



GOOD RISK MANAGEMENT DRIVES RESULTS

Myths and Truths

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Purpose and Outcomes

- Explore a set of risk management “myths” to determine if true or false, and provide actions to improve capabilities.
- Analyze your own project risk management experiences.
 - What worked?
 - What did not?
 - What can you do better?
- Reset your compass to follow the true direction for applying risk management processes for best results.



Definition of Project Risk

Project risk is an uncertain event or condition that, if it occurs, has a positive or a negative effect on a project's objectives.

PMBOK® Guide—Fourth Edition

DEFINITION



Risk Management is an Optional Activity

Myth: I have a good project plan, scope is clear, resources are assigned, and stakeholders have approved. So I don't need to do risk management.

What do you think?

Can you think of a situation where this is true?



MYTH 1



Risk Management is an Optional Activity

Myth: I have a good project plan, scope is clear, resources are assigned, and stakeholders have approved. So I don't need to do risk management.

Truth: "Project Risk Management is not an optional activity..."

Practice Standard for Project Risk Management, p. 4

MYTH 1



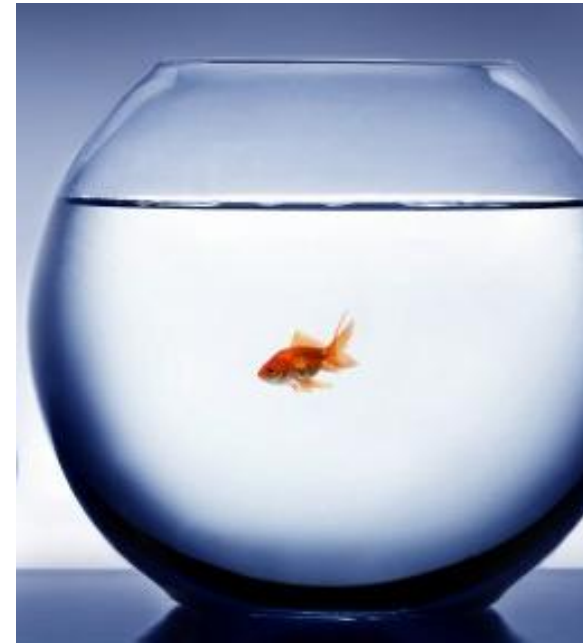
Risk Management is not Needed for “Small” Projects

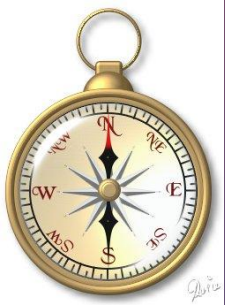
Myth: My project is small so it is okay to skip risk management.

What do you think?

Can you think of a situation where this is true?

What about agile?





Risk Management is not Needed for “Small” Projects

Myth: My project is small so it is okay to skip risk management.

Truth:

“Project Risk Management should be conducted on all projects. The degree, level of detail, sophistication or tools, and amount of time and resources applied to Project Risk Management should be in proportion to the characteristics of the project under management and the value that they can add to the outcome.”

Practice Standard for Project Risk Management, p. 6



Projects with “Good” Project Managers Have No Risks

Myth: A project with risks must have a poor project manager.

What do you think?

Can you think of a situation where this is true?





Projects with “Good” Project Managers Have No Risks

Myth: A project with risks must have a poor project manager

Truth: Good risk management reduces uncertainty and increases project success. Thus, it increases the potential for the project manager’s success.

MYTH 3



Stakeholders Understand Risk Management

MYTH 4

Myth: Everyone on the project team, including stakeholders, already understand how to conduct risk management, and its value.

What do you think?

Can you think of a situation where this is true?

The Child's World of
UNDERSTANDING





Stakeholders Understand Risk Management

MYTH 4

Myth: Everyone on the project team, including stakeholders, already understand how to conduct risk management, and its value.

Truth: This may be true; however, the project manager can help stakeholders to increase their understanding and skill of risk management by

- 1) involving the stakeholders throughout the project and
- 2) using templates and processes that do not “overwhelm” everyone and yet produce the desired results.



All Project Risks are Equal

Myth: Every project risk can be treated the same.

What do you think?

Can you think of a situation where this is true?





All Project Risks are Equal

Myth: Every project risk can be treated the same.

Truth: Use risk management techniques to differentiate the “importance” of a risk to the project’s success. This is determined by using the estimates for “probability of occurrence”, “impact”, and the “risk score”.

MYTH 5



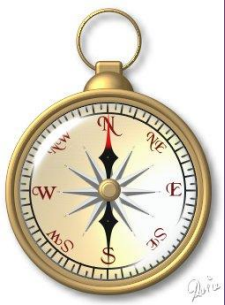
Assumptions and Constraints are NOT Risks

Myth: Assumptions and constraints are topics separate from risk management.

