

Seven Risk Management Habits for Successful Projects

The evidence of successful projects is everywhere in the form of smooth highways, soaring skyscrapers, and successfully launching rocket ships. Perhaps more noticeable, however, are poorly executed projects that cause universal frustration in the form of never-ending road construction, delays at the airport, or empty lots.

What makes one project successful and another fail? The answer often lies in the way project risks are managed.

All projects are affected by risk, which is simply the effect of uncertainty on the project's outcome. Uncertainty that is unplanned for and unmanaged can add time, cost, and scope to a project – or derail it altogether.

Successful projects – regardless of industry, organization, or type – have a few things in common. They share a similar set of processes and procedures for managing risk and opportunity. While no two projects are exactly alike, establishing good habits for managing project risks will give you a foundation to anticipate threats and prepare a response for surprises that arise in any project.

This ebook details seven habits that will help you manage project risks to stay on track for successful completion:

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HABIT 1: DEVELOP A RISK CULTURE

A project, by definition, is temporary with a set beginning and end, a defined scope and resources, and a singular goal to accomplish. No matter how detailed your project plan is, however, problems can crop up at any time.

To avoid – or at least minimize – surprises, get into the habit of making risk part of every decision by every stakeholder.

Risks continue to grow in number and complexity, and identifying and managing myriad exposures takes an all-hands-on-deck mentality. With more eyes and ears on the lookout for emerging risks, you are much less likely to be blindsided by an undetected vulnerability.

A risk-minded culture starts at the top. If leaders ask risk-conscious questions, visibly prioritize resources, and respond appropriately to new threats and opportunities, others will follow. Effective risk management requires open communication and free-flowing information throughout the organization. Everyone benefits when data silos are eliminated, and project managers are empowered to share risk information and lessons learned with others.

A healthy, transparent risk culture that is championed at the top and trusted at the bottom is the basis for successful projects.

A CHECKLIST FOR ASSESSING LEADERSHIP SUPPORT

- ✓ Do leaders make risk management a priority?
- ✓ Do leaders seek out risk insights to inform their decisions?
- ✓ Are project managers and others encouraged to propose new opportunities that are outside the original scope of work?
- ✓ Are project managers and others encouraged to identify threats without fear of being seen as the bearer of bad news?



HABIT 2: RECOGNIZE RISKS

ISO 31000 defines risk as “the effect of uncertainty on business objectives, both positive and negative.” Simply put, risk is an uncertain outcome. Identifying risks upfront gives you time to develop a response plan if a risk becomes a reality. The more threats you can identify and address upfront, the fewer uncertainties you will have.

Make a habit out of considering anything that could impact the schedule, budget, or successful completion of your project. Get input from all stakeholders and project team members, so you have a variety of viewpoints and experience levels represented.

Risk management frameworks, often tailored to suit a particular industry, offer a systematic approach for identifying, assessing, and mitigating project risks. Beware, however, that many of these frameworks only consider potential loss or other negative outcomes. You will not achieve success simply by avoiding failure.

Suggestions can develop into opportunities, which become value-added achievements. Lessons learned at the end of a project can feed back into risk recognition of the next project. Useful metrics to track include:

- The frequency with which opportunities are identified over time
- The conversion rate for turning opportunities into achievements
- The overall contribution of opportunities toward on-time and on-budget project completion



HABIT 3: MAINTAIN A SINGLE SOURCE OF TRUTH FOR RISK INFORMATION

If each project uses its own system, scale, or language to manage risk, how can you possibly understand the connections between risks that impact multiple projects, capitalize on learnings, or roll up critical risk data into a risk report?

Make a habit out of collecting and storing risk data in one central, secure place that's easily accessible to all stakeholders. Starting with one source of truth helps you identify threats and opportunities more easily, respond to changing conditions faster, and understand risk at a deeper level.

Having a centralized system to manage risks does not mean you have to manage all risks in the same way. It does mean that you will have standardized processes and terminology across projects, which allow for seamless collaboration and intelligent insights that support data-driven decisions. With everything in one place, you can spend time managing risk instead of managing data.

The right project management software will add efficiency, improve effectiveness, and increase agility. Look for software that is:

Easy to use. Software is virtually useless if it's too difficult to use. It should be easy for even occasional users to jump right in.

Configurable. You should be able to easily add records, update scoring schemes, or otherwise modify the configuration to accommodate the needs of different projects – without relying on an IT expert.

Secure. Make sure your data is protected with the highest end-to-end security. And every activity needs to be automatically logged for a clear audit trail.



Have you outgrown your spreadsheets?

Spreadsheets are a common starting point for capturing and tracking risks. At some point, however, spreadsheets become more of a liability than a benefit. If you are relying on spreadsheets to manage project risk, how confident are you that:

You are using the right version. Hundreds of spreadsheets related to project risks might be circulating at any given time. Just keeping track of those files, who owns them, and what is in each document can be a challenge. You can easily end up with multiple versions of the same spreadsheet and risk registers that are out of sync.

You can trust your data. Spreadsheets have few, if any, controls in place to verify the accuracy of the contents. Users themselves are responsible for making sure everything is correct. Users, however, are human. It doesn't take much for outdated data, sloppy cutting and pasting, and an accidental keystroke to corrupt a spreadsheet. If that information feeds into other spreadsheets or is used to make big decisions, the results can be disastrous.

