Chapter 3

Stakeholder Engagement

3

In This Chapter

- Stakeholder Education
- Coaching Team Members
- Risk Attitudes and Tolerances
- Stakeholder Identification and Analysis
- Risk Roles and Responsibilities

Stakeholder Education

As mentioned previously, one of the key roles and responsibilities of the project manager is educating the project team, stakeholders, and leadership as to the risk management exposure of the project, the desired risk management approach, and the stakeholders' roles in project risk management.

Stakeholder education, awareness, engagement, and support are critical success factors for project risk management. Stakeholders, particularly key stakeholders (those who are in leadership or decision-making roles for the project), need to be educated as to:

- The project risk management approach, tools and techniques, and methodology that will be utilized on the project
- Project risk communication vehicles, information, frequency, and ownership, through the risk register, risk response plan, and other risk reports
- The allocation of contingency and management reserve funding
- The ownership of decisions relating to project risk management
- Project risk management roles and responsibilities

Coaching Team Members

The project team members also need to be educated on the project risk management approach, roles and responsibilities, and expectations. This coaching should occur as early as the project kick-off meeting to ensure that all team members recognize the importance of project risk management, the impact of project risk management on achieving the project objectives, and the expectations of them as team members.

The project manager is responsible for ensuring that this coaching and training occurs and is maintained throughout the project. This responsibility can include

looking for opportunities to provide coaching and training on the various risk management techniques, ways to identify risks, the importance of variance and trend analysis, and what is needed to implement and monitor the designated risk responses.

Ideally, risk management is fully integrated with project management, and the team members will not feel that risk management activities are extra work or an additional burden on them as team members.

Group Decision-Making Techniques

Throughout the project, the project manager will be responsible for facilitating decision-making with a number of stakeholders. The project manager should explicitly identify how decisions will be made on the project as it relates to project risk management.

Group decision-making will fall into one of the following categories:

- Unanimity – This decision-making approach implies that all key members must agree in order to finalize a decision. Needless to say, seeking unanimity can be challenging from a time perspective, especially in environments in which there are significant differences in opinions.
- Majority – This decision-making approach accepts a decision as long as more than half of the members agree. Before the members of the group are asked to vote, the project manager should ensure that everyone understands that this will be the approach and seek agreement that the non-majority members will support the decision.
- Plurality – This decision-making approach accepts the decision agreed upon by the largest subset, even if a majority vote is not reached. For example, if four stakeholders agree with option A, two with option B, and three with option C, option A would be pursued, even though it does not have the majority agreement.
- Dictatorship – This decision-making approach implies that one person is making the decision. This is often appropriate for decisions that should rest solely on the sponsor or the customer. Again, it is important to understand and document what specific decisions or areas fall under dictatorship decision-making.

DACI Model

The DACI Model, a popular Six Sigma tool, is helpful in clarifying who has the authority to make decisions. DACI is an acronym representing the roles of Drivers, Approvers, Contributors, and Informed individuals.

Drivers are responsible for coordinating the project overall and making decisions about how to proceed. Approvers may or may not be involved in the detailed work of the project team, but their approval is required for key decisions. Contributors do not have approval authority but can provide information that is needed in order to make decisions. Informed individuals are those who must be given information once a decision is made.

There are a number of other tools and techniques that can be used to guide decision-making for project management and project risk management. These tools and techniques are discussed in more depth later in this book, but can include:

- Decision trees
- Force field analysis
- Failure Mode and Effect Analysis (FMEA)

Group Creativity Techniques

A number of creativity techniques are used for many of the project risk management processes. The project manager is expected to leverage a number of different techniques in order to identify the risks of the project, assess the impact of the risks, and determine the most appropriate response.

Brainstorming

Brainstorming is designed for participants to think and contribute creatively with minimal structure or boundaries. Versus a structured or regimented approach, brainstorming leverages lateral thinking and allows for the development of creative ideas or approaches. All participants are encouraged to participate in brainstorming sessions and be open to hearing all of the ideas shared in the group.

Often, some ideas will spark or feed other ideas, and contributions will be built collectively from the creative energies of the group. When facilitated appropriately, brainstorming can also be a fun and energizing activity that can encourage the project team members to bond and enhance their group dynamics.

