



California
DEPARTMENT OF TECHNOLOGY



Grant Thornton



The Project Academy Series:

Project Risk and Issue Management

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Welcome and Introductions

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Agenda

- Introduction
- Risk and issue management basics
- Common project risks and issues
- Characteristics of an effective risk and issue management organization
- Case study exercise
- Summary

Objectives

- Understand the purpose and importance of project risk and issue management
- Gain familiarity with the processes and tools for managing risks and issues on projects
- Discuss real-world examples of common project risks and issues, and understand ways to address them

Introduction



What is project risk and issue management?

- **An acknowledgement:**
 - Of uncertainty
 - That things will not go perfectly
- **A means to deal with this reality**

Why is risk and issue management important?

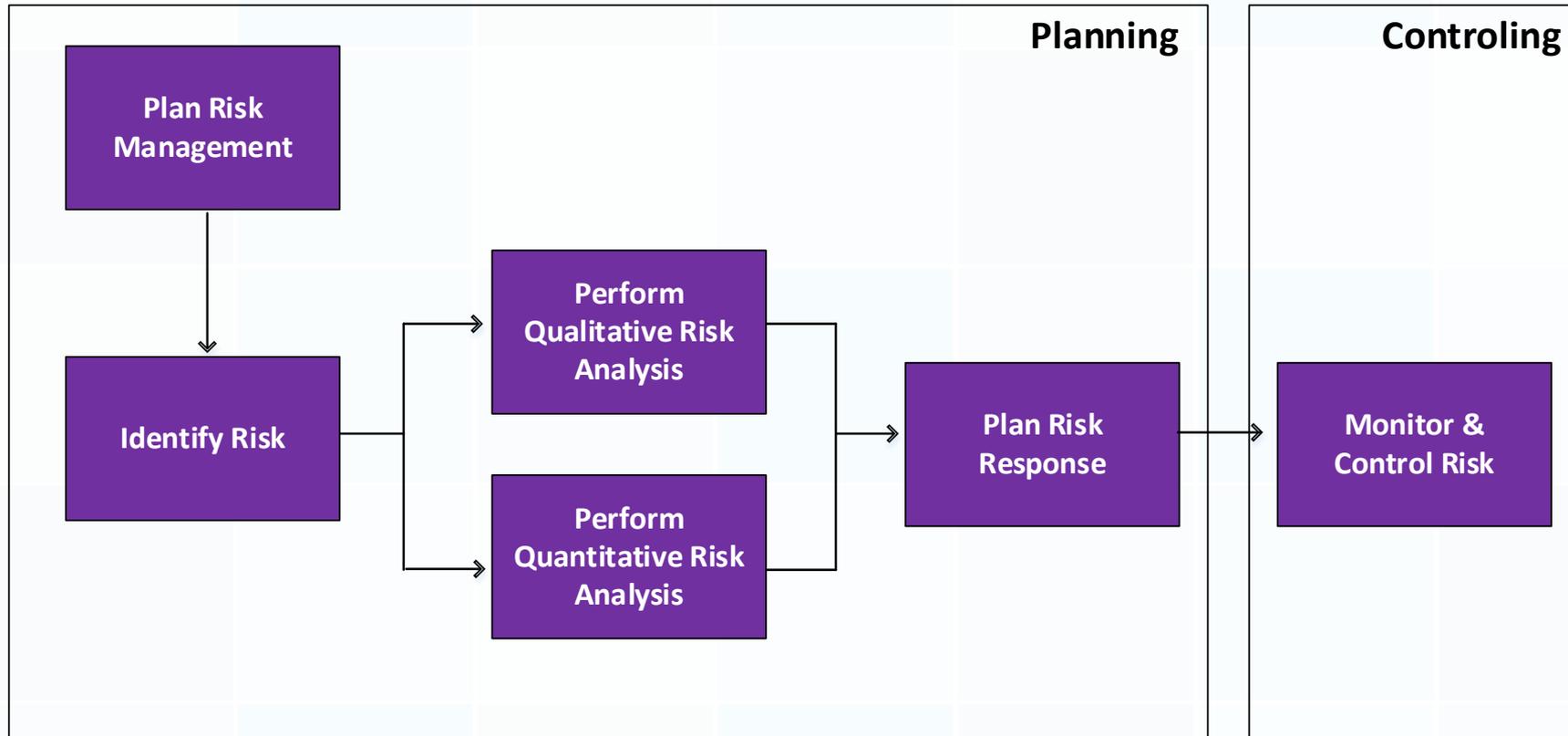
- Every project has risks, and every project will encounter issues
- You cannot totally avoid them, but you can manage them
- The ability to manage risks and issues is a key predictor of project success
- Risk and issue management is theoretically very simple, but in practice extremely difficult

