



Risk Management Is Project Management For Grown-ups

Presented by **Tim Lister**

The
Atlantic Systems Guild
Inc.

This is a risk...



This is a risk...

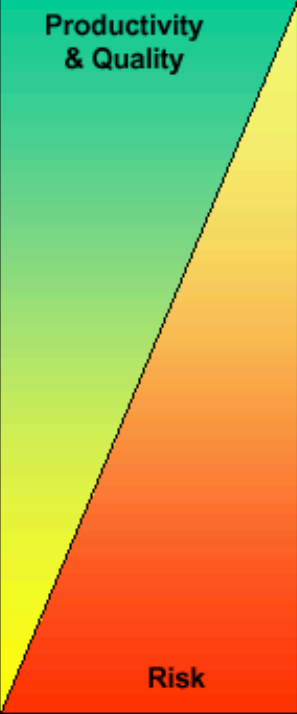


This is a problem.



NO!

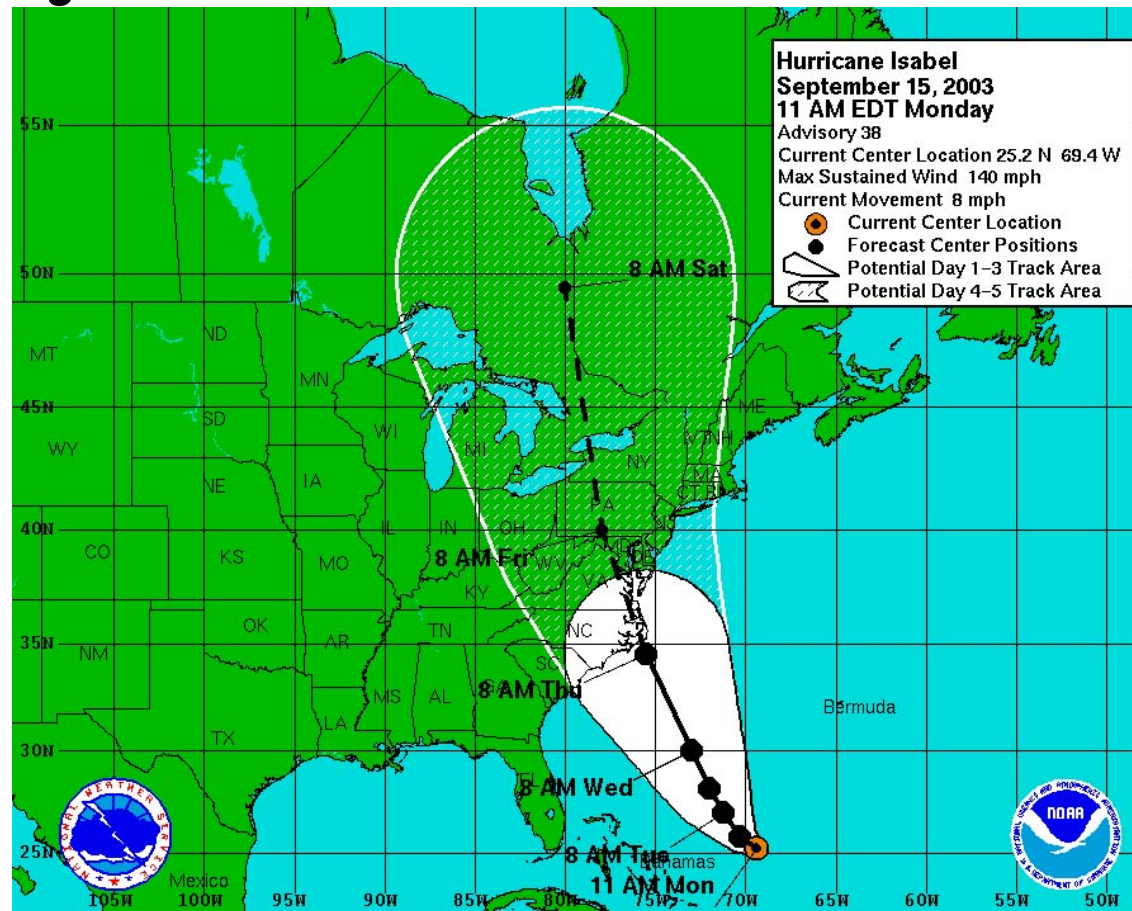
Structure of the CMM[®]

Level	Focus	Key Process Areas	Result
5 Optimizing	Continuous Process Improvement	Defect prevention Technology innovation Process change management	 Productivity & Quality
4 Managed	Product and Process Quality	Quantitative Process Mgmt. Software Quality Management	
3 Defined	Engineering Process	Organization process focus Organization process definition Peer reviews Training program Inter-group coordination Software product engineering Integrated software mgmt.	
2 Repeatable	Project Management	Requirements management Software project planning Software project tracking Software subcontract mgmt. Software quality assurance Software configuration mgmt.	
1 Initial	Heroes		

What Does it Cost to Build a Swimming Pool?



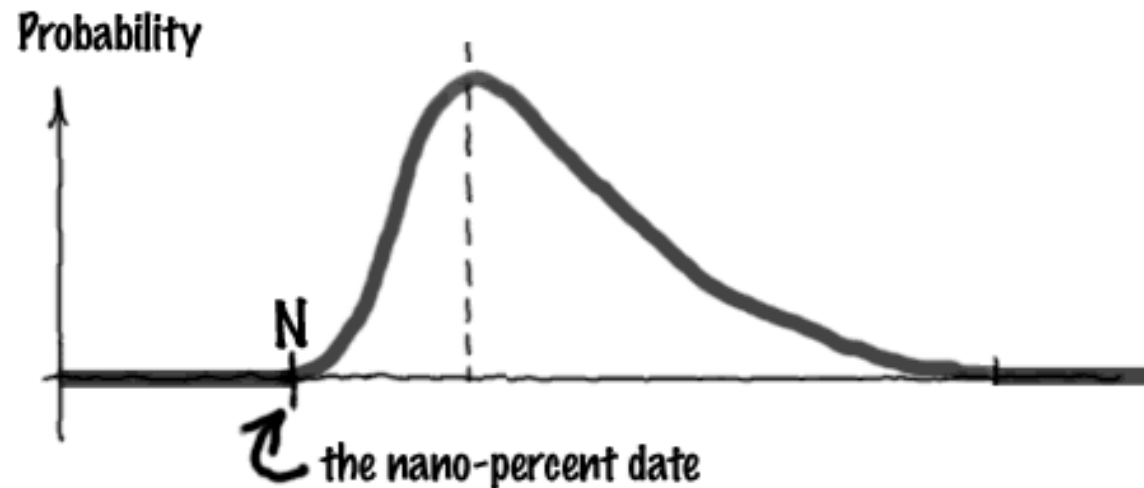
2 Ways to Think About Risk...



- 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, that
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?**

abulia, also aboulia \uh-BOO-lee-uh; uh-BYOO-\, noun:
Loss or impairment of the ability to act or to make decisions.

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.

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...

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



Tim Lister

The Atlantic Systems Guild, Inc.

3143 Broadway, 2B

New York NY 10027 USA

212 620-4282

lister@acm.org

systemsguild.com