Nominal Group Technique

The nominal group technique involves problem identification, solution generation, and decision-making. The nominal group technique is frequently used for groups who want to make a decision quickly, as by a vote, but want everyone's opinion to be taken into consideration before the vote is taken.

Each member of the group provides his or her view of the solution with a short explanation. Duplicate solutions are eliminated from the list, and then members rank the remaining solutions. During this process, members should be encouraged to share the reasons for their choices in order to identify common ground and potentially meld and improve similar ideas.

There are commonly five steps in the nominal group technique process:

1. Introduction and explanation of the purpose and procedure
2. Silent generation of ideas, during which the participants write their ideas
3. Sharing of ideas by all participants
4. Group discussion including questions and answers
5. Voting and ranking of the ideas

Delphi Technique

The Delphi technique is used to generate information from a panel of experts. Participants are asked questions or presented with a scenario for response via an anonymous survey mechanism. The responses are consolidated and redistributed back to the panel for further review, comment, or agreement.

The number of rounds can vary depending on the audience and topic. The Delphi technique is especially valuable in environments where participants may not feel comfortable speaking up in a non-anonymous setting or where very dominant personalities make the risk of "group think" more likely.

Idea/Mind Mapping

Unlike linear note-taking or writing, idea or mind mapping seeks to allow an individual or group to think more creatively. Mind mapping has been used for centuries by thinkers including DaVinci, Darwin, Edison, and Einstein.

The general structure of a mind map includes:

- A central idea or image
- One main topic on each branch and sub-topics on "sub-branches"
- Use of different colors
- Space for unexpected topics or ideas

Mind mapping can be done using flip charts, white boards, or other manual tools. In addition, there are a number of software applications for mind mapping.

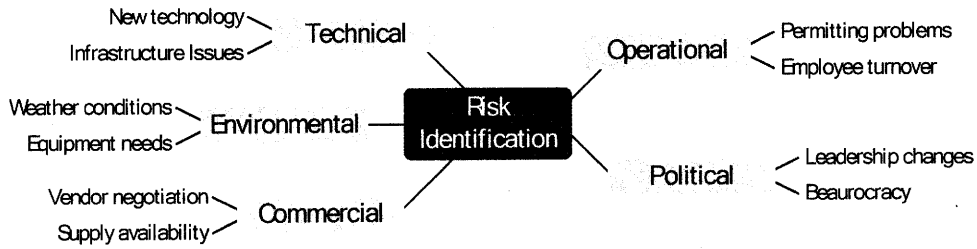

Figure 3-1: Idea/Mind Mapping

Affinity Diagram

Created in the 1960s by Japanese anthropologist Jiro Kawakita, affinity diagram organizes a large number of ideas by their natural or logical relationships. Affinity diagrams are often constructed using sticky notes or cards on a large work surface, so it is also frequently referred to as a "sticky note process."

Ideas captured through brainstorming or other means are listed on individual notes and spread on a large surface for visualization. Using the feedback from the group, the ideas are then grouped by logical relationships or categories.

Affinity diagrams are beneficial when there are a large number of ideas that appear chaotic, when issues seem large or difficult to grasp, and when group consensus is needed.

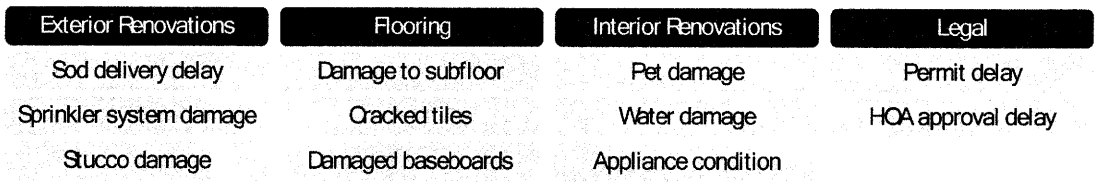

Figure 3-2: Affinity Diagram

PMBOK® Guide, page 246

Risk Attitudes and Tolerances

Organizational and stakeholder risk attitudes and risk tolerances must be explicitly identified and managed before and during the project. While organizational risk attitudes are typically overarching and long-term, stakeholder risk attitudes and tolerances can change and evolve depending on the environment, circumstances, and specific project implications.