Risk and issue management basics

Defining risk

- A Risk is an uncertain event or consequence that may occur during a project
 - Measurable impact on project, positive or negative
- Every project should view risk identification as a critical, iterative process.
 - Risks can come internally or externally, and can be both predictable and unpredictable in nature. Rigorous risk identification can help project a project and organization be prepared
 - Risks are your friends!

Risk management processes



Responses once a risk has been identified

Response	Description
Mitigate	Reduce risk's impact or probability by taking action
Avoid	Reduce risk's impact or probability to 0 by taking action
Transfer	Transfer risk to a third party
Accept	Do nothing, accept that the risk event may occur
Exploit	Remove uncertainty to promote the risk event
Share	Promote the risk event by involving a third party
Enhance	Influence the risk's trigger events to increase likelihood of occurrence

Risk register

Provides a framework to approach risk in an organized fashion

Description					
ID	Risk	Risk Cause	Risk Impact Statement	Category	Phase

Rating			Mitigation, Escalation or Resolution Plan			Reporting		
Probability	Impact	Urgency	Trigger Date	Response	Response Plan	Date Open	Date Close	Status

Risk register walkthrough

Column	Description
Risk	A description of the risk being documented: "If xxxxx then yyyy may occur"
Risk Cause	The root cause of the risk being documented
Risk Impact Statement	How the risk is expected to impact the project should it occur
Category	What type of risk is being documented? (Internal/External, Business/Tech/Legal, etc.)
Phase	The phase of the project is expected to be impacted by this risk
Probability	How likely the risk is to occur
Impact	How severe the impact of occurrence will be

Risk register walkthrough

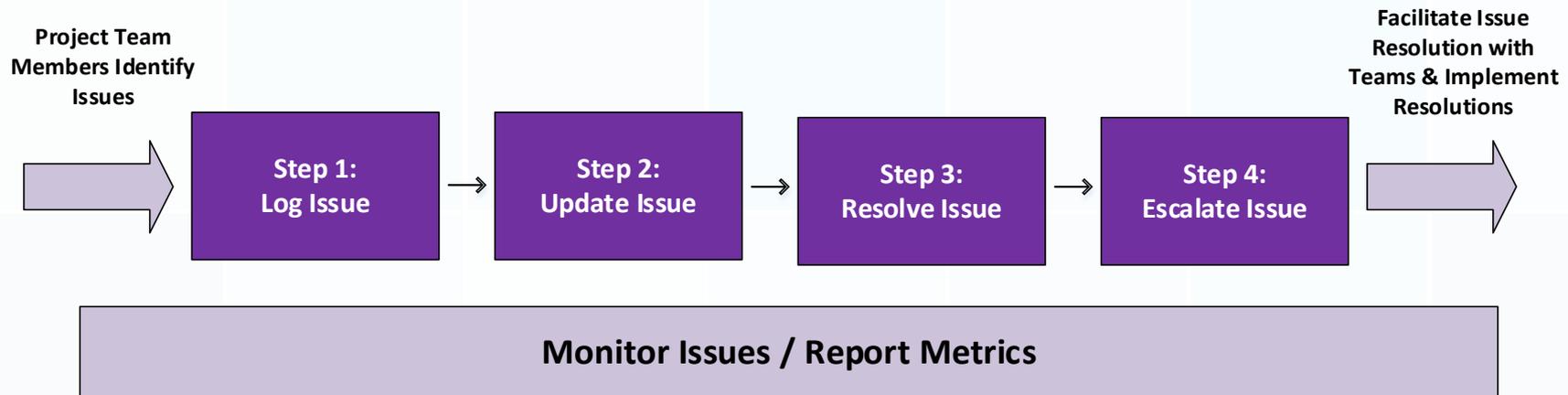
Column	Description
Urgency	Probability * Impact = Urgency
Trigger Date	When the risk is expected to occur
Response	Which risk response strategy was chosen
Response Plan	How the selected strategy will be implemented
Date Open	The date the risk was added to the log
Date Close	The date the risk was closed
Status	The current status of the risk

Escalating risks to issues

- When risk response and mitigation fails and a problem arises, that risk has become an issue
- Risks in a risk register should have a "trigger condition", which specifies any events that would designate the risk as having become an issue
- Escalating a risk to an issue shifts the approach from mitigation to management and control.

