



Project Risk Management

The client A multinational organisation working in a safety critical environment. Several large projects are underway and are at various stages of completion. One particular project was overrun by more than fifteen months. The client's customer was demanding risk management standards to COSO¹ standards which included having a robust risk process for the project, business continuity to provide resilience and forecasting to anticipate new risks which might be threats or opportunities.

This project was overrun by more than 15 months. How could risk management help to get the project back on track and catching back up?

The challenge The risk owners were predominantly engineers, this meant that the whole risk process was far removed from their experience, and was perceived as too unfocused on reality for it to have much meaning. Whilst there was already a robust risk management process, there was no ownership by the risk owners, and no clarity of actions that needed to be taken. Further, the client's customer had no ownership of the risk process, and was not supportive of the processes being used.

The response Liz Taylor Risk Consulting worked with a group of the client's risk owners to help simplify and clarify the risk process as well as make the action plans real and embedded within the project management processes themselves. The risk owners then decided for themselves that the project review meetings would be driven by the risk action plan. LTRC then worked with a combined group from the client and from the client's customer in an interactive workshop to clarify the risks, the controls and the action plans.

The work included applying a simple risk management methodology introduced by Liz Taylor Risk Consulting to analyse problems and delays as they arose so that they could be dealt with promptly without impacting on other areas of the project.

The client and customer responded well to this new simplified methodology which took them away from a grinding review of the formal risk register to a simple intuitive format that could be used dynamically. The output from these dynamic reviews could then be fed back into the risk register as the auditable repository of information.

¹ COSO is the Committee for the Sponsoring Organisations of the Treadway Commission which has set out a standard for Enterprise Risk Management as (was considered at the time) best practice.

CASE STUDY

The outcome The client and the customer decided, as a result of that work, to formalise one working group of the combined team with one risk methodology and using the risk action plans to drive the project review process. They are using the new LTRC risk methodology to “problem solve”.

The whole project has now speeded up and small gains are being made into reducing the overspend on time and money. The LTRC consultants who worked on this project are convinced that had the client implemented the dynamic risk evaluation methodology at the beginning of the project then that would have provided better assurance of bringing the project in on time and on budget.

Key points

- Ownership and appreciation by all stakeholders
- Straightforward approach
- Achieve objectives