Organizational Risk Culture

Each organization possesses and displays an overall risk attitude that exerts influence. However, while a working team's approach to risk is largely a function of the risk attitudes of the constituent individuals, a corporate organization is different.

Each corporate organization can be said to have its own distinct "corporate risk culture" which is more than the sum of its component parts and which influences every action and decision, often covertly.

The drivers of corporate risk culture may include:

- The influence of organizational history and corporate memory
- Recent events which have had a significant effect on the organization
- Reputational issues, past and present
- Stakeholder expectations and influences
- The leadership style adopted at all levels in the organization
- Characteristics of the industry sector
- The current economic environment and conditions
- The national and international context for corporate activities

Organizations perceive risk as the effect of uncertainty on their project and larger organizational objectives. Every organization is different, and the degree to which different organizations are willing to accept risk varies. Organizational risk tolerance is reflected in the organizational policies, such as pre-established prohibitions on pursuing fixed-price contract projects.

Risk responses reflect an organization's perceived balance between risk-taking and risk avoidance. Risks that are threats to a project may be accepted if the risks are within the organization's tolerances and are in balance with the rewards that may be gained by taking the risks.

Organizations in different businesses deal with risk in their own ways.

- Start-ups and speculative endeavors may have a high tolerance for risk: many projects undertaken are expected to fail, but these are compensated for by a small number that are extremely successful.
- More conservative organizations, such as governments and enterprises that provide solutions to customers for a fee, are generally risk-averse and expect consistent success but more modest returns on each project.

The specific organization's risk tolerance must be a primary consideration in the evaluation and selection of projects. A consistent approach to risk should be developed for each project, and communication about risk and its handling should be open and honest.

Risk Tolerances

Individuals and groups adopt attitudes toward risk that influence the way they respond. These risk attitudes are driven by perception, tolerances, and other biases that should be made explicit wherever possible.

The stakeholders of the project may have strong individual opinions on project risk. Although some stakeholders may be risk-tolerant, others may wish to staff and structure the work to minimize extreme outcomes. Technical contributors tend to prefer low risk.

One often-repeated example of stakeholder risk preference is attributed to the NASA astronauts, who observed that they were sitting on the launch pad atop hundreds of systems, each constructed by the lowest bidder. Your risk tolerance frequently depends on your perspective.

Risk Attitudes

In evaluating the organization and the project stakeholders, the project manager may find the following risk attitudes:

- Risk-averse
- Risk-tolerant
- Risk-neutral
- Risk-seeking

Risk-Averse

Risk-averse stakeholders are uncomfortable with uncertainty and have a low tolerance for ambiguity. They seek security and resolution in the face of risk. They prefer facts over theories and are more interested in established methods and procedures than new or untested approaches.

These stakeholders have increased sensitivity and greater reactions to threats. As they are uncomfortable with negative uncertainty, they tend to identify those threats more readily and may feel that risks are more severe than they actually are. I consider these folks the "glass-half-empty" group, a.k.a. pessimists.

From a response perspective, a risk-averse stakeholder will prefer aggressive risk responses to avoid or minimize as many threats as possible.

When considering opportunities, however, the risk-averse stakeholder may not see as many opportunities or may tend to underrate their significance. This can mean that they are not prepared to take the steps necessary to enhance or capture opportunities.

Generally speaking, the risk-averse stakeholder tends to overreact to threats and under react to opportunities. As the project manager, it is important to identify the causes, sources, or reasons for such a stakeholder's risk aversion and factor that into communications with and the management of that stakeholder.

Example: Risk-Averse Attitude

Cathy Shulze joined Meta Corp a few months ago as the new Vice President of Service. Not only is she new to the role, but Cathy has a very limited budget for her service teams. When evaluating projects under consideration for the coming year, Cathy favors projects that are smaller, very well defined, and projected to consume a minimum of the budget. Cathy has requested that the most senior, experienced project manager be assigned to her projects.

