# PMPP 201 Unit 9: Risk Knowledge Area

## Overview

Welcome to Unit 9 of PMPP 201. In this Unit, we will consider the tools that allow a project manager to reduce the impact of risks within a project.

This unit will consider the Knowledge Area of **Risks**.

Risk management could be the single largest concern for a project manager. Not only could project failure be a possibility, but the entire organization could be at stake. Care is required to be prepared for risks.

There is a simple tool that every project manager could use in their project work, the Risk Register. This file, usually in Excel, contains the lists of potential risks, has a predetermined course of action if the risk triggers (including assigning ownership). And it even contains calculations to determine the amount of a contingency fund that should be included in the project budget.

We target our assignments to prepare you for use in real-world project management. You will commonly perform work based on a given scenario or use samples/templates from the web. Plus, each week, you’ll be submitting a Weekly Recap Status Report that discusses lessons learned.

## Topics

This unit is divided into the following topics:

1. Plan for Risk by Establishing a Risk Register
   * Knowing that risk WILL happen, a project manager must be prepared for them
   * The Risk Register is the primary document that collects the risks and the planning for each
2. Identifying Risks using Multiple Sources
   * Determining what risks are to be considered for your register will require you to solicit potential risks from multiple sources
   * Some may include: Stakeholders, historically similar projects, enterprise factor risks, and so on.
3. Calculating the Risk Contingency Amount
   * Using the help of stakeholders, you need to determine the probability and financial impact of each risk. These are multiplied to determine the potential expense if a risk trigger.
   * The sum of these become the Risk Contingency. This amount needs to be a line item on the project budget.
4. Perform an Analysis of Risk and Take Steps to Mitigate Them Prior to Project Work Beginning
   * A project team should work to mitigate any risk on the register. It is common to attack the most probable as a means to reduce their probability.
   * It is rare that a risk can be removed from the register (changing to a probability of zero).

## Learning Outcomes

When you have completed this unit, you should be able to:

* Plan for Risk by Establishing a Risk Register
* Identifying Risks using Multiple Sources
* Calculating the Risk Contingency amount
* Perform an Analysis of Risks and Take Steps to Mitigate Them Prior to Project Work Beginning

## Activity Checklist

Below is a checklist of learning activities you will benefit from in completing this unit. You may find it useful for planning your work.

It is important to complete ALL Personal Activity PRIOR to FAR Centre sessions.

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| 🗹 | **Activities** | **Expected Time Commitment** |
|  | **Personal Activity 9.0.1:** Watch Instructor Video (PowerPoint file included for reference). | 30 minutes |
|  | **Personal Activity 9.0.2:** Read Fundamentals of PM (FPM), chapter 5 | 50 minutes |
|  | **Personal Activity 9.0.3:** Read All In One (AIO), chapter 11. | 60 minutes |
|  | **Personal Activity 9.0.4:** Watch AIO Video “Risk Reserve” by Phillips. | 5 minutes |
|  | **FAR Centre Activity 9.1.1:** Scenario: The entire class makes up a group of stakeholders for a project to “move a bank’s corporate office to a location 30km away. Elections: One student will represent the CEO, another as the VP of Operations, another as the VP of HR, one as the Head of Customer Service, there will be 2 Department Managers with one Lead each. Add a representative of the moving contractor and the bank’s long-time janitor. Any remaining students will be Clerks, of varying levels of experience. | 20 minutes |
|  | **FAR Centre Activity 9.1.2**: Using the Risk Register file, your group is to brainstorm at least 50 risks. Students will offer potential risks based on their job titles. | 60 minutes |
|  | **FAR Centre Activity 9.2.1**: As a full group, review the PERIL database to add 5 more. | 10 minutes |
|  | **FAR Centre Activity 9.3.1:** For each risk, select a Probability (0.1 to 0.9) and Impact (0.25, 0.5, 0.75, 1.0), then assign a Potential Expense. | 60 minutes |
|  | **FAR Centre Activity 9.3.2:** Note the Risk Contingency at the bottom right of the file, and discuss what is to be done with that number. It is usually too high to start, with over-inflated Probabilities and Impact numbers – should any be reduced? | 10 minutes |
|  | **FAR Centre Activity 9.4.1:** For the 5 risks that have the highest probabilities, discuss what can be done to reduce (mitigate) the risk potential of each. | 20 minutes |
|  | **FAR Centre Activity 9.4.2:** If time permits, consider the Root Causes (why the risk triggered) and Response Strategy (EXACTLY what to do if it triggers) for the top 10 (probability) risks. | 30 minutes |
|  | **Assessment 9.1:** Written Assignment: Consider the scenario from Week 5, “Scenario: You are a concert promoter in your area and you want to host a large concert for 5k people,” and:   * Enter 10 risks * Enter the Response Strategy (EXACTLY what to do if the risk triggers) * Enter the Communication Plan (names, titles, and exactly how they want to be notified if the risk triggers) * Enter the Probability, Impact, and Potential Expense of each risk. * Calculate and comment of the Risk Contingency | Tbd |
|  | **Assessment 9.2: Far Centre Participation:** Yourdiscussion and presentation participation will be considered by Facilitator and an evaluation will be submitted weekly to the Instructor. Plus, you will submit your Weekly Recap Status Report (using the template provided). | **Tbd** |

