

RISK MANAGEMENT

ĐẶNG THANH LONG – FPT SOFTWARE



AGENDA

- 01 Definition
- 02 Exercise
- 03 Assess and Manage Risks
- 04 Q&A

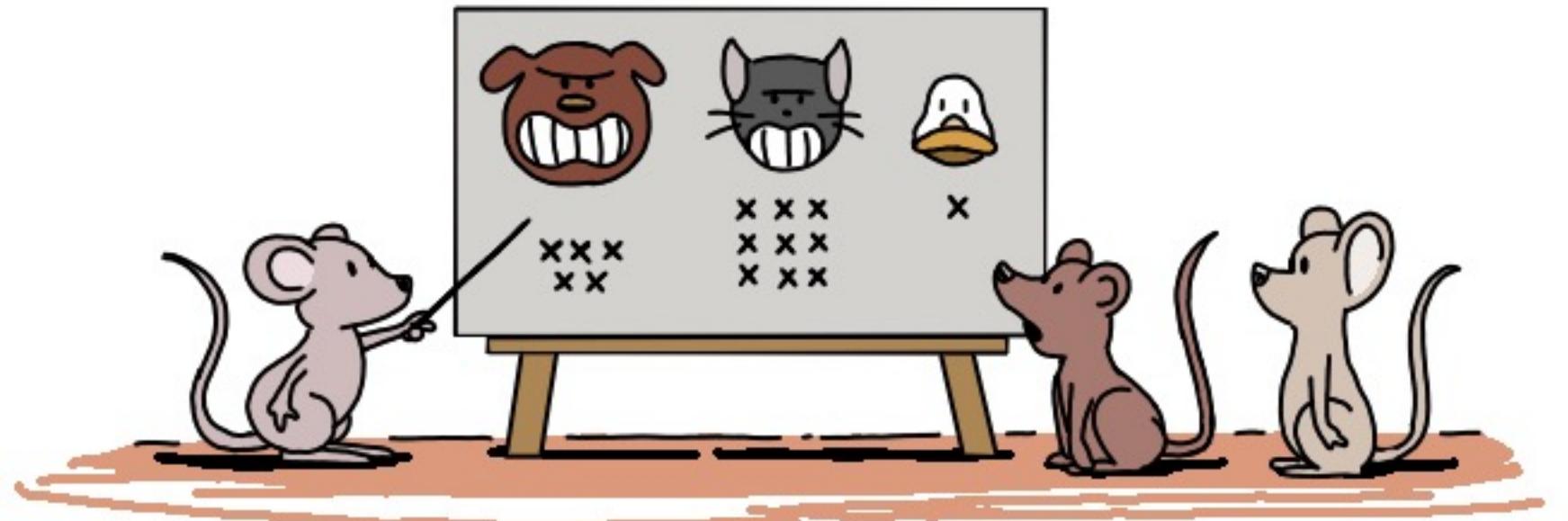
DEFINITION



What is Risk?

- An uncertain event (hasn't happened)
- Positive or Negative

Risk has occurred → Issue



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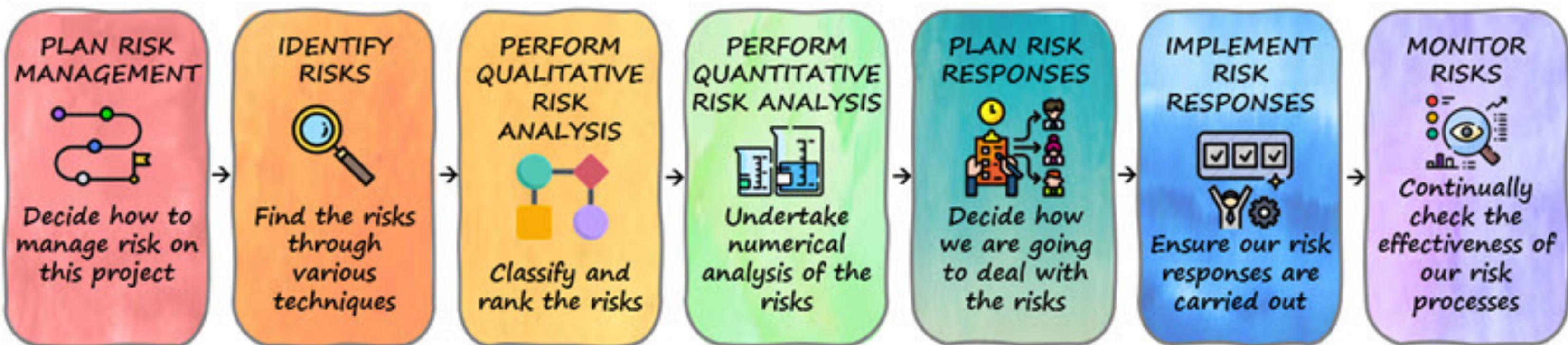
EXERCISE





