

Risk Management: Is Project Management For Adults



Presented by Tim Lister

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Do Great High Jumpers Compete at 1.25 meters?



What Does it Cost to Build a Swimming Pool?



2 Ways to Think About Risk...

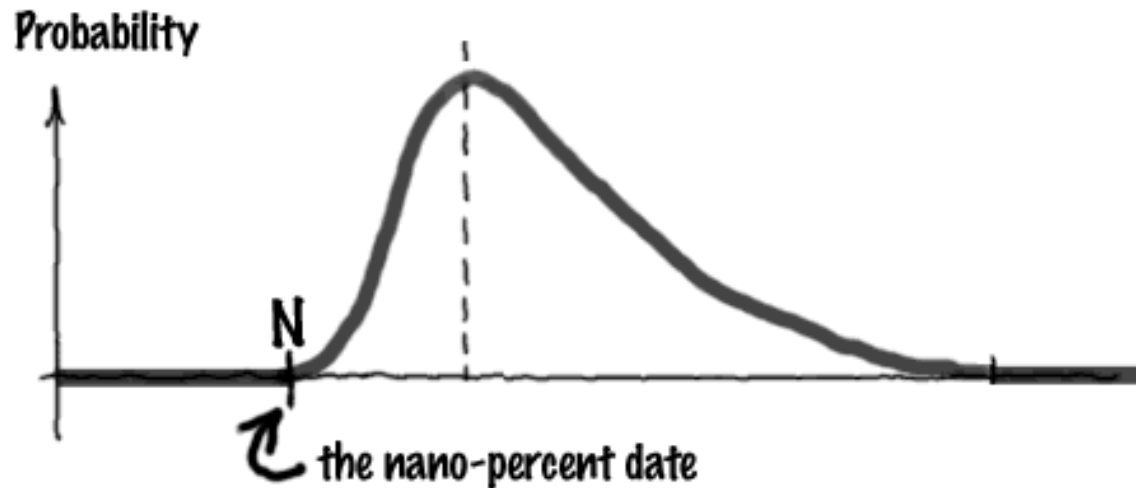


Rudy Smith / The World Herald

- ***A risk* is a potential problem.**

2 Ways to Think About Risk...

- A *risk* is any variable on your project that, within its normal distribution of possible values, could take on a value that is detrimental, even fatal, to your project.



We Can't Avoid Risk...

- **All projects with benefit but no risk were completed long ago.**
- **You can't control many of the variables that could be risks.**

**Version 8.0
Will be ready
when you
need it!**



**Avoiding a risk usually lowers
the value of the product.**



Jim Lavrakas / Anchorage Daily News

(Value inside a Risk.)

A Risk Ritual...

- **Identify risks**
- **Assess risk exposure**
- **Determine which risks to manage**
- **Form action plans for *direct* risks.**
- **Form mitigation plans for *indirect* risks.**
- **Determine contingency fund.**
- **Build tripwires into project plan.**
- **Keep the process going...**

Identify Risks

- **Don't start with a blank sheet --**
www.sei.cmu.edu then “software risk management”
- **McConnell's *Rapid Development***
- **Sweep for risks using brainstorming**
- **Keep tribes separate**



Assess Risk Exposure

- **Determine probability of risk becoming problem.**
- **Determine cost/effort if it does become a problem.**



**Oh, tha
on-coming
train!**

Determine Which Risks to Manage

- **Is there a profitable trade-off here?**
- **Are there any actions I can take now that will either lower the probability or the cost?**
- **Should I try to contain this risk by building some contingency into my plan?**

Form Action Plans for Direct Risks

- **Some risks you can mitigate immediately.**
- **This mitigation will cause you to change project plan, product definition, staffing plan...something!**

Form Mitigation Plans for Indirect Risks

- **Some risks you can't mitigate now.**
- **Determine actions if the problem manifests.**
- **Determine tripwire for risk-problem transition.**
- **Build in contingency.**

Indirect Risk Mitigation...

Risk 3: All functionality may not be ready to go at start of new fiscal year.

Mitigation: Build “bridge code” between old system and new, using sub-systems 3 and 4 of old until all is ready.

