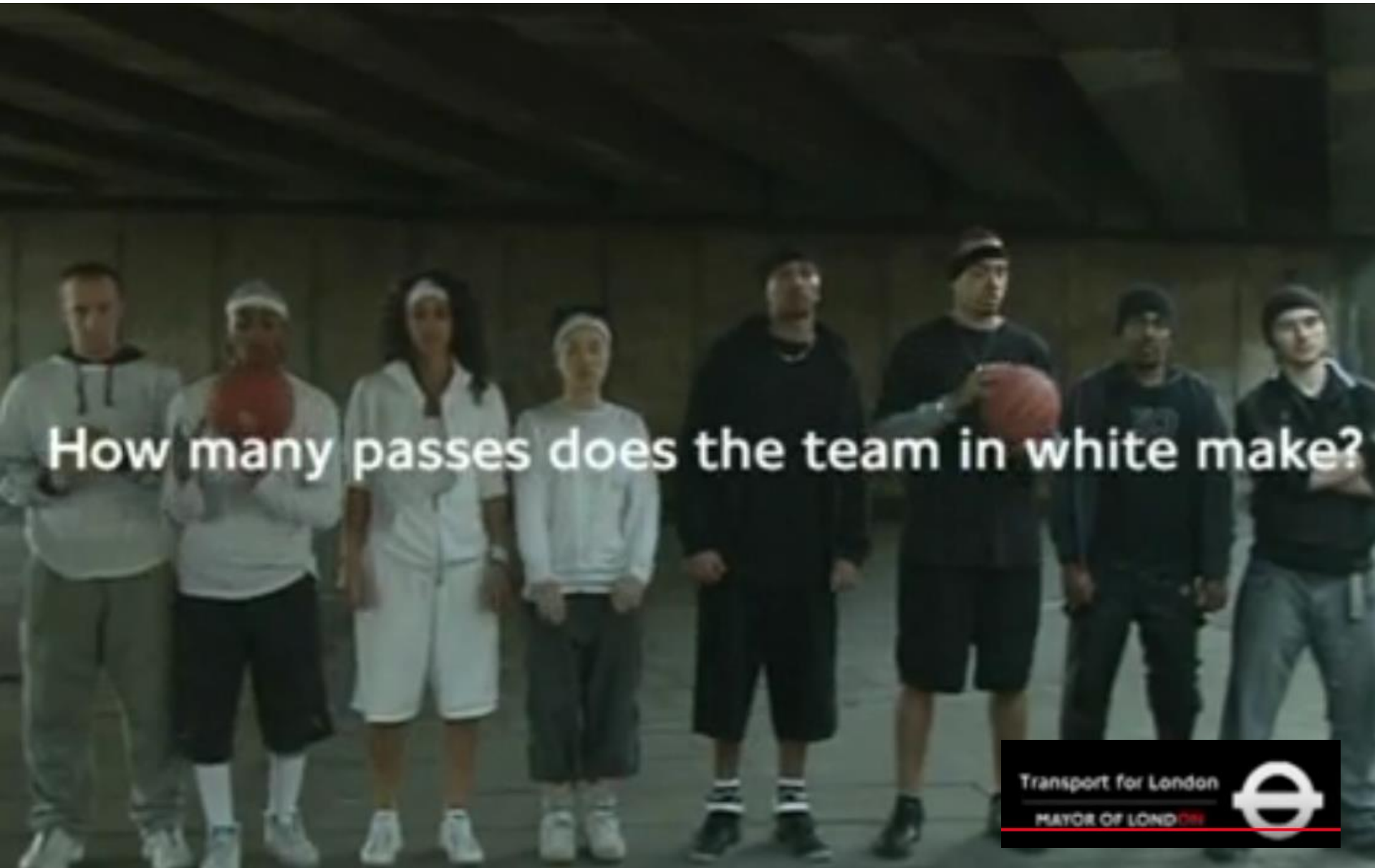




Risk identification

Image source: <https://pixabay.com>

Risk identification



Risk analysis

Probability	Exposure to Risk					Impact
Very high (0,9)	0,05 (MEDIUM)	0,09 (MEDIUM)	0,18 (HIGH)	0,36 (HIGH)	0,72 (HIGH)	
High (0,7)	0,04 (LOW)	0,07 (MEDIUM)	0,14 (MEDIUM)	0,28 (HIGH)	0,56 (HIGH)	
Medium (0,5)	0,03 (LOW)	0,05 (MEDIUM)	0,10 (MEDIUM)	0,20 (HIGH)	0,40 (HIGH)	
Low (0,3)	0,02 (LOW)	0,03 (LOW)	0,06 (MEDIUM)	0,12 (MEDIUM)	0,24 (HIGH)	
Very low (0,1)	0,01 (LOW)	0,01 (LOW)	0,02 (LOW)	0,04 (LOW)	0,08 (MEDIUM)	
	Very low (0,05)	Low (0,10)	Medium (0,20)	High (0,40)	Very high (0,80)	
Tolerable risk (LOW)		Non wanted risk (MEDIUM)		Non tolerable risk (HIGH)		



Image source: <https://pixabay.com> (Mohamed_hassan)

Risk analysis – what is very low?



Image source: <https://pixabay.com> (HoliHo)

Risk analysis – scales

SCALE	PROBABILITY	+/- IMPACT ON PROJECT OBJECTIVES		
		TIME	COST	QUALITY
Very High	>70%	>6 months	>\$5M	Very significant impact on overall functionality
High	51-70%	3-6 months	\$1M-\$5M	Significant impact on overall functionality
Medium	31-50%	1-3 months	\$501K-\$1M	Some impact in key functional areas
Low	11-30%	1-4 weeks	\$100K-\$500K	Minor impact on overall functionality
Very Low	1-10%	1 week	<\$100K	Minor impact on secondary functions
Nil	<1%	No change	No change	No change in functionality

