



9 Thoughts on Delivering the Risk Message

Project Risk Management for Dummies Cheat Sheet

You've gone to a lot of effort to analyze risk and determine the best way to respond to it. Now, you need to sell your findings to the powers that be, the ones who hold the purse strings and have the ultimate say in dealing with risk. You need to create a compelling risk message. That's easier said than done, and no matter how well you do your work, you may run into stubborn obstacles to the risk management for which you're advocating. Here are some thoughts about creating the message and ensuring its success.

1. KEEP IT AS SIMPLE AS POSSIBLE

Like all important messages, the content of the risk message should be tailored to the audience. A risk exercise for a medium or large project can be rather complicated, with many charts and tables to be created and analyzed. You'll find yourself creating quite an epic as you try to recap the exercise for senior management and the customer. No doubt they'll appreciate the hard work, but they will also appreciate a concise summary of outcomes. In fact, the project sponsor may simply want to be in the position to answer the question, "Where can we help?"

2. TRY THE RISK DRIVER ANALYSIS

The risk driver analysis is often the perfect document to share with the sponsor. Above and beyond all the other charts, the risk driver analysis illustrates exactly which threats will drive the project to a delayed schedule and higher cost. The sponsor can use this concise information to determine the consequences of inadequate risk mitigation or inadequate contingency funding.

3. THE HARD TO CONVINCING SPONSOR

You can put forth all of the risk analysis available, and no matter the importance or threat to the project, the evidence may prompt no action other than a wait-and-see approach. It may take several updates regarding impending delays before the sponsor begins to believe that the threats you've warned about are likely to drive true delay to the project. With a situation such as this, the sponsor should receive regular updates to the risk exercise so they can determine if the probable risk impact to the project is increasing, unchanging, or decreasing.

4. WORDS FROM THE SKEPTICS

You may have conducted the most incredible risk analysis exercises, and still find them challenged by management. You'll hear all kinds of comments and questions. "These risk models don't apply to us." "Risk always tells us that we can't finish on time or that the project will be too expensive, but we have to deliver anyway." "This looks like it was cooked up by some number crunchers, not the project team." "We have to make the charts, but they don't really mean anything to our project."

5. IF THE MESSAGE IS CHALLENGED

Confidently recap the risk inputs that the team has provided. Candidly describe areas where sufficient information wasn't provided. Explain that risk analysis involves the concepts of probabilities and likelihood. No one will know for certain what will happen until the project is complete. Until that point, project risk analysis is the science of translating educated team inputs into reliable predictions of project performance.

6. BOOST THE CREDIBILITY OF THE MESSAGE

Have team members who provided risk inputs explain the information that they provided, and elaborate on how it can affect their ability to complete their work. This will reinforce the message from the risk driver analysis. Reaffirm that project risk management isn't just guesswork. It's an objective exercise, using the proven concept of project simulation based on targeted inputs from the team members who are responsible for executing the work.

7. ACKNOWLEDGE THAT MORE DETAILS WILL ALWAYS HELP

Convey that the message will certainly need refinement and updates as work progresses on the project. As more work is performed on the project, much more will be known about the dynamics of executing the project.

8. YOU GOT THE GREEN LIGHT. NOW WHAT?

Often, the sponsor does want to take action based on a credible risk assessment. Working with the sponsor to determine the best action can be an interactive exercise, and the risk message will likely change as different strategies are discussed. The sponsor may be able to make an adequate case to have funds provided to the project in order to mitigate risk. In this case, the risk assessment needs to be fortified with this information, with new risk driver analysis charts created. In some cases, even with additional funding or resources, it's still not possible to mitigate for certain threats. It may be that it would take even more funding, or maybe the risk is simply too complex. When this occurs, risk avoidance may be discussed as a reasonable strategy. With a clear understanding of these challenging threats, the sponsor may engage the team to seek opportunities, or perhaps try to accelerate areas of the project which occur prior to the impact of the risk.

9. NEVER OVER 'TIL IT'S OVER

The "message" is never truly complete. It will evolve based on action or inaction taken by the project team. The only point when the risk picture is truly final is when the project is complete! Until that final moment of project completion, there will always be some level of threat, meaning that some form of risk analysis will continue to be needed. For this reason, it's essential to keep the risk message alive in the consciousness of the project team.

Risks are an everyday part of the life of a project. But with countless factors threatening both a project's schedule and budget, how in the world are project managers and sponsors supposed sleep at night? The answer is effective project risk management.

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