## Resources

Purchased Resources (textbooks, DVD):

* Fundamentals of PM (FPM), (Heagney), Chapter 5
* All In One (AIO), (Phillips), Chapter 11
  + AIO Video, “Risk Reserve” (from CD that comes with the textbook)

Provided Resources (files/weblinks):

* File: Week 9 Instructor Video Recording [Link]
* File: Week 9 PowerPoint [Link]
* File: “The Risk Register” [Link]
* Web Link, “[Selected Detail From the PERIL Database](https://flylib.com/books/en/1.468.1/appendix_a_selected_detail_from_the_peril_database.html)”

The most recent PMPP Textbook List, including ISBN’s, for all PMPP courses can be found in Moodle.

## Notes on ALL Learning Activities

Note that the learning activities in this course are ungraded, unless specified. All learning activities are designed to help you succeed in their assessments in this course, so you are strongly encouraged to complete them.

## Personal Activity:

The following activities are to be completed **before** your FAR Centre weekly session. Be sure to complete them to be fully prepared. Your familiarity with the topics and concepts will greatly help you participate with confidence during FAR Centre Activities.

#### Personal Activity 9.0.1: Watch Instructor Recorded Video

The weekly video is a preview of the topics to be studied for this unit. They are usually 15 to 30 minutes and have a supplemental PowerPoint file. You may find this gives you an edge in retaining the content you are ‘about to read’.

* Watch the video here: [link to file added when available].
* Find the supplemental PowerPoint file here: [link to file added when available].

#### Personal Activity 9.0.2: Read Fundamentals of PM (FPM), Chapter 5

This chapter of FPM starts the discussion of risks and their role in project management. Risk WILL happen and must be planned for by the project team. The project manager takes responsibility to ensure that the risks are planned for.

#### Personal Activity 9.0.3: Read All In One (AIO), Chapter 11

The AIO text offers great detail to put together a solid project risk plan… the primary document being the Risk Register. This collection goes well beyond just a brainstormed list, but includes root causes, response strategies, probabilities, impact, and potential expense (plus more).

The end result is that your team can take action prior to project work start, to mitigate these risks. Plus, there is a powerful calculation to allow you to budget for the risks.

#### Personal Activity 9.0.4: Watch AIO Video: “Risk Reserve”

This video shows the ‘math’ of the register by using Probability, Impact, and Potential Expense.

## Topic 1: Plan for Risk and Establish a Risk Register

The FAR Centre activities this week will vary greatly from prior weeks. The entire class will function as a single project team, as stakeholders. Each student will be given (or elected) a job title for the organization and their input the entire session will be from that title’s perspective.

#### FAR Centre Activity 9.1.1: Stakeholder Assignments and Team Formation

Scenario: The entire class makes up a group of stakeholders for a project to “move a bank’s corporate office to a location 30km away. Elections: One student will represent the CEO, another as the VP of Operations, another as the VP of HR, one as the Head of Customer Service, there will be 2 Department Managers with one Lead each. Add a representative of the moving contractor and the bank’s long-time janitor. Any remaining students will be Clerks, of varying levels of experience.