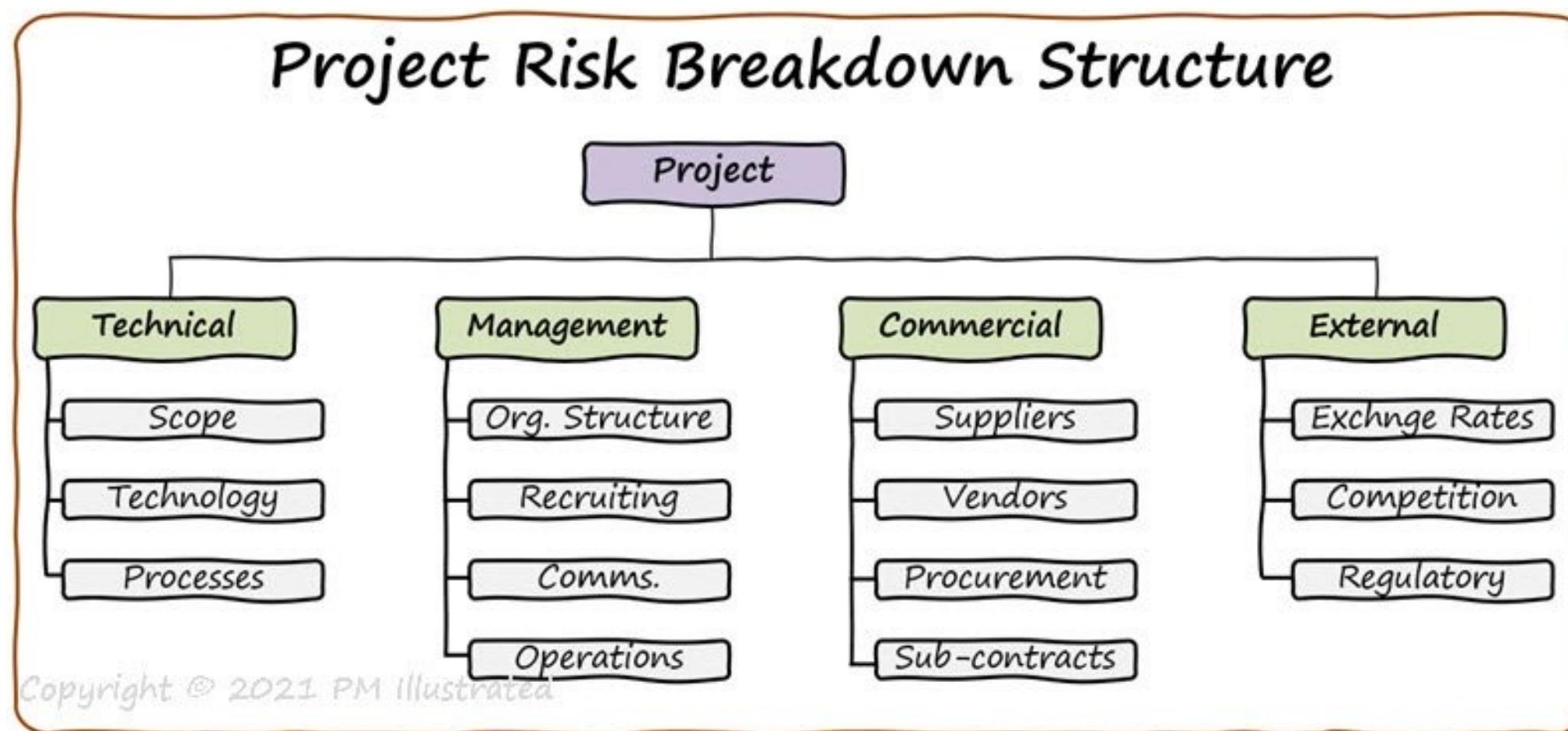
ASSESS AND MANAGE RISKS

Risk Management Process





Plan Risk Management



Source

Scale	Probability	Impact: Schedule	Impact: Scope	Impact: Budget
Very High	>70%	>4 Weeks	Must haves	> \$2M
High	51 - 70%	2 - 4 Weeks	Should haves	\$1M - \$2M
Moderate	31 - 50%	1 - 2 Weeks	Could haves	\$500K - \$1M
Low	10 - 30%	2 - 7 Days	Would likes	\$200K - \$500K
Very Low	< 10%	< 2 Days	None	< \$200K

