



Project Controls

E X P O

Project Controls Expo – 13th Nov 2013
Twickenham Stadium, London

Managing Risk in Programmes



Presented by
Dr David Hillson



The Risk Doctor

david@risk-doctor.com

Risk Doctor & Partners

www.risk-doctor.com



Project Controls
E X P O

Copyright © Risk Doctor & Partners Limited 2013. All rights reserved

Outline

- ▶ Programmes vs Projects
- ▶ Programme risk vs Project risk
- ▶ Programme risk mgt vs Project risk mgt
 - ▶ Aim & scope
 - ▶ Approach
- ▶ Remaining challenges






Hot topic: Programme management

- ▶ Growing interest for 20 years
- ▶ Standards & guidelines
 - ▶ UK CCTA "Programme & Project Mgt Library" (1993-95)
 - ▶ UK OGC "Managing Successful Programmes" (3rd ed, 2007)
 - ▶ APM BoK "Programme mgt" knowledge area (5th ed, 2006)
 - ▶ PMI® PgMPSM certification (2007)
 - ▶ PMI® "Standard for Program Management" (3rd ed, 2012)
- ▶ Widespread practice internationally in industry
- ▶ Lack of consensus among professional bodies






Programmes & Projects

- ▶ Definitions of “programme”:
 - ▶  A **group of related projects** managed in a coordinated way to obtain benefits and control not available from managing them individually. Programs **may include elements of related work** outside of the scope of the discrete projects in the program.
 - ▶  A **group of related projects**, which **may include related business-as-usual activities**, that together achieve a beneficial change of a strategic nature for an organisation.
 - ▶  A temporary flexible **organisation structure** created to coordinate, direct and oversee the implementation of a set of **related projects and activities** in order to deliver outcomes and benefits related to an organisation’s strategic objectives.
- ▶ **A programme is not a project** (not even a big one)
 - ▶ Programme sits above projects



Programme mgt & Project mgt

- ▶ Definitions of “programme” management:
 - ▶  The centralized coordinated management of a program to **achieve the program’s strategic objectives and benefits.**
 - ▶  The coordinated management of related projects, which may include related business-as-usual activities, that together **achieve a beneficial change of a strategic nature for an organisation.**
 - ▶  The coordinated organisation, direction and implementation of a dossier of projects and transformation activities (i.e. the programme) to **achieve outcomes and realise benefits of strategic importance.**
- ▶ **Programme management is not project management**
 - ▶ Programme connects projects to strategy



