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TOPIC: Risk Management for Business Change Projects

BACKGROUND

Too often stakeholders regard Risk Management as providing a list of reasons to not do something. This is a profound misunderstanding. By properly assessing and managing risk you demonstrate that you are aware of what could happen and have taken steps to either prevent it or mitigate the effects if it does happen.

KEY POINTS

1. Roles and responsibilities

Effective Risk Management requires that:

- Project risks and impacts are defined in business terms that are readily understandable to stakeholders
- Project risks are identified and recorded in a Risk Log
- Reliable and up to date information is maintained on project risks throughout the lifetime of the project
- Project Sponsors, Risk Owners and other project stakeholders are engaged with Risk Management and accept the time and resource implications of required mitigation and contingency actions
- Appropriate reporting processes are in place to ensure that project governance bodies can monitor risk status and deal proactively and effectively with project risks
- Project decision making processes are fully informed by risk evaluation.

A well-managed approach to risk will greatly improve the ability of the project to succeed.

2. Identifying project risks

Some typical risks are identified in the table below. However, beware of having solely template based risks.

Risk	Notes
The solution delivered by the project will not be accepted by end users.	This risk is absolutely critical in most IT and business change projects. To mitigate this risk, involve users in specifying the solution and focus on how you are going deliver effective communication that wins hearts and minds support from the user community.
The desired scope will not be delivered within the agreed budget.	This risk is particularly relevant where there is a fixed or very limited budget. The probability that this risk will occur is related, at least in part, to the quality of the business case for the project and the resulting budget allocation.
The staff resources required from an internal team or business unit to successfully deliver the project will not be made available at the required quality, quantity or time.	In a typical matrix management structure found in universities and colleges, this risk will be owned by the line manager/resource manager for the team or business unit in question. Where there are several business units involved there should be multiple risks identified.
The existing IT infrastructure will not have sufficient capacity to adequately support the new or updated services delivered by the project.	This risk will typically be owned by the manager with responsibility for the IT infrastructure. Where there are several IT infrastructures (and managers) involved, e.g. in a hybrid on premises/cloud implementation, there should be multiple risks identified.

The external supplier engaged on the project will not deliver products of the required quality.	In many projects we are dependent on external suppliers and there may be a number of risks associated with this dependency. Effective mitigation actions may include defining checkpoints for supplier progress, ensuring low turnover of staff and transfer of knowledge between personnel when changes do take place, establishing payment schedules tied to project progress and engaging a senior member of the supplier management team on the Project Steering Committee.
Key members of the Project Team and Steering Committee leaving.	These could be institutional or external consultancy or contract staff.

An additional key risk which can contribute to all of the above is inadequate communication and engagement with stakeholders (including the IT team) prior to, throughout and post completion of the project.

3. Creating and maintaining the Project Risk Log

The Risk Log should be brief and to the point. It is a practical working document. The Risk Log is normally initially filled in for the first time during project start up with a risk identification session involving the Project Sponsor and a few key stakeholders. Common entries in a comprehensive Risk Log include:

Reference number; Description; Probability; Impact, RAG (Red/Amber/Green) status; Risk owner; Risk management response; Risk actions; Triggers; Contingency actions; Date of last review; Risk status; Date risk logged; Business impact and probability scores; Date escalated to Project Steering Committee (PSC); PSC decision.

4. Analysing and evaluating risk

Analysing the risk is about assessing the probability and impact of individual risks. Probability is the likelihood of the risk actually occurring, and Impact is the effect of the risk on the project when it actually occurs. In most cases risk impact and probability are scored using a predefined range and the two values are multiplied to give an overall assessment score for the risk.

Different institutions will use different scoring approaches for risk probability and impact.

5. Risk management and review

It is not enough to carry out a risk assessment at the start of the project, put the results away in a folder and forget about it. Risks must be reviewed regularly, at least monthly, by the Project Manager, Risk Owner and Project Team. Have new risks emerged? Has the impact or probability of existing risks changed? Have some risks expired and now be closed? As the project progresses the impact from your key risks should diminish and that in itself is a sign of effective Risk Management and increasing chance of project success.

At the end of a project, all risks must be closed or transferred to the next phase of the project or the Division/department's Standing Risk Register. Alignment with the organisation's risk management approach and tools can avoid unnecessary work.

6. Budgeting for Risk Management

The project should allocate an appropriate budget, time and resources for effective Risk Management. It is particularly important that this is embedded into the Project Management process.

This is best achieved by allowing sufficient time and effort for risk identification and assessment in the early stages of the project.

TAKEAWAYS

- Effective Risk Management greatly increases your chances of project success.
- Not all risks are bad however much some Project Managers and workers may fear them.
- However hard you try, issues may arise that you had not allowed for. The important thing then is to take swift action to mitigate the impact. Having a 'risk aware' culture and Risk Management infrastructure in place will assist you to do this.

ACTIONS FOR CIOs

- Circulate paper to project managers.
- Encourage implementation of appropriate risk management tools and resources for all major projects.

REFERENCES

Universities and colleges Information Systems Association (UCISA):
Good Practice Guide 'Effective Risk Management for IT and Business Change Projects'.
http://www.ucisa.ac.uk/publications/effect_risk.aspx

Readers may also wish to take a look at 'A Guide to the Project Management Body of Knowledge' (PMBOK Guide) and the Project Management Institute's web site - <http://www.pmi.org/>