#### FAR Centre Activity 9.1.2: Brainstorming Risks

Your team will elect a project manager and that person facilitates the entire session. In this module, the project manager will facilitate a brainstorming session, soliciting possible risks from every student/stakeholder. Each student should come up with risks that come from the perspective of their job titles. The Facilitator will act as an external/contracted consultant. At least 50 risks should be recorded in the provided (blank) Risk Register.

## Topic 2: Identifying Risks using Multiple Sources

The text offers a comprehensive list of potential sources of risk identification outside of the project team. If possible, this should be based on input form customers, too.

#### FAR Centre Activity 9.2.1: Brainstorming Risks from External Sources

After 9.1.2 is completed, your brainstorming should continue by using excerpts from the PERIL database. A web link to the excerpts is provided in the Resources section above. After ask your Facilitator (acting as an external/contracted consultant) for one or two more.

## Topic 3: Calculating the Risk Contingency Amount

Every project risk will have some impact on finances. Some may be minimal, while other could be quite catastrophic (to the project and the organization). It is important to be able to assign dollars to a risk, but within the parameters of probability and impact.

The calculation we use in this register varies slightly from the textbooks and video (the calculation is spread out on the supplied Risk Register to allow you to see the math).

#### FAR Centre Activity 9.3.1: Assigning Probability, Impact, and Potential Expense

For each risk, determine the probability of each. The range will be 0.1 to 0.9 (if zero, then there is no chance it can happen, therefore not a risk; if 1.0, or 100%, then it WILL happen, and is not a risk – but a ‘given’).

Assign an Impact using the definitions from the Instructions tab of the register. Then, add a Potential Expense to each, too... this is the amount of money that the risk would cost to be ‘fixed’.

#### FAR Centre Activity 9.3.2: Risk Contingency Analysis

Note the Risk Contingency at the bottom right of the file. Discuss what can be done with that number (how to use it in project planning).

This number is usually too high to start. What drives this? For your most expensive risks, revise several by adjusting the Probability and Impact (these are the usual culprits for an over-inflated Risk Contingency number.

The revised register should have a valuable Risk Contingency number that would be transposed to the project budget.

## Topic 4: Perform an Analysis of Risk and Take Steps to Mitigate Then Prior to Project Work Beginning

With the register ‘mostly’ done, your project team will consider the worst risks (by probability, for this exercise, but this could be sorted by Impact or Potential Expense, too) and then determine some actions that could be taken to reduce those risks. The focus will be on risks that would easily be labeled as ‘unacceptable’, hence your team’s attention to reduce them.

(Elimination of risks is very rare, but not impossible.)

#### FAR Centre Activity 9.4.1: Risk Mitigation Analysis

For the 5 risks that have the highest probabilities and discuss actions that could be taken to reduce them. (For example, outsourcing a task to transfer the risk to a supplier.)

The final document is to be emailed to the Instructor by the Facilitator

#### FAR Centre Activity 9.4.2: Root Causes and Response Strategies

If time permits, add to the register some Root Causes and Response Strategies.

The root causes are based on the core problem that drives the risk. The responses would be the exact action that would be taken if the risk triggers.

## Unit 9 Summary

In this unit, you have had the opportunity to learn about…

1. The value of planning for risks. Risk WILL trigger, potentially inciting havoc. But if well planned, the response to them could appear rather seamless.
2. The power of the Risk Register. It is the single greatest tool for a project manager. Too many project failures are based on weak or non-existent registers.
3. The Risk Register offers a powerful budgeting tool, a calculation that lead to a Risk Contingency that could be included on the budget, absorbing risk expenses (the risks that trigger during the project).

## Assessments

### *Assessment 9.1: Written Assignment*

Consider the scenario from Week 5, “Scenario: You are a concert promoter in your area and you want to host a large concert for 5k people,” and develop at Risk Register, using the template in the file, ”The Risk Register”, link provided in the Resources section above.

Use the template to complete these columns ONLY:

* 10 Risks (Descriptions)
* A Response Strategy for each
* The Communication Plan for each
  + Names, titles, and preferred method of contact for each stakeholder that ‘needs to know the risk triggered’
* The Probability
* The Impact
* The Potential Expense

Then, calculate and comment on the Risk Contingency.

You will upload this into Moodle for grading.