Risk-Tolerant

Risk-tolerant stakeholders are reasonably comfortable with most uncertainties, accepting that they exist as a normal feature of everyday life, including projects and business.

Risk-tolerant people tend to take uncertainty in stride, and it exerts no apparent or significant influence on their behavior. For both threats and opportunities, this may lead to a failure to appreciate the importance of a risk's potential effects on the achievement of project objectives.

Whether the impact is positive or negative, the laissez-faire approach often fails to result in proactive action and, as such, may be considered the most dangerous of all the risk attitudes. Acceptance of risk as part of the "normal situation" may mean it is not managed appropriately, leading to more problems from impacted threats. In addition, there may be a loss of potential benefits as a result of missed opportunities.

This attitude may appear balanced, but progress cannot be made from perfect balance. In some ways, this stakeholder may appear to be "checked-out" from the concerns or interests of the project. I find that I encounter this attitude when someone is retiring, leaving the company, or getting ready to leave for vacation or sabbatical. These risk-tolerant stakeholders just do not seem to have a vested interest in the success of the project.

Example: Risk-Tolerant Attitude

Brent Jamison has been the Director of Marketing for a financial services firm for fifteen years. Although Brent is one of the key stakeholders for the new customer management system, he has not been actively engaged in the project. He has remarked that he does not feel it necessary to take time during the meetings to discuss risk management.

"Some things go as planned, and some don't. We'll deal with it when it happens," he recently said to the project manager.

Rumor has it that Brent is planning on retiring before the new system is completed and ready for roll-out.

Risk-Neutral

A risk-neutral attitude sees present risk-taking as a price worth paying for future pay-offs. Risk-neutral stakeholders are neither risk-averse nor risk-seeking but rather seek strategies and tactics that have high future pay-offs.

Typically, risk-neutral stakeholders think abstractly and creatively. They are able to envision possibilities and entertain ideas, and they are not afraid of change or the unknown. Faced with both threats and opportunities, the risk-neutral approach is quite mature. Risk-neutral stakeholders focus on the longer term and take action only when it is likely to lead to significant benefits or avoid the probable effects of threats.

Example: Risk-Neutral Attitude

Jalina Katon is the Chief Strategist for Millbury Associates, a marketing and public relations firm. Jalina is always on the lookout for new opportunities and new markets to expand Millbury Associates' client base.

In part because of Jalina's creativity and market research, Millbury has enjoyed growth in markets that they previously did not consider as potential opportunities. Jalina encourages "out-of-the-box" thinking among her team and will pursue projects that show potential for longer-term gains.

Risk-Seeking

Risk-seeking stakeholders tend to be adaptable and resourceful and are not afraid to take action. Risk-seeking stakeholders are sensitive to possible opportunities and may overestimate their importance and wish to pursue them aggressively.

They welcome the challenge of tackling uncertainty head-on, which can lead to a somewhat casual approach toward threats. The thrill of the chase can outweigh the importance of potential harm, leading to unwise decisions and actions.

Risk-seeking stakeholders are also likely to identify fewer threats, as they see these as part of normal business. Threats that are raised are likely to be underestimated both in probability and possible impact, and acceptance may be the preferred response rather than any type of proactive action. I consider these folks the "glass-half-full" group.

Example: Risk-Seeking Attitude

People who know Kristen Beane often comment that she "lives life to the fullest." Kristen, wealthy from an inheritance, is always searching for and open to the next challenge, in both her personal and professional life.

Kristen's company, Wild Expeditions, coordinates excursions to remote areas around the world. She has been known to close her eyes, spin the globe, and plan an excursion to the location she's pointing to when the globe stops spinning.