Issue management process

An issue management process facilitates issue identification, monitors progress, and tracks resolution.



Issue log

- Much like risks and the risk register, every project is going to encounter issues, and will need an issue log to track them
- A good issue log allows the team to:
 - Have a safe and reliable method for the team to raise issues
 - Track and assign responsibility to specific people for each issue
 - Analyze and prioritize issues more easily
 - Record issue resolution for future reference and project learning
 - Monitor overall project health and status

Issue log walkthrough

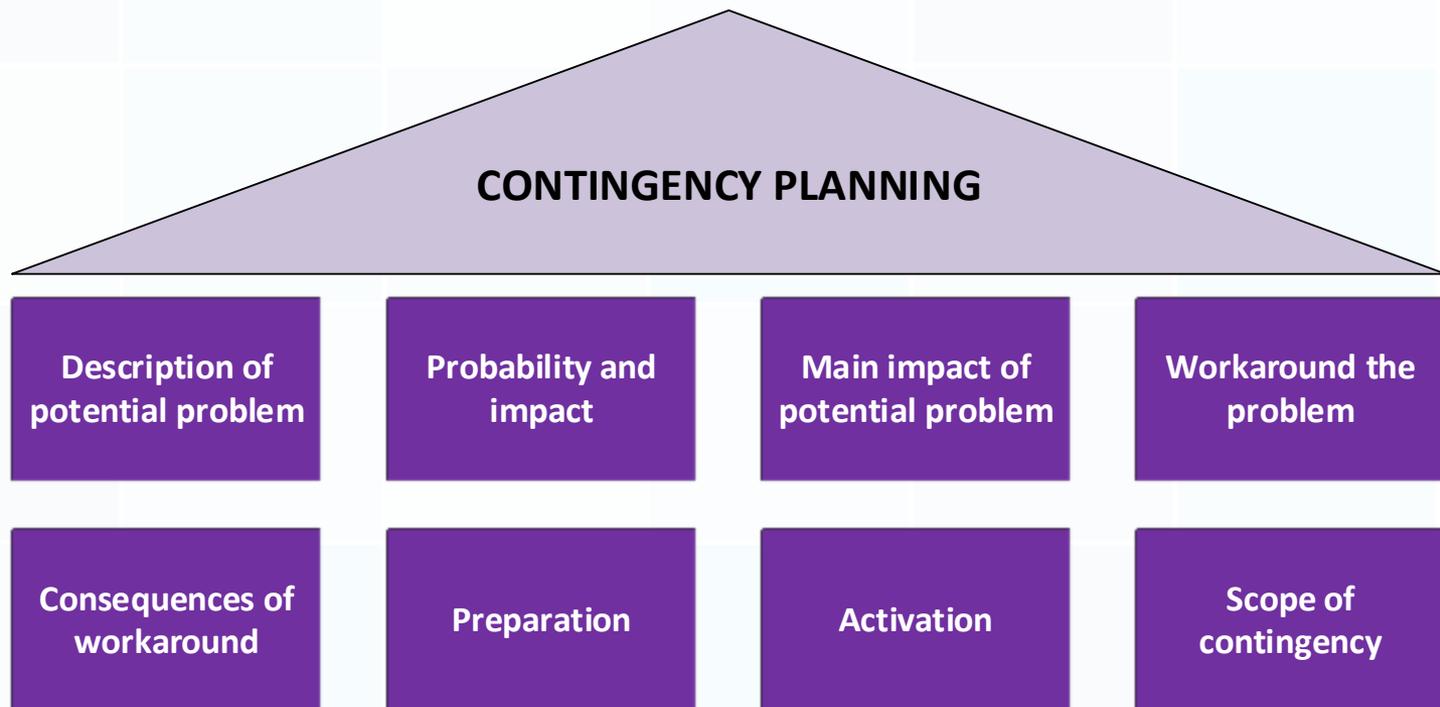
FIELD NAME	DEFINITION	LIST OF VALUES	
ID	Uniquely identifies each issue	001, 002, etc. This number is assigned by the Issue log	
Title	Identifies the title of the issue	Unique title for each issue	
Status	Indicates issue's position in the Management process	Status Name	Definition
		New	A newly identified issue before it has been validated
		Assigned	An issue that has been validated and assigned an owner and is waiting for necessary data (mitigation plan, etc.)
		Mitigated / Resolved	This status means that the issue has been successfully mitigated (resolved). This status means the issue is no longer occurs.
		Retired	The issue no longer has impact, has been fully mitigated, or has occurred and the contingency plan has been successfully executed. Tracking of the issue is no longer required and the issue is archived by the risk-tracking tool
		Cancelled	The issue is not valid
Description	Detailed description of what the issue consists of and the associated impact	Unique for each issue	
Priority	Issue priority (selected by issue creator)	Priority	Description
		High	Significant impact to schedule, scope, budget over the medium and long terms
		Medium	Progress disrupted with large extensions to schedule, cost, across short and medium terms
		Low	Progress disrupted with manageable extensions to short-term schedule and cost