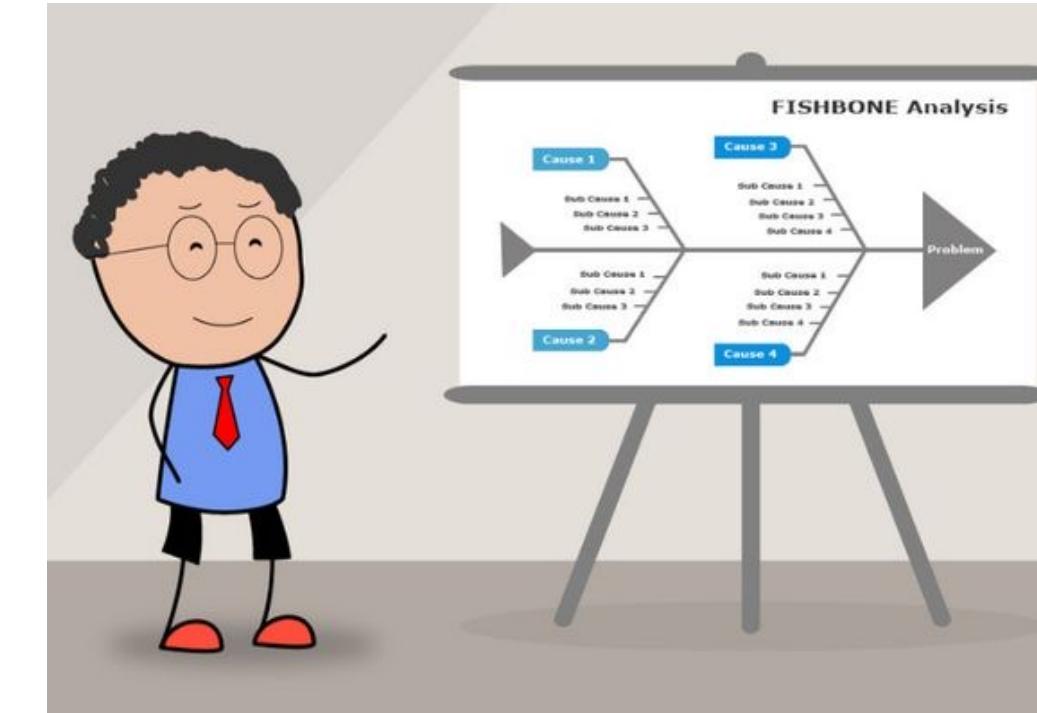
Thresholds



Identify Risks



Brainstorming



Fishbone

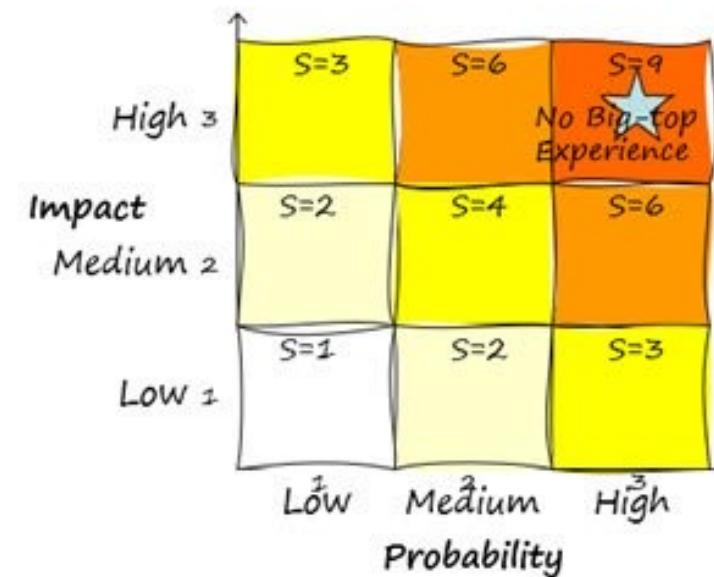




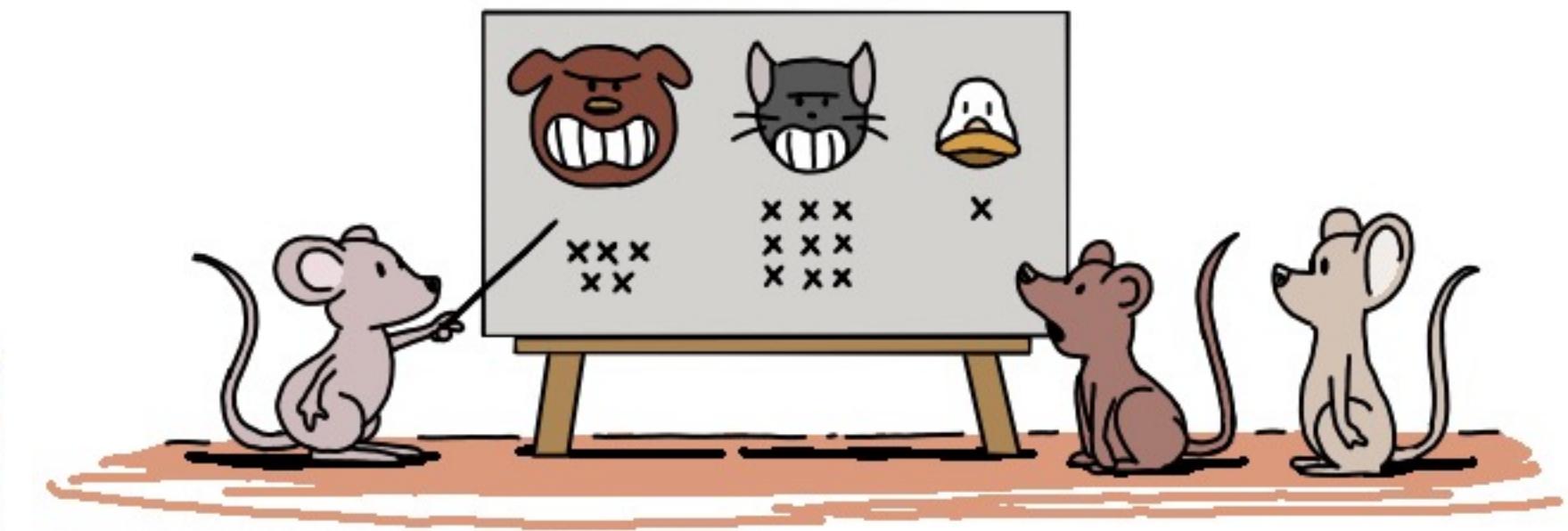
Perform Qualitative Analysis