You can handle the volume of data necessary to effectively manage risk. Spreadsheets were simply not designed to handle the enormous amount of data, intricate analysis, or numerous users required to manage risk today. The decentralized nature of spreadsheets also makes it difficult to manage risk across projects. And it's almost impossible to see big-picture relationships, identify trends, or understand risk at an enterprise level.

HABIT 4: CONSIDER THE IMPACT OF EACH RISK

Once you have your list of risks, consider what could cause each event to become a reality.

Develop a habit of being proactive instead of reactive when managing risk.

Brainstorm likely causes with the risk or project team, pulling from previous experience and lessons learned. The goal is to proactively prevent the causes of negative events and promote the causes of positive events.

Mitigating the cause(s) of a risk can resolve the risk faster, freeing up resources to move on to the next one. Likewise, identifying potential consequences ahead of time can help the organization quickly address realized threats – or jump on any opportunities that arise.

Bowtie Cause-and-Effect Analysis

A picture is worth a thousand words – especially when it comes to managing complex project risks.

Bowtie cause-and-effect analysis is a method to visually break down complex scenarios to identify the causes of a risk, consequences of the event, and priorities of controls. The analysis highlights weaknesses in the control framework, pinpointing the causes most likely to trigger a risk. Used in a brainstorming session, bowtie analysis stimulates debate, in-depth conversation, and deeper analysis by asking “what else” at each layer.



HABIT 5: COMMUNICATE CLEARLY

How you communicate can influence the outcome of a project as much as almost anything else.

Get into the habit of collaborating within the team and across projects with transparency and openness. This habit will help you get in front of changing conditions so you can take control of the situation. It also helps to set expectations and relieve fears that the messenger will be blamed for delivering bad news.

To build a collaborative environment:

1. **Identify the stakeholders who need to hear about risk.** A project touches many functional areas and roles, and it's important to include anyone who has a stake in a project's outcome. Bringing together a solid team at the start – and reevaluating and growing that team over time – ensures that critical issues are addressed quickly, which can eliminate costly delays down the road.
2. **Know what information each stakeholder needs.** Not all information is useful to all stakeholders, so find a way to send targeted messages and alerts instead of bombarding people with often-ignored “reply-all” emails.
3. **Leverage technology to streamline communication.** Automated notifications and alerts can instantly share data, remind stakeholders of outstanding tasks, and communicate the current state of the risk management process.



HABIT 6: FIND THE STORY IN YOUR DATA

Facts and figures alone are not likely to lead straight to project success. You have to understand what the data means to effectively manage risk and keep your projects on track.

Develop a habit of looking behind the numbers to understand the context at the project, program, and enterprise levels to make more effective decisions.

Technology makes it possible to show collaborators only relevant information, without overwhelming them with every data point. With the right software, it's fast and easy to create meaningful reports that inspire data-driven action. Customizable dashboards provide insight into the metrics that matter most to each stakeholder. And advanced analytics can uncover real insights about the upstream and downstream impact of individual project risks – and aggregate the data to show trends and threats from an enterprise vantage point.

With better insight from the data, you can identify, prioritize, and address issues before they become full-fledged problems.



HABIT 7: LEARN FROM YOUR EXPERIENCE

When a project is completed, it is done. People move on to new projects, new roles, or new assignments. Too often, the past is forgotten. But previous shortcomings can boomerang back on future projects. And previous successes may get lost.

Get into the habit of feeding lessons learned back into your project risk management process. This will help you avoid making the same mistakes again – and give you a leg up on identifying new opportunities.

Here's how to embed learning into your risk process:

Document results. Maintain a record of risks and mitigation plans with experience data to guide future projects.

Analyze the outcomes. What worked, what didn't – and why? What data, systems, or people would have helped you make decisions with greater confidence?

Schedule regular reviews. You don't need to wait until a project is completed to apply learnings to other projects. This is especially true for years-long projects. A regular cadence for project reviews ensures that insights will be put to good use as soon as possible.



GOOD HABITS: SUCCESSFUL PROJECTS

While you can't plan for everything or have a plan for every risk, establishing good habits upfront can make sure you are well prepared to handle obstacles that pop up along the way.

No matter how diligent you are, it's virtually impossible to identify and prepare for every possible issue. Something unexpected is bound to happen – and the impact often depends more on how you react than the issue itself.

When project risks are managed right, every stakeholder is aligned around the right objectives, actions, and controls to drive project success. Risk is no longer something to be feared, avoided, or minimized. Risk becomes a tool to create strategic value and elevate performance.

Successful projects are about laying the groundwork – the people, processes, and systems – to help you immediately jump into action and deal with what's at hand. The cost of reacting too slowly or ineffectively multiplies by the second. And thin margins and aggressive timelines of many projects make it all the more difficult to take an unplanned bump in stride.

These seven habits will help you:

- Consolidate all risk data into one place where it can be analyzed, correlated, shared, and visualized in a human-friendly way for rational decision-making.
- Make confident decisions based on facts instead of reacting in the heat of the moment.
- Stay on top of issues, roadblocks, and risk changes that might send the project off track.

Get into the right habits now, and you'll be able to expertly manage whatever surprises come your way.

For more on project risk management software, please visit riskonnect.com.

ABOUT RISKONNECT

Riskonnect is the leading integrated risk management software solution provider. Our technology empowers organizations with the ability to anticipate, manage, and respond in real-time to strategic and operational risks across the extended enterprise.

More than 2,000 customers across six continents use our unique risk-correlation technology to gain previously unattainable insights that deliver better business outcomes. Riskonnect has more than 800 risk management experts in the Americas, Europe, and Asia.

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