Programmatic Risk Management

**Risk:** An uncertain event or condition that, if it occurs, has a positive or negative impact on a project.

**Risk Management:** The systematic process of identifying, analyzing, and responding to project risk.

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**Risk Identification**

- **What Can Go Wrong?**
  - Risk-adverse culture
  - No formal or proactive risk management policy, plan and/or program
  - Poorly defined requirements
  - No integrated project schedule
  - Poor configuration management
  - Poor quality controls
  - High staff turnover
  - Undocumented processes
  - Poorly defined acceptance criteria

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**Risk Analysis**

- **Characterize the Risk**
  - Probability/Likelihood
  - Potential Impact/Consequence
  - Risk Exposure (RE) = Probability x Impact
  - Risk Level: Low, Medium, High
  - Risk Type: Cost, Schedule, Technical, Performance
  - Early/Late Impact Dates

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**Risk Planning**

- **Risk Mitigation Options**
  - Accept the risk level and continue on current plan
  - Avoid by eliminating the risk cause and/or consequence
  - Control the cause or consequence
  - Transfer the risk

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**Risk Tracking**

- **Risk Status Monitoring**
  - Submit weekly ‘Top 10 Risk’ report to PM
  - Hold monthly risk reviews
  - Enable risk visibility & communication with all stakeholders using web-based Risk Radar Enterprise
  - Actively monitor risk mitigation actions

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**Questions to Consider**

- Is the risk based on factual information?
- Is the risk truly a risk, or is it a problem that requires immediate action?
- Is the risk statement in the proper “If...then...” format?
  - If: A condition with Likelihood/Probability
  - Then: The Consequence/Impact
- If the risk impacts other areas of the project, are those managers aware of it?
- Are all stakeholders encouraged to participate in the RM process?
Programmatic Risk Analysis

Consult non-advocates to support risk analysis

What is the probability or likelihood the risk will actualize?

<table>
<thead>
<tr>
<th>Level</th>
<th>Likelihood</th>
<th>Probability of Occurrence</th>
</tr>
</thead>
<tbody>
<tr>
<td>E</td>
<td>Near Certainty</td>
<td>~90%</td>
</tr>
<tr>
<td>D</td>
<td>Highly Likely</td>
<td>~70%</td>
</tr>
<tr>
<td>C</td>
<td>Likely</td>
<td>~50%</td>
</tr>
<tr>
<td>B</td>
<td>Low Likelihood</td>
<td>~30%</td>
</tr>
<tr>
<td>A</td>
<td>Not Likely</td>
<td>~10%</td>
</tr>
</tbody>
</table>

Always consider interdependencies and benefits impacts

If the risk is actualized, what would be the magnitude of the impact?

<table>
<thead>
<tr>
<th>Impact / Consequence</th>
<th>Level</th>
<th>Technical Performance</th>
<th>Schedule</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Severe degradation in technical performance; Cannot meet KPP or key technical/supportability threshold; will jeopardize program success</td>
<td>Cannot meet key program milestones. Slip &gt; * months</td>
<td>Exceeds budget increase or unit production cost. threshold &gt; * (10% of Budget)</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Significant degradation in technical performance or major shortfall in supportability; may jeopardize program success</td>
<td>Program critical path affected Slip &lt; * months</td>
<td>Budget increase or unit production cost increase &lt; * (10% of Budget)</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Moderate reduction in technical performance or supportability with limited impact on program objectives</td>
<td>Minor schedule slip. Able to meet key milestones with no schedule float. Slip &lt; * month(s) Sub-system slip &gt; * month(s) plus available float</td>
<td>Budget increase or unit production cost increase &lt; * (5% of Budget)</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Minor reduction in technical performance or supportability, can be tolerated with little or no impact on program</td>
<td>Able to meet key dates. Slip &lt; * month(s)</td>
<td>Budget increase or unit production cost increases. &lt; * (1% of Budget)</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Minimal or no consequence to technical performance</td>
<td>Minimal or no impact</td>
<td>Minimal or no impact</td>
<td></td>
</tr>
</tbody>
</table>

Real Help Is Available!
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