QUALITATIVE RISK ANALYSIS

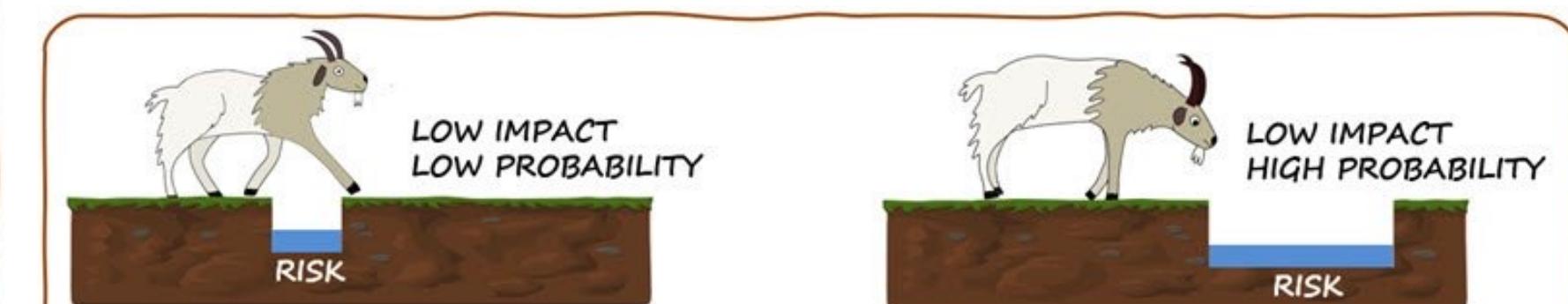
- Assign Severity:
 $\text{Severity} = \text{Impact} \times \text{Probability}$
 (e.g. = "No big-top experience"