Issue log walkthrough

FIELD NAME	DEFINITION	LIST OF VALUES
Created	The date the issue was identified and entered into the issue log	Date issue was identified
Created By	Identifies the individual responsible for logging or resolving the issue	Unique for each issue
Identified By	Identifies the individual who identified the issue	Unique for each issue
Team	Identifies the team responsible for resolving the issue	EIO, Technical Architecture, HCM, FIN, Supply Chain, Change Management, Training, etc.
Assigned To	Identifies the individual responsible for resolving the issue	Unique for each issue
Category	Used to categorize the issue	Development, Interfaces, Reporting, Testing, Performance, etc.
Target Due Date	The date the issue resolution plan should be documented and approved	Date issue resolution plan have been approved
Modified	The date the issue was modified in the issue log	Unique for each issue
Modified By	Identifies the individuals who last modified the issue	Unique for each issue
Action Log	Used to record all possible options for resolving the issue and record all intermediary discussions regarding the issue	Unique for each item
Escalation	Checkbox (may check more than one) which indicates if the issue should be escalated	Tower Project Management, Division Leadership Committee, ERP Implementation Office, Executive Steering Committee, etc.
Attachments	Link used to attach supporting documentation	Link used to attach supporting documentation

Contingency planning

A key to the success of risk and issue control is Contingency Planning. Contingency plans allow projects to be prepared for and to minimize setbacks.



Common project risks and issues



The 'deadly dozen'

- Data conversion and migration
- Testing
- Governance
- Organization change management
- Requirements definition and management
- Schedule development and management
- Risk/issues identification and management
- Quality assurance/control
- Roll out planning
- Interface identification and deployment
- Contract management
- Architecture

Common 'big ticket' project risks

- Lack of business involvement/leadership
- Weak or ineffective governance
 - (Lack of) Decision-making
 - Transparency
- A 'schedule first' mentality
- Weak or ineffective contract management
- Poor visibility into 'real' project progress

Characteristics of an effective risk and issue management organization

Critical Success Factors

Critical Success Factors for Project Risk Management



Warning signs

- Shoot the messenger – leadership does not want to hear bad news
- Inability to escalate – leadership does not accept or take ownership
- Decisions are never final – previous decisions continually revisited
- Emperor's new clothes – some things cannot be said
- Lack of participation – 'too busy for this, I have real work to do'
- Poor documentation – vague definitions, no due dates, unclear accountability

Case study exercise

Case study: ERP implementation for a large state department

- Real project, not in California
- Grant Thornton provided Independent Verification and Validation (IV&V) services
- Two part exercise
- For each part, review case material in groups, then identify potential risks and/or issues to project and discuss potential responses

Summary

- Effectiveness of risk and issue management is one of the strongest predictors of project success or failure
- Every project will have risks and issues – the difference comes in how you deal with them
- Challenges are primarily organizational and cultural

Questions?