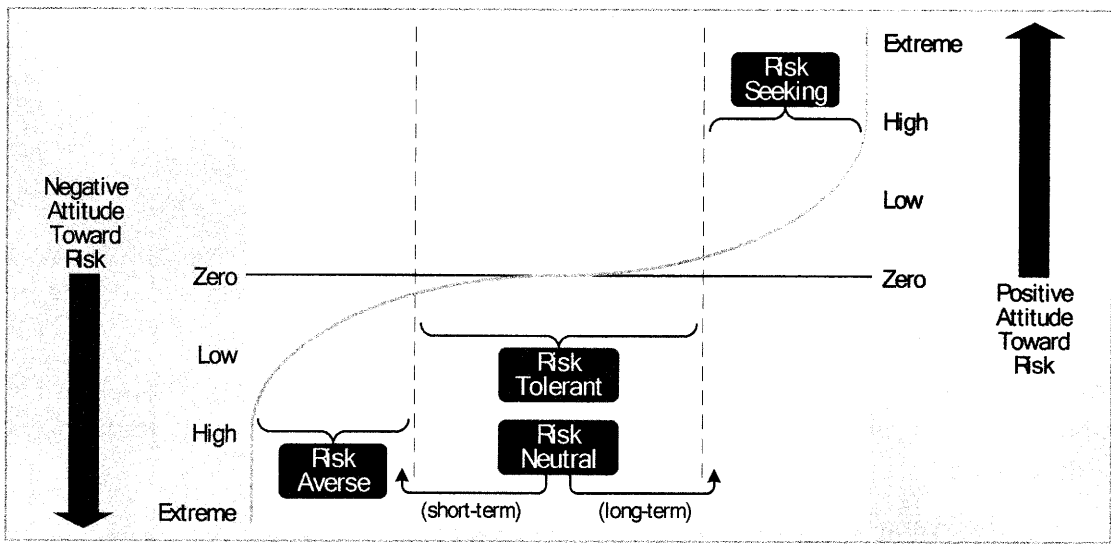

Figure 3-3: Situational Influences on Risk Attitude

Understanding and Managing Risk Attitude, page 47

Depending on their roles on the project, their past experiences, and their work within the organization, individual stakeholders' risk attitudes will vary. It is critical that the project manager understands these different risk attitudes and is able to communicate appropriately with each stakeholder based on his or her attitude.

Exercise: Risk Attitudes

1. What attitude do you believe you exhibit most often?

2. Is your attitude different personally than it is professionally?

3. If so, why?

4. How would your management of stakeholders with these four attitudes differ from a project risk management perspective?
   - Risk-averse
   - Risk-tolerant
   - Risk-neutral
   - Risk-seeking

Heuristics

Risk attitudes are driven by perceptions. Those perceptions may or may not be based on reality. The factors that lead to those perceptions may be overt and visible or covert and hidden.

Attitudes toward risk are significantly influenced by heuristics. Heuristics are underlying psychological influences. The most typical heuristics that impact risk attitudes are:

- The availability heuristic
- The representativeness heuristic
- The anchoring and adjustment heuristic
- The confirmation trap heuristic

The Availability Heuristic

The basic principle of the availability heuristic is that if a particular data item is easier to recall than others, then its relevance is assumed to be higher. The driver is the extent to which the data item is available to memory.

Example: The Availability Heuristic

Two brothers, John and Jason, have a business "flipping" properties, buying houses in poor condition and renovating them for sale for a profit.

The older brother, John, recently sold a house and had a problem with the buyer's financing. This was due to the fact that the recent sales in that neighborhood did not support the high asking price.

Because of this, John is very nervous about the neighborhood comps on recent sales when evaluating how much money to invest in the latest property. However, because his brother Jason has not had this problem with any previous sales, he does not perceive this as a big risk to the project.

The Representativeness Heuristic

The representativeness heuristic selects some data items over others as relevant reference points for assessing situations. While the availability heuristic gives greater weight to items that are more easily remembered, the representativeness heuristic classifies the current situation or item by comparing it with a small range of stereotypes.

The closer the match is between the situation and the stereotype, the stronger the influence the stereotype has on the assessment. The stereotype is viewed as representative of the situation or item under consideration and may cause other characteristics or considerations to be ignored.

Example: The Representativeness Heuristic

The sponsor has provided her final approval for the system renovation project and is ready to assign a project manager. One of the stakeholders has requested that she select a project manager from the Indianapolis project team.

"The Indianapolis project managers always have strong results on their projects and are very good at communicating throughout the initiative," she reasoned.

