

# Maximizing Project Success

## Firefighting Project Managers – Using Risk Assessment to Prevent the Fires that burn projects.

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As project managers our work revolves around “guessing”. Face it, planning a project is our way of guessing (estimating) how long it will take, how much it will cost and how much we can do. Having a plan makes the execution of that estimate run more smoothly. But, then there’s Murphy’s Law – “If anything can go wrong, it will”. For this reason the plan includes a risk assessment. Doing the risk assessment and knowing how you’re going to respond to each risk before you head into execution helps prepare your team to fight the “fires” that occur during execution. In order to try and reduce the amount of time, energy and money you have to use to fight them, here are the four basic responses you can use to help manage risk:

1. **Avoid**. Avoiding any risk is a preventive action. Basically, you are going to use countermeasures eliminate the impact and/or probability of the risk. This type of response is your first line of defense in preventing the fires – use it with all of your risks except if it’s too expensive.
2. **Mitigate**. Mitigating risks is also a preventive action. With mitigation you use countermeasures to try and reduce the impact or probability of the risk to an acceptable level. This type of response is used when the risk cannot be avoided and it’s a way to keep those fires at a level that can’t burn your project.
3. **Transfer**. Transferring risk is a shift in responsibility to another party. This type of response is used when outsourcing is an option – you may request a fixed price or fixed schedule or when insurance can help – to protect against liability or property damage.
4. **Accept**. Accepting a risk is a reactionary response. When you accept a risk, you have implemented countermeasures and/or mitigations that have reduced the probability or impact to a level that is acceptable to the project. You accept the risk when there are no more practical and cost-effective ways of avoiding, mitigating or transferring the risk. Also, there are two ways you can accept risk: active or passive.
  - a. When you actively accept risk you create a contingency plan to deal with the risk should it occur and you define risk triggers that let you know when the probability of the risk has increased. Here are two options when you actively accept risk:
    - i. Have a contingency plan ready to implement when either the probability or impact risk triggers are at a critical level or the risk occurred.
    - ii. Develop an outline for a contingency plan and then create a more detailed plan when the risk trigger is detected or the risk occurs.

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- b. When you passively accept risk no plan is developed until the risk occurs.

Regardless of whether you actively accept or passively accept the risk always set aside contingency reserves for time, effort and/or money to deal with the accepted risks as well as the unknown unknowns – those you are unable to identify.

In order to determine which response is the right response, have your team brainstorm countermeasures to avoid, mitigate or transfer the risk. Here's a tip: provide each team member with sticky notes and markers. Use a different color from the actual risks and ask the group to use the Write it! Say it! Slap it! Method for brainstorming. Don't worry if the countermeasures are crazy or unrealistic, you'll weed those out during analysis.

So, before moving into the execution phase of your projects and activating "Murphy's Law" do your risk assessment as usual during planning and determine how you will respond. It can be the difference between dealing with an out of control forest fire that devastates your project or a small rubbish fire that can be put out with an extinguisher.

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