### *Written Assignment Grading Criteria:*

The grading of the Written Assignment will be based on the PMPP Standard Rubric:

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| **Syntax and Spelling:** | |  |  |
|  | Emerging (0 to 6 points) | Developing (7 to 8 points) | Mastering (9 to 10 Points) |
|  | Student appears to not have checked for spelling and grammatical errors. Sentence structure is difficult to follow. Basic composition rules may not be followed. APA formatting has errors. | There are limited minor errors in spelling or grammar. The content may not flow smoothly and may be disjointed in thought and application. APA formatting is adequate. | There is either no errors or just a minor error in spelling or grammar. The content flows well and are a solid example of proper composition elements of style. APA formatting is exemplary. |
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| **Thorough Answers to Assignment:** | |  |  |
|  | Emerging (0 to 21 points) | Developing (22 to 30 points) | Mastering (31 to 35 Points) |
|  | Student may have simply just answered the assignment demonstrating limited knowledge of the content, lacked depth, and offered limited (or no) sources. Major points of the assignment are not developed. | Student answered the minimum of the assignment and offered undeveloped use of sources. They may need to cultivate some portion(s) of the assignment more in order to head toward mastery. | Student has clearly mastered the assignment content and properly used sources to thoroughly prove their thesis Content is clear and concise, without being too wordy; finishing with a great conclusion. |

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| **Personalization/Examples:** | |  |  |
|  | Emerging (0 to 21 points) | Developing (22 to 25 points) | Mastering (26 to 30 Points) |
|  | Student offers shallow or no personal examples to support their thesis. | Student shows personalization, but may be offering 'someone else's story' or one that doesn’t fit the assignment. Application of the content may not be thoroughly explained (to fit their thesis). | Student offers are least one strong example from personal experience, and fits well with their thesis and conclusion. Impact on faith may be included in the answer. |
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| **Professional Presentation:** | |  |  |
|  | Emerging (0 to 9 points) | Developing (10 to 12 points) | Mastering (13 to 15 Points) |
|  | Paper is offered in an acceptable presentation but lacks consistent formatting. Paragraphs are too large. Word choice may not be appropriate for the ‘business style’ required for this course. Overall appearance detracts from the content. | Paper is better than an ‘acceptable’ presentation. Paragraph size is appropriate (limited to 4 sentences each) and word choice is fitting. Overall appearance is on the brink of greatness. | Paper is very professional looking. Paragraphs are well formulated. Excellent word choice and appearance add to the overall content. Total appearance is exceptional. |

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| **Sources:** | |  |  |
|  | Emerging (0 to 5 points) | Developing (6 to 8 points) | Mastering (9 to 10 Points) |
|  | Student use of citation(s) does not comply with the assignment minimums; and sources are (just) from textbooks. | Student uses minimum quantity of required citations, but a majority are from the textbook(s). | Sources are rarely from textbooks and often from creative sources. |

### *Assessment 9.2: FAR Centre* *Participation*

You are expected to complete your reading assignments prior to class. Then during class, opening (with honesty and respect) join in on class discussions, small group discussions, and presentations.

Plus, you will submit a Weekly Recap Status Report (uploaded onto Moodle), using the template provided. You can score up to 100 points for this.

### *FAR Centre Participation Grading Criteria:*

Using the TWU general guide to grading found in the syllabus, the Facilitator will provide a score (and any applicable feedback) to the Instructor, namely, an evaluation of each student’s participation in the weekly sessions. Since these cannot be made up, attendance is mandatory.

For the Facilitator feedback, scoring is based on the below rubric.

* Attendance: 0 points for an absence, 10 for being late, and 25 for full attendance
* Attentiveness, up to 25 points
* Quality of class & small group discussions, up to 25 points
* Quality of presentations, up to 25 points
  + In the event of group presentations, the group will share the same score

Plus, you will submit a Weekly Recap Status Report (uploaded onto Moodle). You can score up to 100 points for this.

## Checking your Learning

Before you move on to the next unit, you may want to check to make sure that you are able to:

* Have confidence in opening and populating a Risk Register to fit just about any project.
* Know where to search for ideas when it comes to identifying risks.
  + Some will be external from the project group.
* Enter appropriate and fitting Probability, Impact, and Potential Expense numbers to result in an accurate Risk Contingency amount that can be added to the project budget.
* Recognize what your more severe risks are and consider mitigation options with your team.