



# PM in Theory | Risk Management

PROJECT MANAGEMENT WEBINAR



# Things to know...

- All participants will be on mute
- Questions are welcome
- Use the question box to ask questions
- PM training is valid for 1 PDU
- Must be in attendance for full session
- PDU certificate sent by the end of the day
- Recording and slides sent by tomorrow

# Moderator

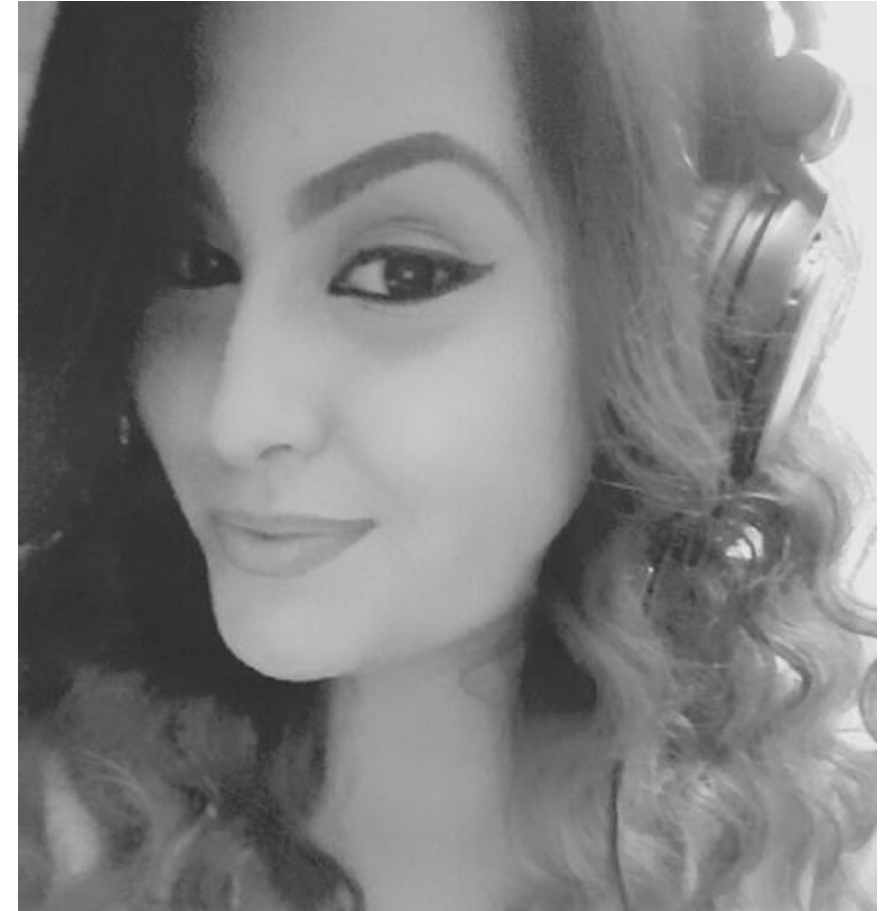
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# Presenter

## Diane White

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# Poll Question

How does your team develop response strategies?

- A. We develop specific responses for risk events.
- B. We identify strategies for categories of risks.
- C. Everyone knows what to do about typical risks.
- D. What? We haven't even identified risks!



# Objectives

- Identify risk responses that can be implemented before the risk event happens
- Describe potential risk responses
- Identify risk owners and risk triggers
- Describe the use of contingency plans
- Develop new ideas for risk strategies for your projects



# Risk Management Overview

- Purpose of risk management
  - Maximize positive risk events
  - Minimize negative risk events
- Responsibility of the Project Manager
  - Communicate, communicate, communicate!
  - Help senior management make good decisions



A black and white photograph of a staircase with metal railings, viewed from a low angle looking up. A semi-transparent teal rectangle is overlaid on the center of the image, containing text.

# Managing Risk

## STEPS

1. Plan for risk management
2. Identify risks
3. Assess, prioritize, and quantify risks
4. Plan responses and contingencies

# Threats and Opportunities

<b>Threat Response</b>	<b>Generic Strategy</b>	<b>Opportunity Response</b>
Avoid	Eliminate uncertainty	Exploit
Transfer	Allocate ownership	Share
Mitigate	Modify exposure	Enhance
Accept	Include in baseline	Accept



# Threat Responses

## Upfront (Proactive Responses)

- *Transfer* — shift to another
- *Avoid* — prevent or eliminate
- *Mitigate* — reduce probability and/or impact

## On Occurrence (Response on Demand)

- *Active acceptance* — develop contingency plans
- *Passive acceptance* — choose to do nothing



# Opportunity Responses

## Upfront (Proactive Responses)

- *Exploit* – ensure benefits are realized
- *Share* – form partnerships, joint ventures
- *Enhance* – take actions to increase probability

## On Occurrence (Response on Demand)

- *Active acceptance* — develop contingency plans
- *Passive acceptance* — choose to do nothing





A black and white photograph of a woman with her hair in a bun, wearing large sunglasses and a patterned top. She has her hands on her cheeks and a wide, joyful smile, looking directly at the camera. The background is a textured, stone-like wall.

# Accept Risk

- Response for both opportunities and threats
- Passive – do nothing
- Active – establish contingency reserves or develop contingent response strategies
  - Identify the trigger!



# When to Accept Risk

1. Mitigation costs are higher than the expected value.
2. Risk has been reduced to an acceptable level.
3. The reward is great in proportion to the risk.
4. Management, sponsor, owners, regulators won't allow mitigation.
5. The risk event has a low probability/low impact or a positive outcome.
6. A contingency plan can be implemented easily.



# Contingency Planning

- Build contingency budget
- Identify triggers and warning signs
- Manage contingency budget
- Develop contingencies for new risks identified



# Risk Response Owner

Importance  
Who should it be?  
Responsibilities



# Risk Triggers

- Trigger – indicates a risk is about to occur
- Initiates a response
  - Take action
  - Implement contingency plan
  - Use contingency reserve
- Document and monitor!



# Example Risk Triggers

- Resources – too few, not the right ones
- Government regulation – environmental instability
- Weather – delays, severity
- Response rates – RSVPs, advance registrations
- Budgetary and financial – EV, Forecasts, cost/benefit



# Reflect

- What risk idea will you apply to your projects as a result of this webinar?
- What topic or question would you like to discuss in the second webinar?





# Review

- Identify risk responses that can be implemented before the risk event happens
- Describe potential risk responses
- Identify risk owners and risk triggers
- Describe the use of contingency plans
- Develop new ideas for risk strategies for your projects

Any questions?

# Special Promotion

## Continue Improving Your Project Management Skills

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A black and white photograph of a workspace. In the upper right, a portion of a laptop is visible, showing the keyboard with keys like 'A', 'S', 'D', 'F', 'G', 'H', 'J', 'K', 'L', 'M', 'N', 'B', 'V', 'C', 'X', 'command', 'option', and 'shift'. Below the laptop, an open notebook with a grid pattern is shown, with a pen resting on its left page. To the right of the notebook, a cup of coffee is partially visible. The entire scene is set on a wooden desk.

PM in Practice

# Risk Management

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See you next time!