The Anchoring and Adjustment Heuristic

The anchoring and adjustment heuristic comes into play when an individual is asked to provide an estimate despite not having hard data from which to make that estimate. Instead of making a random guess, he or she will select a starting point and then adjust the estimate from there.

Essentially, regardless of how close the first number is to accuracy, it is given credibility and an associated belief that there must have been a good reason that it came to mind first. This first number is considered the anchor, and potentially more realistic adjustments are made to raise or lower that number.

Example: The Anchoring and Adjustment Heuristic

The project manager is asked to provide an estimate of the overall timeline of a construction project, despite the fact that she has no experience with that type of project. The first estimate that comes to mind is six months, but given that her team is very experienced, she adjusts that timeline down to five months.

The Confirmation Trap Heuristic

A method used as a shortcut in the decision-making process is to assume an answer and then look for evidence that will support or refute that assumption. This is the basis for the scientific method, also known as the hypothetico-deductive method, which begins with an assumption and attempts to prove the assumption false through a series of experiments and deductions.

Unfortunately, there are circumstances in which scientists, politicians, opinionated people only seek evidence that supports their original assumptions and publish that evidence as truth, without seeking evidence that their assumption could be false.

Essentially, with this heuristic, any contrary evidence that does not fit a pre-formed explanation is rejected or forced to fit, while all evidence that confirms it is accepted uncritically and given full weight in the decision-making process.

The confirmation trap heuristic occurs when a person is facing an uncertain situation and subconsciously brings a preexisting judgment to the task of assessing the level of risk. The individual approaches the new, uncertain situation with a feeling of familiarity that clouds his or her judgment going forward. This is also known as the corollary syndrome.

Example: The Confirmation Trap Heuristic

A handyman is hired to build a feature wall in a home that includes an outset of stacked stone with a fireplace flanked by shelves and cabinetry on either side. Despite the fact that the handyman has never completed such a project, specifically with an inset fireplace, he gives a confident estimate of the time and cost to complete the project.

The handyman bases his confidence on the fact that he has done other construction projects of similar sizes and is assuming this project will require the same amount of time and money as these past projects.

Cognitive Biases

A cognitive bias is a pattern of deviation in judgment that occurs in certain situations. These biases affect how stakeholders make decisions, form their beliefs, and behave in various environments and scenarios.

Five common biases are found in project management: optimism bias, loss aversion, framing effect, hindsight bias, and strategic misrepresentation.

1. Optimism bias – This is an optimistic evaluation of the situation that overestimates positive results and shows excessive confidence. The optimism bias can be seen in a number of approaches:
    - Overconfidence – making fast and intuitive decisions when more deliberate decision-making would be appropriate
    - Wishful thinking – believing something is true because an individual wants it to be true
    - Planning fallacy – underestimating the time and/or cost to complete the work or a task
    - Confirmation bias – highlighting information that confirms an individual's assumptions (the confirmation trap heuristic)
2. Loss aversion – This occurs when people prefer to avoid loss rather than acquire gains. This can be seen in a number of preferences:
    - Status quo bias – preferring to keep things the same as they already are and considering changes to be likely to lead to loss
    - Ostrich effect – avoiding risky or difficult situations rather than being willing to learn from them ("putting on blinders" or taking an "out of sight, out of mind" approach)
3. Framing effect – This is when a person sees a situation or problem through his or her own narrow lens based on individual experiences, beliefs, and assumptions.
4. Hindsight bias – This occurs when people misremember their predictions, exaggerating in hindsight what they knew in foresight. This happens when they see past events as having been more predictable than they actually were. They may say they "knew it all along" or "knew it was going to happen like that."
5. Strategic misrepresentation – This is the planned, systematic distortion or misstatement of facts in response to incentives. This can include deliberately underestimating costs and overestimating benefits in order to get project approval.

Stakeholder Identification and Analysis

A key role of the project manager is to not only to identify the project stakeholders but also to analyze and understand their influence over and involvement with the project as it may be affected by factors including but not limited to their levels of risk tolerance. This identification and analysis is conducted within the Identify Stakeholders process.

A stakeholder analysis evaluates the project stakeholders, determining whose interests should be taken into consideration throughout the project. This includes determining their expectations of and influence over to the project and to project risk.

