Risk analysis

Step-by-step plan for carrying out and following up

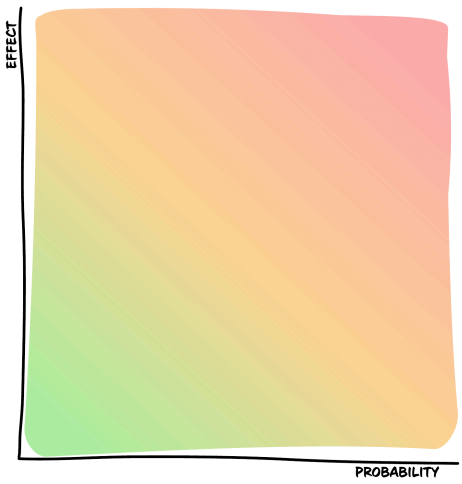
Risk management is a standard part of the project contract and *the* way to manage expectations around uncertainties professionally. The risk analysis is an exercise that you preferably carry out together with the team.

PURPOSE	Checking and strengthening the project contract, managing expectations (of the team, the stakeholders and the sponsor) and creating alertness in the team.
WHEN	In the definition phase. Not during the Project Startup, but in a separate, compact follow-up meeting, preferably a week or two later. By then participants have been able to digest the results and the plan, and the team can also review and sharpen the (further developed) activity plan. Also later in the project, for example at a project fresh-up when there are many disruptions.
WITH WHOM	The project team.
WHAT YOU NEED	A sheet with two axes (Probability and Effect), sticky notes and, for each group, a flip chart sheet with the table for the measures (at step 5).

HOW TO GO ABOUT IT

There are many exercises for mapping risks. In many situations we recommend this basic exercise.

1. **Draw two axes.** Draw two axes on a sheet of paper. Label the X-axis 'Probability' and the Y-axis 'Effect'.



2. **Explain the purpose.** Explain the purpose of a risk analysis:
   - To check and strengthen the project contract
   - To manage expectations (of the team, the stakeholders and the sponsor)
   - To create alertness in the team
   - Et cetera
3. **Have everyone write down risks.** Ask all team members to write down on sticky notes the risks they can think of (all the 'obstacles on the road').

PLEASE NOTE

Many people describe only the consequence, for example 'we are running out of time'. But what is the cause? It could be anything: illness, workload, too few team members. So it helps to describe the risk with both the cause and the consequence; if in doubt, have them note both on the sticky note. A useful wording is: 'Given the (circumstance or event), there is a possibility that (consequence) will occur.'

Tip: you can also give this step as a preparation assignment. Explain in advance, with an example, how to describe a risk with its cause and consequence. Then it is clear to everyone.

Tip: are you getting stuck? Then go through a few angles: finances, staff and capacity, size and scope, project organisation, communication, support and force fields, technology, systems and procedures, information, legal matters and accommodation.

4 **Prioritise the risks.** Ask the team members, one by one, to name a risk. You now prioritise the risks on the sheet using two questions: What is the probability that this will happen? And how big would the effect be on the project? This gives you a clear picture of which risks the team should address (big obstacles and small obstacles).

PLEASE NOTE

It is not useful to debate for too long about how big a risk is. Nor does it help to place the risk somewhere in the middle. The tool is meant to prioritise the risks quickly. So help the team to decide quickly on the basis of the follow-up needed. For example, ask them the following questions: Do you need to do something about this (now)? Do you want to come up with measures for this (now)? If the answer is yes, put the sticky note in the top right-hand box. Then it is clear that you will do something with it during this meeting.

5 **Come up with measures in small groups.** Once the risks have been prioritised, the most important part follows, namely … coming up with measures to reduce, prevent or transfer the risks. Possible actions are: accept, prevent, adapt, limit the damage and transfer. Our experience is that it is useful to do this in small groups. So ask who would like to come up with measures for which risk; the group chooses for itself. Have them make concrete proposals for the measures needed and give each group a flip chart sheet with the table below, so that the measures can easily be incorporated into the activity plan.

Tip: make sure the groups formulate concrete actions and assign an owner.

RISK	MEASURES (ACTIVITIES)	WHO?	WHEN?

6 **Present and make agreements.** Finally, have the groups present their proposals to the project team and make agreements about how the measures are recorded and followed up. In this way the measures become a standard part of the project contract.

NOTES