Probability: 50%

Tripwire: If all DDRs are not passed by 12/21/1999, we build bridge.

Cost: AI + 2 contractors = 6 work months = \$170,000.

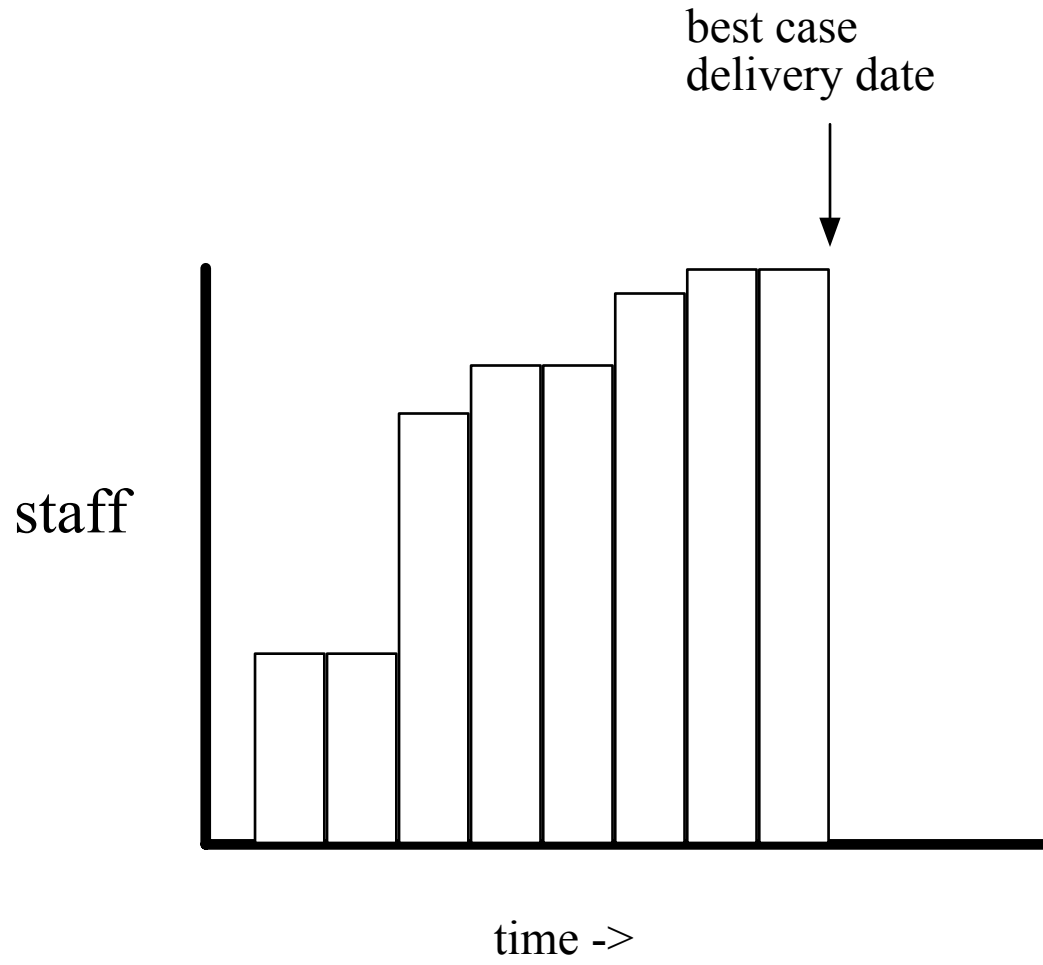
Determine Contingency Fund

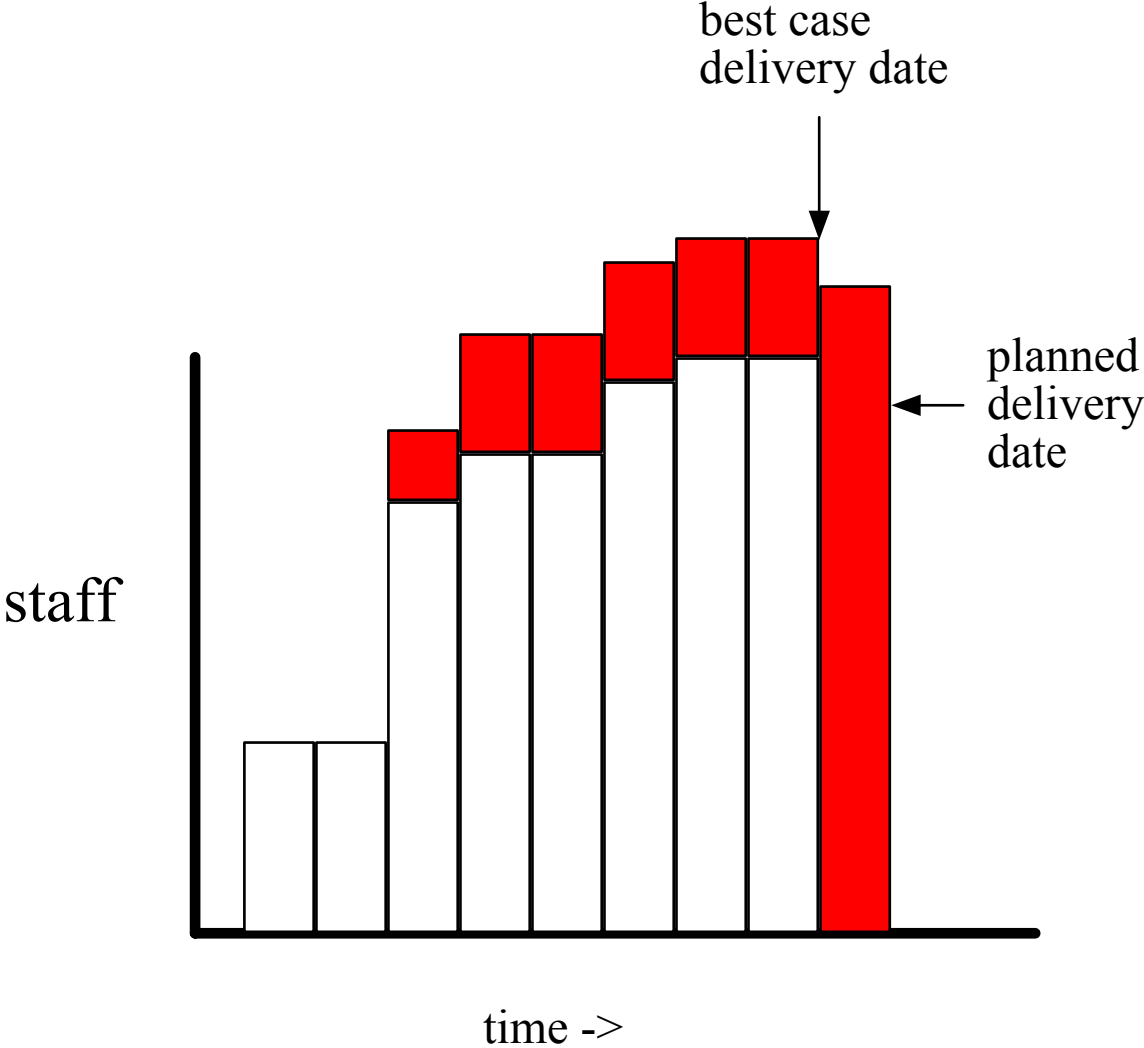
For each indirect risk...

Exposure = probability*cost

It may also cause...

Exposure = probability*delay





Build Tripwires into Project Plan

- **What will tell you that you have a problem, not a risk?**
- **Will it go off early enough so that you still have time to mitigate?**
- **Could you get false positives?**

Keep the Process Going

- **No reason to believe that you can identify all risks in one go.**
- **Review risks for changes in likelihood and opportunities for new actions.**
- **Retire a risk; they all move up the list.**

Good Luck on your project...



Jim Rider / South Bend Tribune

**Good Luck on your project...
Just don't count on it!**



Jim Rider / South Bend Tribune

**Available
very
soon!**



Happy 16th Birthday,
INFOGEM AG