 = High (3) \times High (3)
 = 9)



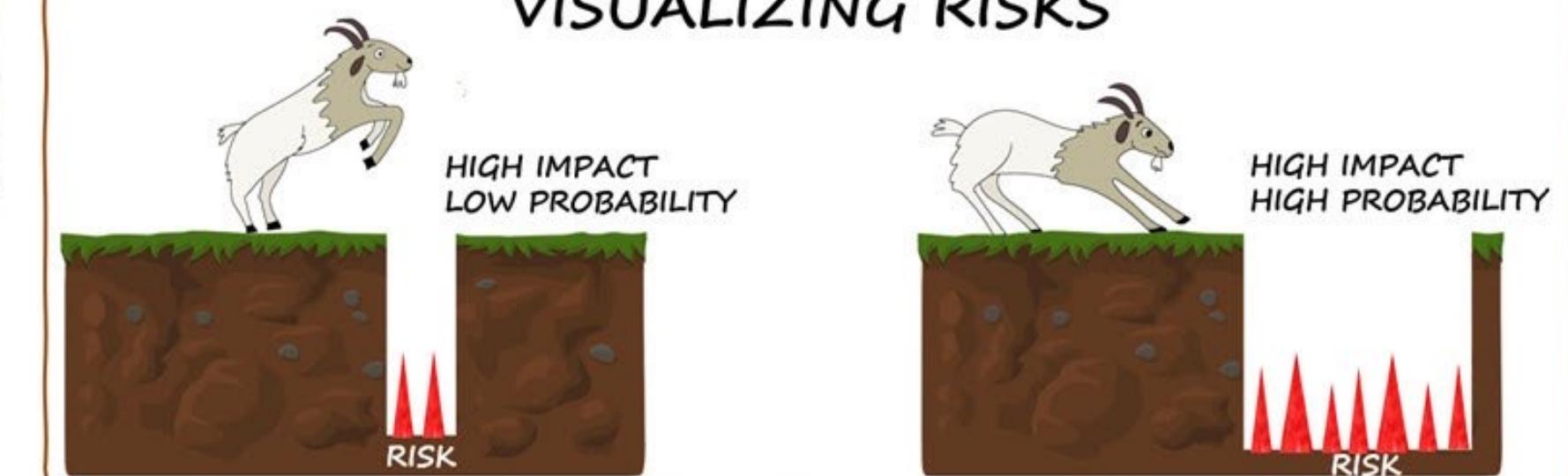
- Rank risks based on Severity
- Determine which risks will need further management
- Determine overall risk rating for project