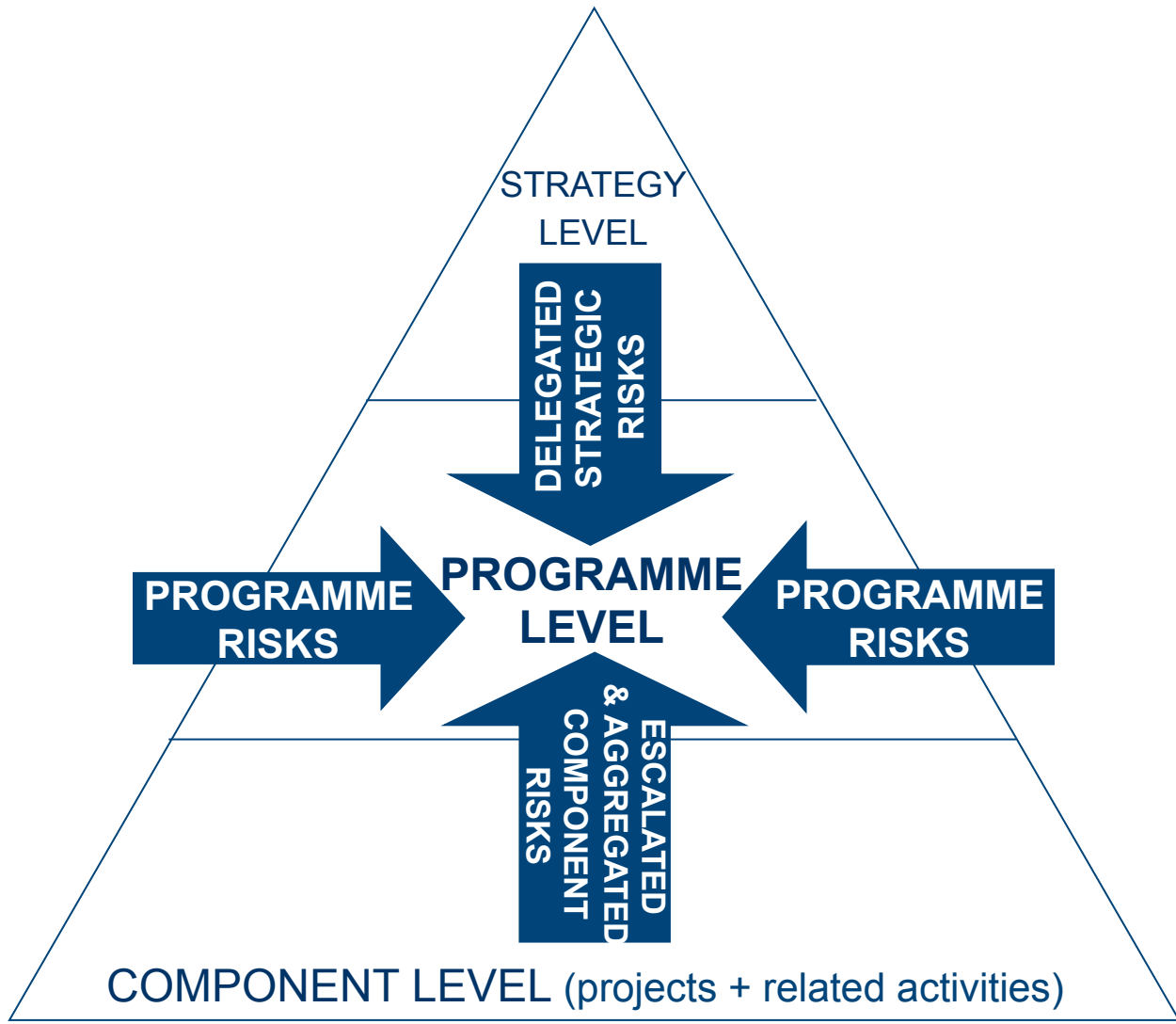
Programme risk management

- ▶ All programmes are risky
- ▶ Programme risk needs managing – but **HOW?**
- ▶ Use project risk management “writ large”??
- ▶ No, programme risk management has
 - ▶ different **aim & scope**
 - ▶ different **approach**
 - ▶ different **tools & techniques**
- ▶ **Programme risk mgt is not project risk mgt**

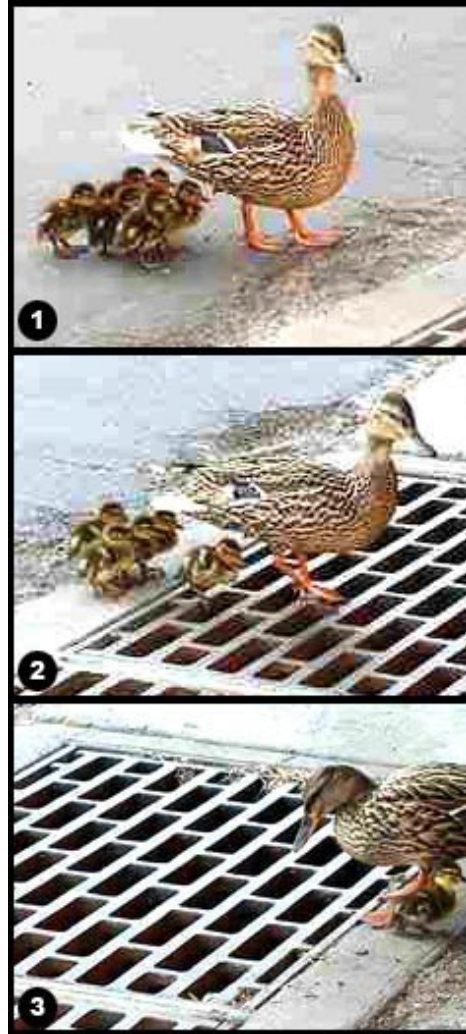


Aim & scope of programme risk management

- ▶ **Aim:** Manage risks at programme level
- ▶ Risk is “*an uncertain event or condition that, if it occurs, has a positive or negative effect on one or more **programme objectives**”.*
- ▶ **Scope:** Any risk that can affect achievement of one or more programme objectives
- ▶ Programmes sit between projects & strategy, so risk comes from **three directions** : ↑ ↓ ⇒



