

# **Programmatic Risk Management**

Risk: An uncertain event or condition that, if it occurs, has a positive or negative impact on a project.

Risk Management: The systematic process of identifying, analyzing, and responding to project risk.

### Monitor and Risk Control Identification What Can Go Wrong? Risk Risk-adverse culture No formal or proactive risk **Analysis** management policy, plan Characterize the Risk and/or program Risk · Poorly defined requirements Probability/Likelihood **Planning** Potential Impact/ No integrated project schedule Consequence **Risk Mitigation Options** Risk Exposure (RE) Poor configuration • Accept the risk level and Risk Probability $\times$ Impact = RE management **Tracking** continue on current plan Risk Level: Low. Medium. Poor quality controls Avoid by eliminating the High High staff turnover risk cause and/or Risk Status Monitoring Risk Type: Cost, Schedule, Undocumented processes consequence Submit weekly 'Top 10 Risk' Technical Performance Poorly defined acceptance Control the cause or report to PM • Early/Late Impact Dates criteria consequence Hold monthly risk reviews Transfer the risk Enable risk visibility & Ouestions to Consider

- Is the risk based on factual information?
- Is the risk truly a risk, or is it a problem that requires immediate action?
- Is the risk statement in the proper "If...then..." format? If: A condition with Likelihood/Probability Then: The Consequence/Impact
- If the risk impacts other areas of the project, are those managers aware of it?
- Are all stakeholders encouraged to participate in the RM process?

- communication with all stakeholders using webbased Risk Radar Enterprise
- Actively monitor risk mitigation actions



**Programmatic Risk Analysis** 

## Consult non-advocates to support risk analysis

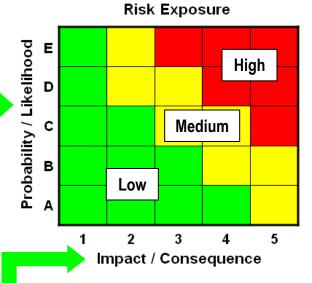
What is the probability or likelihood the risk will actualize?

| go                     | Level | Likelihood     | Probability of Occurrence |
|------------------------|-------|----------------|---------------------------|
| i<br>i<br>i            | Е     | Near Certainty | ~90%                      |
| Like                   | D     | Highly Likely  | ~70%                      |
| robability / Likelihoo | С     | Likely         | ~50%                      |
|                        | В     | Low Likelihood | ~30%                      |
| ba                     | А     | Not Likely     | ~10%                      |
| F                      |       |                |                           |

Always consider interdependencies and benefits impacts

If the risk is actualized, what would be the magnitude of the impact?

| 3              | Level | Technical Performance   | Schedule   | Cost   |
|----------------|-------|---|--|--|
| acr / consedue | 5     | Severe degradation in technical performance; Cannot meet KPP or key technical/supportability threshold; will jeopardize program success | Cannot meet key program milestones.<br>Slip > * months   | Exceeds budget increase or unit production cost threshold > ** (10% of Budget) |
|                | 4     | Significant degradation in technical performance or major shortfall in supportability; may jeopardize program success                   | Program critical path affected Slip < * months   | Budget increase or unit production cost increase < ** (10% of Budget)          |
|                | 3     | Moderate reduction in technical performance or supportability with limited impact on program objectives                                 | Minor schedule slip. Able to meet key milestones with no schedule float.  Slip < * month(s)  Sub-system slip > * month(s) plus available float | Budget increase or unit production cost increase < ** (5% of Budget)           |
| בֿ<br>ב        | 2     | Minor reduction in technical performance or supportability, can be tolerated with little or no impact on program                        | Able to meet key dates. Slip < * month(s)  | Budget increase or unit production cost increases.  < ** (1% of Budget)        |
|                | 1     | Minimal or no consequence to technical performance  | Minimal or no impact   | Minimal or no impact   |





## Real Help Is Available!

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Impact / Consequence