Conducting a stakeholder analysis helps the project manager identify the relationships that can be leveraged to benefit the project through coalitions and partnerships as well as relationships that may need to be managed more closely due to resistance or lack of support.

There are a number of models that can be used to classify and organize stakeholders:

- Power/interest grid – groups stakeholders based on their level of authority (power) and their level of concern (interest)

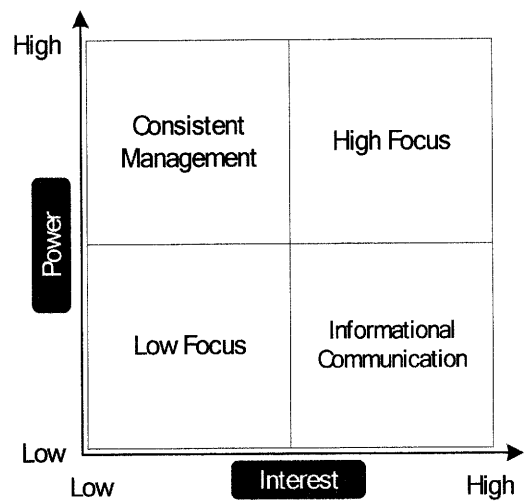

Figure 3-4: Power Interest Grid

- Power/influence grid – groups stakeholders on their level of authority (power) and their active involvement (influence)
- Influence/impact grid – groups stakeholders based on their active involvement (influence) and their ability to effect changes to the project (impact)

- Salience model – classifies stakeholders based on their:
  - Power (ability to impose their will)
  - Urgency (need for immediate attention)
  - Legitimacy (how appropriate their involvement is)

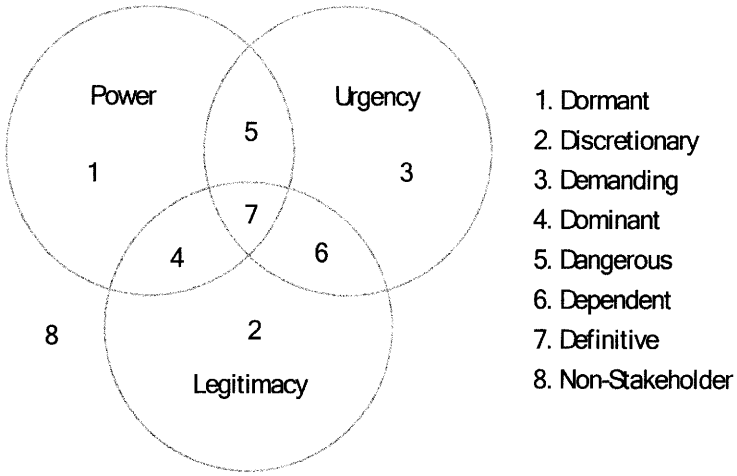

Figure 3-5: Salience Model

The output of the Identify Stakeholders process is the stakeholder register. The stakeholder register contains pertinent information on the stakeholders, such as their identification information, an assessment of their major requirements and main expectations, their potential influence, and some classification, such as internal/external or supporter/neutral/resistor.

Risk Roles and Responsibilities

Effective project risk management requires effort from multiple parties, not just the project manager. It is important to the success of project risk management that these roles and responsibilities are identified, agreed upon, documented, and managed early in the project.

One method of documenting roles and responsibilities for project risk management is publishing a responsibility assignment matrix (RAM). One of the most common RAMs uses the acronym RACI (responsible, accountable, consulted, informed) for each individual and each task.

- Responsible individuals are responsible for performing the activity.
- Accountable individuals are the escalation point and may be responsible for approving the output.
- Consulted individuals may be consulted about the particular task or contribute to the the task in some way.
- Informed individuals simply receive timely information about the task.