Direction 1. Risks from below



Direction 1. Risks from below

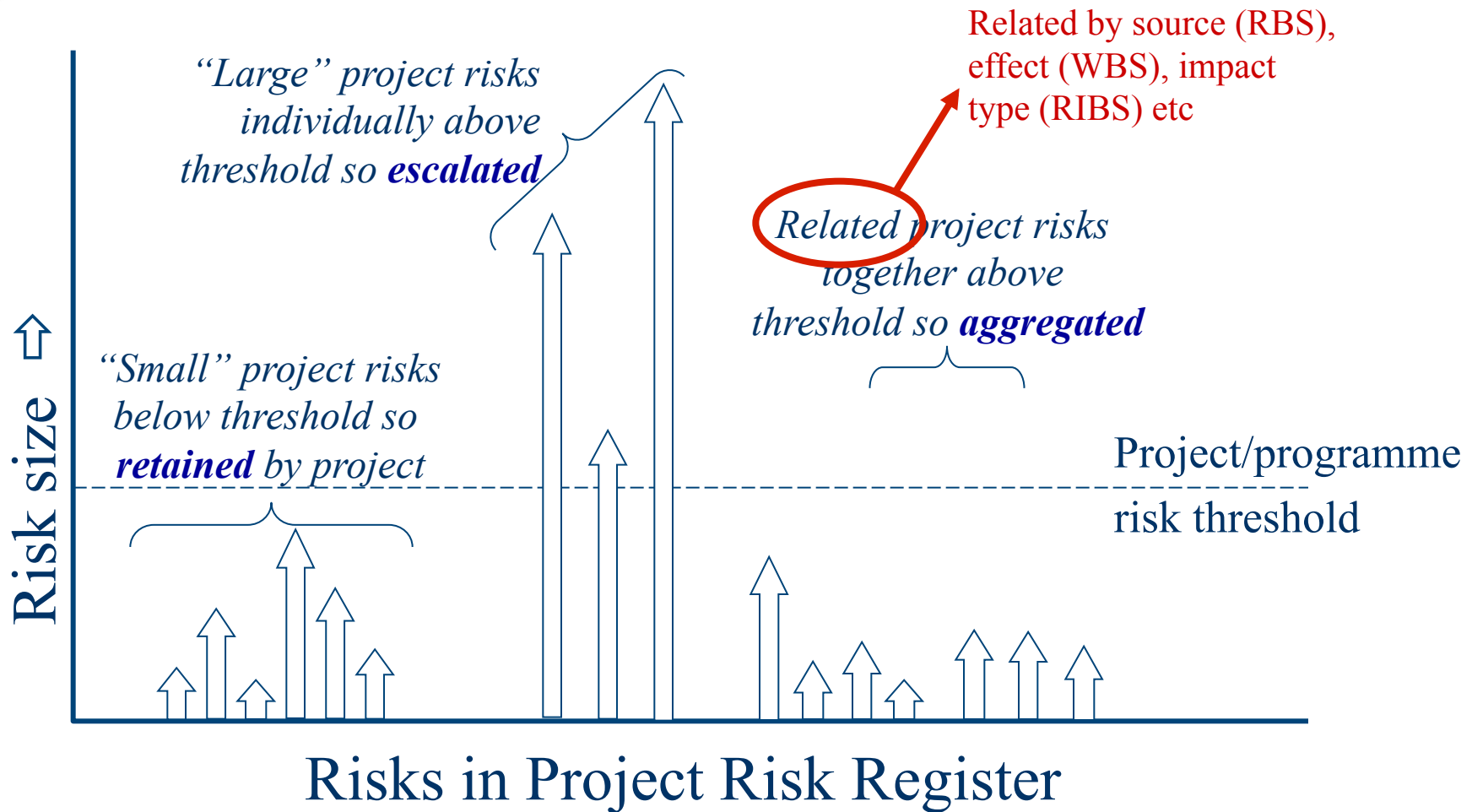


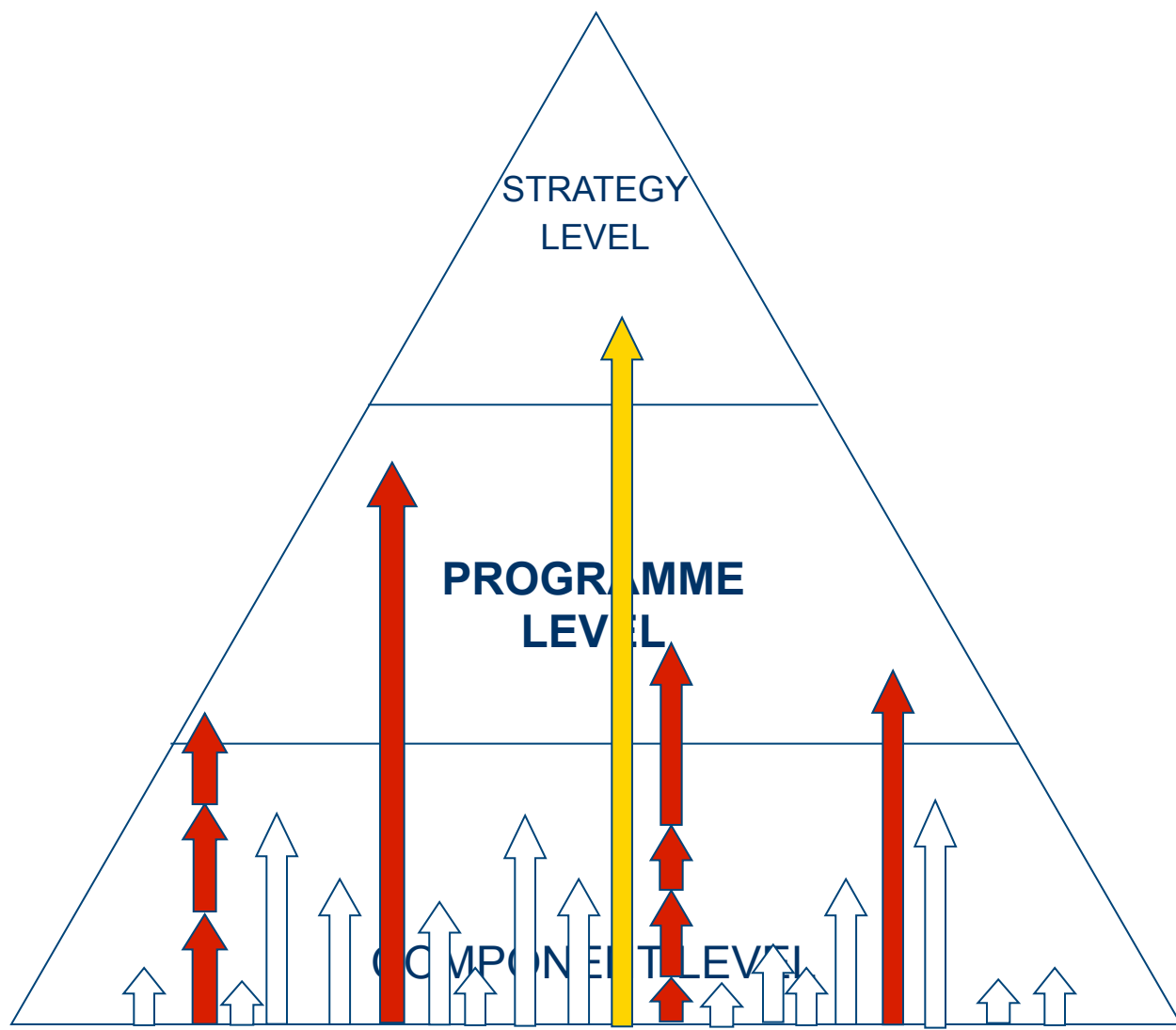
Direction 1. Risks from below

- ▶ Four sources:
 - ▶ Risks within a component project
 1. “Large” project risks – **escalated**
 2. Related project risks – **aggregated**
 - ▶ Risk of a component project
 3. **Overall project risk**
 - ▶ Risks from non-project components
 4. **Escalated** or **aggregated**
- ▶ Need to know project/programme risk threshold and how to “size” risks



Escalating & Aggregating





Direction 2. Risks from above



Direction 2. Risks from above



Direction 2. Risks from above

- ▶ Strategic risks ***delegated*** to programme level if
 - ▶ affect programme objective(s), and/or
 - ▶ require programme-level action/ownership
- ▶ Need to know strategic/programme risk threshold
- ▶ Clear communication essential
- ▶ Delegation without abdication