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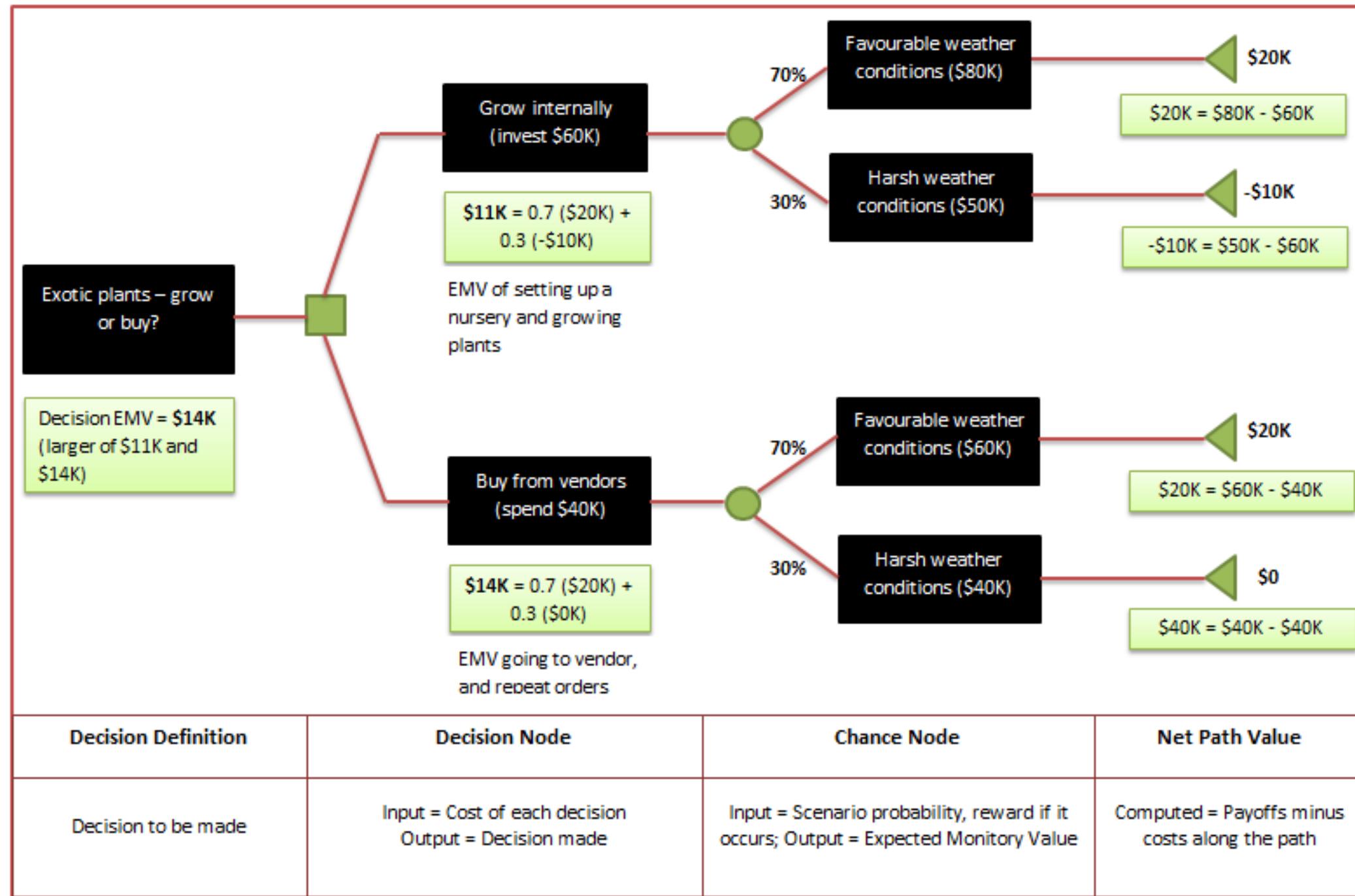