What do you think?

Can you think of a situation where this is true?



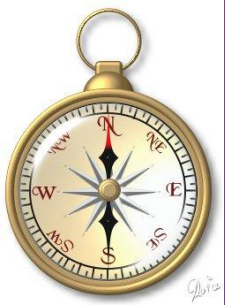


Assumptions and Constraints are NOT Risks

Myth: Assumptions and constraints are topics separate from risk management.

Truth: Assumptions and constraints are inputs to the risk identification process. The quality of this data should be tested; then each assumption and constraint examined as to what would happen if it were NOT true.

MYTH 6



The Project Manager is Totally Responsible for Risk Management

Myth: The project manager is responsible for identifying all of the risks and developing risk response strategies.

What do you think?

Can you think of a situation where this is true?



MYTH 7



The Project Manager is Totally Responsible for Risk Management

Myth: The project manager is responsible for identifying all of the risks and developing risk response strategies.

Truth: To effectively perform risk management, the project team, as well as stakeholders, should be involved.

The project manager directs the risk management planning process.

Rita Mulcahy, "Risk Management, Tricks of the Trade", Second Edition, p. 48



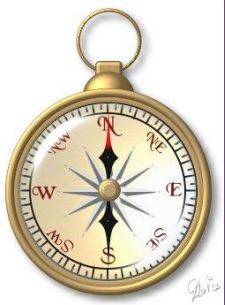
“Accept” Risks with Low Probability of Occurrence

Myth: The Risk response for risks with a low probability of occurrence should be “Accept”.

What do you think?

Can you think of a situation where this is true?





“Accept” Risks with Low Probability of Occurrence

Myth: The Risk response for risks with a low probability of occurrence should be “Accept”.

Truth: Both “Probability of occurrence” and the “impact” should be considered when selecting a risk response strategy. There is no one correct answer to the question regarding what risk response strategy should be used. This is a decision made by the risk owner, stakeholders, and the project team.



Risk Response Strategies

MYTH 8



Clockwise:
Transfer
Avoid
Accept
Mitigate



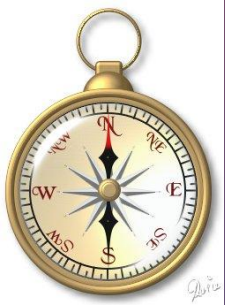
Risk Management is Too Hard

Myth: Some project managers believe that risk management processes are just too hard to learn and apply correctly.

What do you think?

Can you think of a situation where this is true?

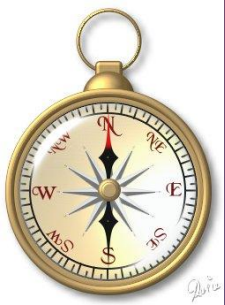




Risk Management is Too Hard

Myth: Some project managers believe that risk management processes are just too hard to learn and apply correctly.

Truth: Actually the statement can be true. Surveys often identify “risk management” as the weakest skill for project managers. However, there are ways to counteract this situation.

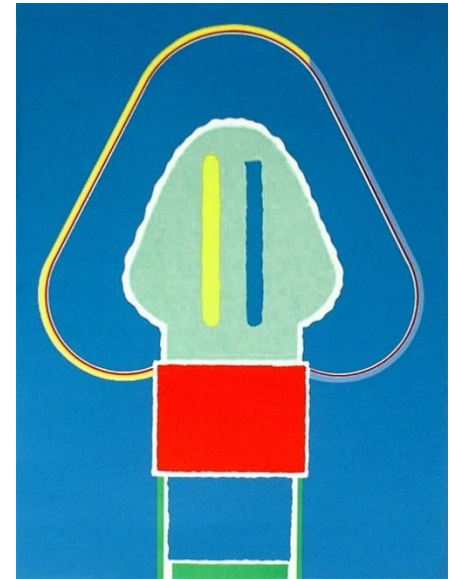


Can you Think of More Myths?

Myth: <Audience participation>

What do you think?

*Can you think of a situation
where this is true?*



Artist: Claude Bellegarde, Paris





References

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Speaker Bio

Nancy J. Petersen, PMP[®], PMI-RMP[®] has been an active KC PMI chapter member since 2001; and an active volunteer since 2003. Nancy earned the PMP[®] certification in January 2005 and the PMI-RMP[®] certification in February 2011.

She practices continuous improvement in all competency areas of project and program management but her special interest is Project Risk Management. Today she teaches Project Management and Management Information Systems courses at the graduate and undergraduate levels for local universities. She holds a MBA in MIS from Avila University.

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