Task	Andrew *Sponsor*	John *PM*	Angela *Risk Champion*	Thomas *Team Member*	Heather *Team Member*
Risk management plan development	C	A	I	I	I
Risk register development		A			C
Risk process facilitation		A	C	C	C
Risk analysis		R	C	C	C
Risk response development		A	R	R	C
Risk monitoring and reporting	I	A	C	I	I

R = Responsible A = Accountable C = Consulted I = Informed

Figure 3-6: RACI Chart

PMBOK® Guide, page 349

Roles that should be considered or identified include but are not limited to:

- Project manager
- Project sponsor
- Risk champion
- Risk owners
- Action owners
- Project team member

Project Manager

In working with the project sponsor, and based on the project constraints and organization's risk culture, the project manager will determine the acceptable levels of risk for the project. The project manager is instrumental in developing and approving the risk management plan.

The project manager is responsible for team risk management, which involves promoting the appropriate risk management processes with the project team members and ensuring that they are aware of and compliant with the defined project management approach.

Throughout the project, the project manager identifies and most often owns various project risks. Oversight and control responsibilities include the approval of risk response plans and the application of contingency reserves. The project manager is also responsible for risk status reporting, including highlighting risks that are outside of his or her scope and control. These risks are escalated to the project sponsor and/or the the project steering committee.

The project manager monitors the efficiency and effectivess of the risk management processes and risk responses in order to identify gaps and exposure and to capture lessons learned.

From a procurement perspective, the project manager oversees the risk management approaches and reponses by any vendors, contractors, subcontractors, sellers, etc., to ensure that they align with the project risk management approach of the project. Vendor risk reporting may be integrated with the overall project risk reporting.

Project Sponsor

The project sponsor is the individual responsible for approving and funding the project initiative. The sponsor sets the project risk threshholds based upon the identified project constraints, the organizational risk culture, and the documented project benefits. The sponsor's role in project risk management typically includes supporting and encouraging the project risk management approach that is agreed upon, which can require influencing various members of the organization.

The sponsor also reviews the risk outputs, deliverables, and reports to ensure that there is consistency and effectiveness. Decisions on project strategy, including go/no-go decisions, esclations, and evaluations based on risk status come from the sponsor.

Organizationally, the sponsor ensures that there are adequate resources available to respond to identified risks. The sponsor typically "owns" the project's management reserve, which is a financial reserve allocated for unknown risks. Based on escalations from the project manager, the sponsor is responsible for releasing management reserve funds to be applied to those risks.

The sponsor regularly reports on risk status, applied management reserve, and risk response effectiveness to senior management.

Risk Champion

Organizations may have identified risk champions. Often, this role is fulfilled by a member of the PMO. The risk champion's role on the project may be full- or part-time, depending on the requirements, the environment, and the extent of their role.

The risk champion oversees and manages the risk management process on a day-to-day basis. He or she prepares the risk management plan, facilitates risk workshops and risk reviews, and creates and maintains the risk register. He or she ensures the quality of the risk data, analyzing it and producing the appropriate agreed-upon reports.

The risk champion also interviews the risk owners for the most appropriate risk responses to pursue. Periodically, the risk champion reviews the progress of the risk responses in order to advise the project manager on the status of risk management for the project. The risk champion also coaches and mentors team members on the organizationally supported risk management approach.

If there is no identified risk champion, the responsibilities of this role fall onto the project manager. On the exam, this role may also be referred to as that of the "project risk manager."

Risk Owners

Some organizations identify risk owners. A risk owner is the person within a project who is best placed to manage a particular risk. This role is held by individuals, not organizations or teams.

Project teams need to resist the tendancy to nominate the person who identifies a risk as the risk owner. Although this person had enough knowledge to identify the risk, it does not guarantee that he or she would be best at owning that risk. Risk owners must have an appropriate level of authority to appoint the action owners, those individuals who actually implement the necessary actions required to fulfill the response.

The risk owner develops the response or responses to his or her assigned risk in the form of risk actions. These risk actions are then assigned to the appropriate action owners. The risk owner monitors the progress of these responses and reports that progress to the identified risk champion.

Action Owners

Action owners are appointed and assigned by the risk owners. The action owners perform the actions that make up the identified risk responses.

The role of an action owner is temporary, only requiring the implementation of the agreed-upon actions and reports of their progress on their actions to the risk owner.

Project Team Members

Project team members participate actively in the project risk management processes, providing inputs to the risk reports, participating in risk workshops or interviews, and implementing assigned tasks.