Risk Management

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Are You a Risk Manager?

Risk = Odds

Classic Risk Management Model

1. Risk Identification

2. Risk Analysis

3. Risk Responses/Risk Management

4. Risk Management Monitoring

What is Your Tolerance for Risk?

What Defines a Successful Project? (hint: 2 factors)

Project Risk Management

Case Study

The Return of Edinburgh's Trams

The Return of Edinburgh's Trams

<u>Project Details</u>

	Proposed	Actual
Completion	2009	**2014**
Cost	£420m	**£1b**

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Cost	£420m	**£1b**
Completion	2009	**2014**
Scope	3 lines	**Part of 1 line**
Tram Fleet	For 3 lines	For 3 lines

1. Risk Identification

- Documentation Reviews
- Brainstorming (Murphy's Law)
- Prior Experience/Experience of Others
- Expert Judgement

2. Risk Analysis

- Qualitative
- Quantitative
- Risk Tolerance

Why Analyze Identified Risks?

To Try and Determine:

    a. How likely is it to occur (frequency)

    b. How bad will it be (severity)

2. Risk Analysis (cont.)

Likelihood of occurrence

X   *Projected impacts*
_____

=   *Expected loss*

(Goal: Set priorities for action)

3. Risk Responses/Risk Management

Strategies (in order of effectiveness):

- Avoid
- Transfer
- Control

4. Risk Management Monitoring

- If the plan is working, understand why
- If the plan is not working, understand why not

. . . and then fix it!

Risk management is an ongoing process, not a single event

Remember!

- We are all risk managers
- Risk = Odds
- If you can predict it you can prevent it
- Murphy's Law – Expect (and plan for) the worst and hope for the best
- Risk management is an ongoing process, not a single event

Contact Information

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