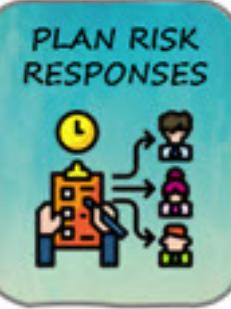
VISUALIZING RISKS





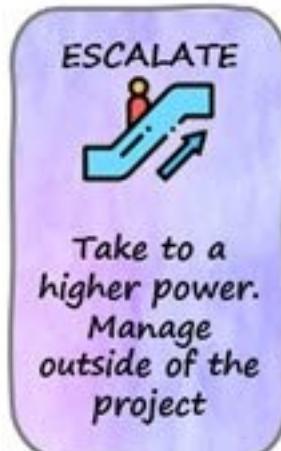
Perform Quantitative Analysis



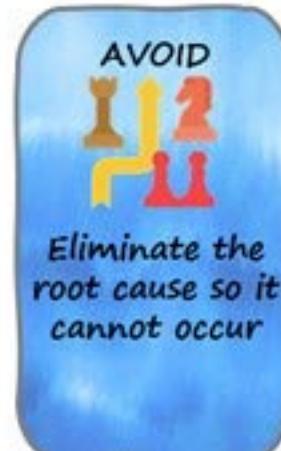


Plan Risk Response

Risk Response Strategies - Threats



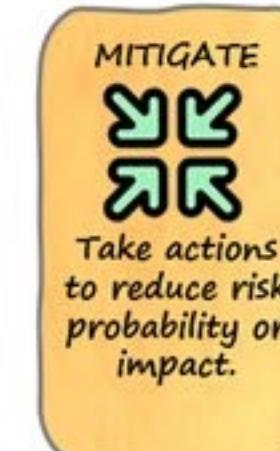
Take to a higher power. Manage outside of the project



Eliminate the root cause so it cannot occur



Move to a group better handled to manage it. Use insurance.



Take actions to reduce risk probability or impact.



Agree to take no action, but create a contingency reserve.

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- **Escalate:** Transfer to someone outside the project.
- **Avoid:** take evasive action
- **Transfer:** Move the risk to a group better equipped to handle it
- **Mitigate:** Make the risk smaller
- **Accept:** For low priority risks, or those we cannot avoid or reduce, we may have to accept the risk

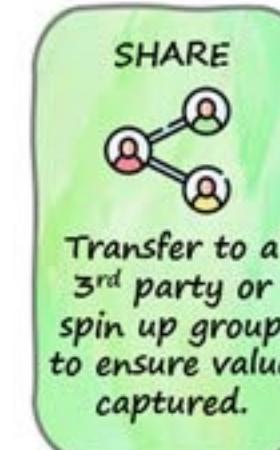
Risk Response Strategies - Opportunities



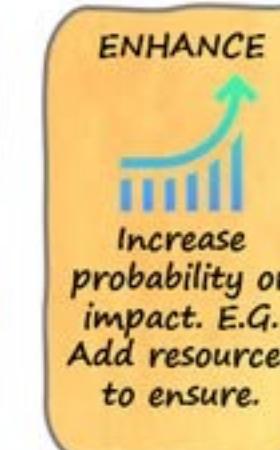
Take to a higher power. Manage outside of the project



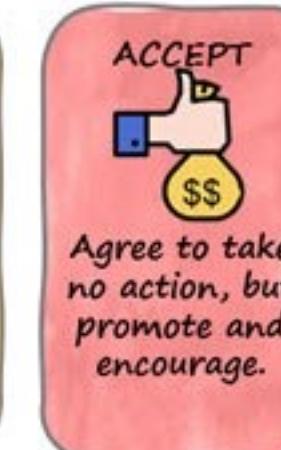
Ensure the opportunity is realized. Assign best talent and prioritize work.