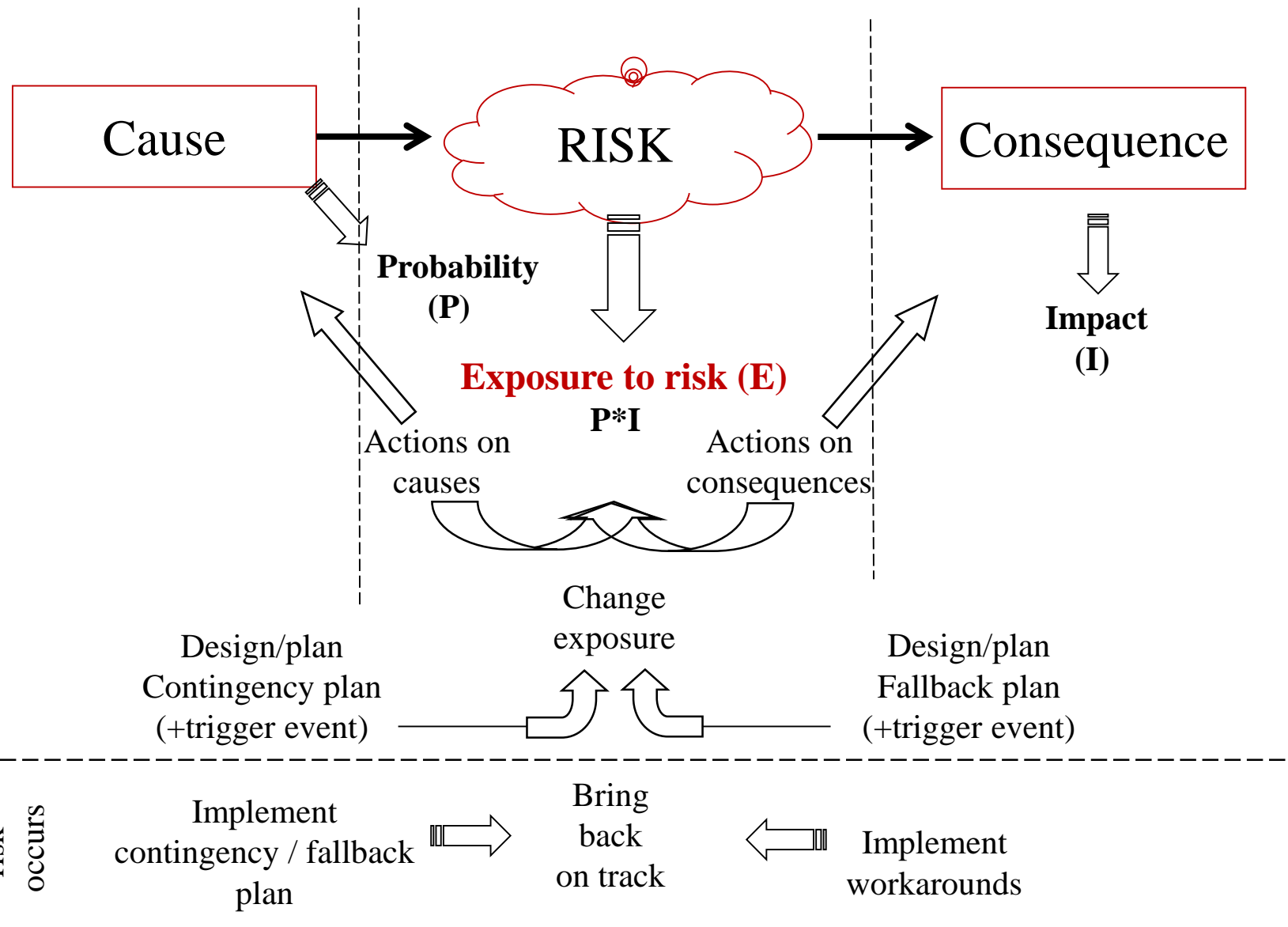
Table Source: PMI (2017, p407)

Risk response



Image source: <https://pixabay.com> (3dman_eu)

Risk response - mitigation



Risk response - mitigation



Lucas G.
Screenwriter for CANAL+

Risk control (monitor)

Do not forget the five frogs on the log paradigm...



Background image source: unknown

Take home messages...

Risk from stakeholders can be the most difficult to address

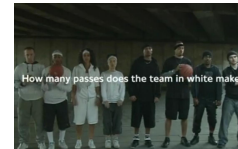
While you do your job, identify risks

Always agree on the scales

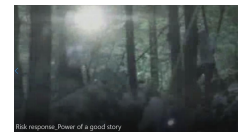
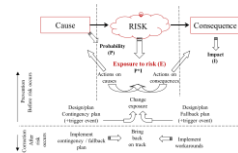
Models are important but no paralysis by analysis

Risk management is proactive

Make sure you implement what you planned for



Probability	Exposure to Risk				
Very High (0.8)	0.8	0.8	0.8	0.8	0.8
High (0.7)	0.7	0.7	0.7	0.7	0.7
Medium (0.5)	0.5	0.5	0.5	0.5	0.5
Low (0.3)	0.3	0.3	0.3	0.3	0.3
Very Low (0.1)	0.1	0.1	0.1	0.1	0.1
Impact					
Very High (0.8)	0.8	0.8	0.8	0.8	0.8
High (0.7)	0.7	0.7	0.7	0.7	0.7
Medium (0.5)	0.5	0.5	0.5	0.5	0.5
Low (0.3)	0.3	0.3	0.3	0.3	0.3
Very Low (0.1)	0.1	0.1	0.1	0.1	0.1



Images as from previous slides

Thank you for your attention!



Risks are there... be aware!



Konstantinos Kirytopoulos *PhD, Dipl. Eng., PMP®*

Associate Professor of Project Management UniSA

www.kirytopoulos.eu