Direction 3. Risks at the same level



Direction 3. Programme risks



- ▶ Arising within programme level
 - ▶ Both threats and opportunities
 - ▶ Across all risk types (Risk Breakdown Structure, RBS)
- ▶ Two main categories:
 - ▶ Interfaces between programme components
 - ▶ Prioritisation, resource conflicts, dependencies...
 - ▶ “Pure” programme risks
 - ▶ Execution & management of programme



Programme risk scope

- ▶ More complex than projects
- ▶ Arises from multiple levels:
 - ↑ Up from component level
 - ↓ Down from strategic level
 - ⇒ Directly within programme level
- ▶ Requires different approach to manage



Programme risk mgt approach

- ▶ Two-fold challenge:
 - ▶ Overall programme risk = **RISK**
 - ▶ Individual risk/uncertainty = **RISKS**

- ▶ Need different approaches
 - ▶ ***Implicit*** risk mgt for overall programme risk
 - ▶ ***Explicit*** risk mgt for individual risks/uncertainties



Implicit programme risk mgt (1)

- ▶ Based on inherent structure of programme, deals with **RISK**
- ▶ Component selection (content & context)
 - ▶ Build programme to achieve required return with acceptable risk exposure = **risk efficiency**
 - ▶ Requires knowledge of **organisational risk threshold**, and ability to **evaluate risk exposure** of each programme component
 - ▶ **Review** overall programme risk exposure during lifecycle, **adjust component mix** as required to stay below threshold

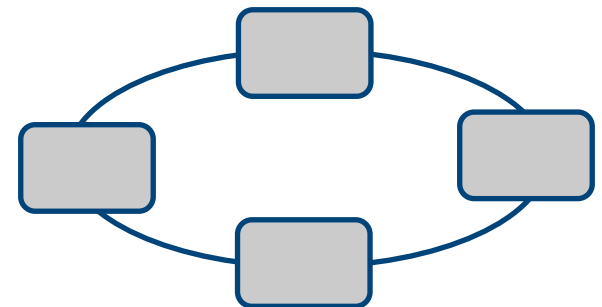


Implicit programme risk mgt (2)

- ▶ Based on inherent structure of programme, deals with **RISK**
- ▶ Programme execution
 - ▶ **Incremental delivery** via “chunks” or “tranches” reduces overall risk exposure
 - ▶ **Decouple tranches** to create “islands of stability”
 - ▶ **Cyclic nature** of programme (plan, execute, deliver, review)
 - ▶ Build in **flexibility & resilience**, plan future tranches to respond to current risk exposure

Explicit programme risk mgt

- ▶ Structured process throughout programme lifecycle to address **RISKS**
- ▶ Similar to project risk management process
 - ▶ Risk Process Initiation
 - ▶ Risk Identification
 - ▶ Risk Assessment/Analysis
 - ▶ Risk Response Planning & Implementation
 - ▶ Risk Review & Updates
 - ▶ Risk Lessons Learned
- ▶ Similar tools & techniques



Implicit and Explicit

IMPLICIT RISK MANAGEMENT

Via decisions about ...

STRUCTURE
SCOPE
CONTENT
CONTEXT

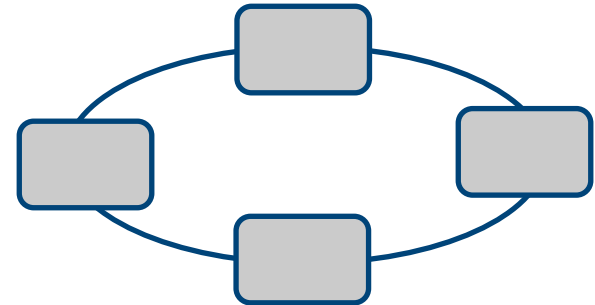
Addresses

OVERALL RISK



EXPLICIT RISK MANAGEMENT

Via usual risk process



Addresses

INDIVIDUAL RISKS



Remaining challenges

- ▶ Several issues to be addressed:
 - ▶ Implementing **risk efficiency** for programmes
 - ▶ Avoiding the **project mindset**
 - ▶ Tailoring to **different programme types**
 - ▶ **Interface** with wider programme management

Programmes are not projects

Programmes are risky

Programme risk needs managing

Use implicit/explicit multi-level approach

THANK YOU

For further information:



Dr David Hillson
Risk Doctor & Partners

david@risk-doctor.com
Tel +44.7717.665222

www.risk-doctor.com