Transfer to a 3rd party or spin up group to ensure value captured.



Increase probability or impact. E.G. Add resources to ensure.



Agree to take no action, but promote and encourage.

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- **Escalate:** Transfer to someone better able to ensure the opportunity occurs.
- **Exploit:** Try to drive the probability up to 100% and maximize impact
- **Share:** Transfer the opportunity to others (both in, out)
- **Enhance:** Similar to exploit, but to a lesser degree, try to increase the probability and impact
- **Accept:** Sometimes, there is not much we can do to increase the likelihood of an opportunity occurring (such as good weather)



Implement Risk Responses



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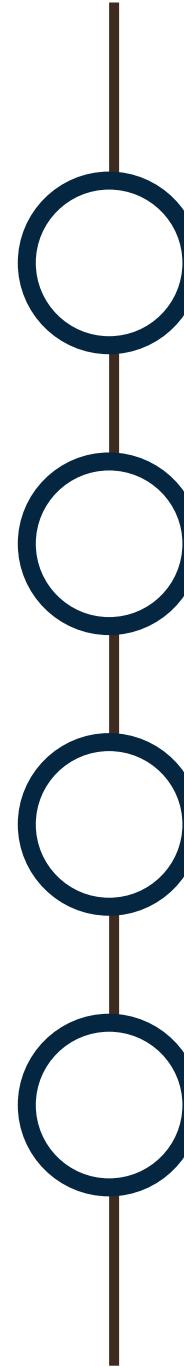
Monitor Risks

Essential ERM by Tracker Networks Inc. Strategy Appetite Risks Actions Votes Reporting Jason Doe Acme Inc.

acme Enterprise Risk Console filter by owner... all portfolios Add Risk Create Risk Vote ...

Rank	Business Risk	Category	Likelihood	Impact	Inherent Risk	Controls	Residual Risk	Velocity	Risk Thresholds	Open Actions	Business Areas
1	Data Center Outage	Operational Risk	Possible	Extreme	● 15	Mostly Ineffective	● 12	Very High	above	1	Information Technology Board Risk Data Protection External Audit Emerging Risk Earnings
2	Interest Rates Rise On Variable Debt	Financial Risk	Possible	Major	● 12	None	● 12	Medium	within	0	Board Risk Treasury Finance Legal Critical Risks
3	Supplier Risk - Bestsource Component Supply	Operational Risk	Likely	Major	● 16	Mostly Ineffective	● 12		above	2	Manufacturing Earnings Board Risk
4	Opportunity - Changing Customer Preferences Leading to a Decrease in Market Size	Strategic Risk	Almost Certain	Major	● 20	Mostly Ineffective	● 15	Low	above	0	emerging Board Risk Emerging Risk
5	Severe Illness for Key Executive	Operational Risk	Likely	Major	● 16	Partially Effective	● 9		within	0	
6	CAD\$ rises > than 10% against US\$	Financial Risk	Possible	Major	● 12	Partially Effective	● 6	Medium	within	0	Legal Internal Audit Finance Board Risk
7	Sample Parent Risk for Roll Up Purposes	Strategic Risk	Possible	Major	● 12	Mostly Effective	● 6		within	0	Critical Risks
8	DDoS Attack Takes Down Production System	Operational Risk	Likely	Major	● 16	Partially Effective	● 10	Very High	within	0	Enterprise Risk Information Technology Key Risks
9	Drop in Value of European Cash Reserves	Financial Risk	Likely	Moderate	● 12	Mostly Ineffective	● 8		within (suppressed)	0	

Conclusion



Risk: uncertain event, positive & negative

Practice: identify, qualitative, quantitative, response

Risk management in a project

PDCA



By failing to prepare, you are preparing to fail!



Q&A