Risk Management

● ● ●

2 Verticals up to Program-Level...and Back

Program-Level		Station Manager
Project-Level	Area Manager	Process Assistant

Danny Rehr
danirehr
October 20, 2020
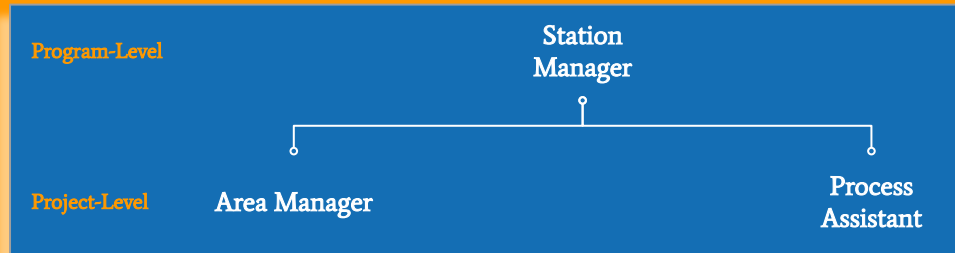
Definitions

Risk Management

A methodology for identifying, rating, analyzing, and mitigating risks.
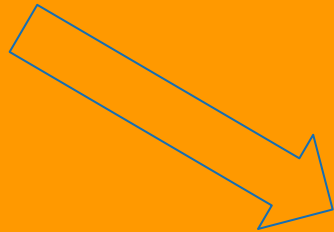
Risk

Any identified situation that could negatively impact a project, process, procedure or task from being completed successfully.

Problem

An unmitigated risk.

Risk Identification

Recommendation: review and update 1-2 times per week, more for major risks.

Brainstorming any occurrence, factor, limitation, influence or error--man-made or naturally-occurring--that could serve as a negative impact to a stated goal.

Mitigation Strategy

An action(s) or activity(ies) that, if coordinated and/or implemented, would either resolve or severely limit the impact of a risk.

How to Score Risks

Probability

What is the likelihood that this risk could become a problem?

1. Very Unlikely
2. Unlikely
3. Probable
4. Likely
5. Very Likely

Magnitude

If this risk were to become a problem, how badly would be its effect(s)?

1. Negligible
2. Moderate
3. Significant
4. Severe
5. Catastrophic

Risk Score = Probability ⚔ Magnitude

	1	2	3	4	5
5	5	10	15	20	25
4	4	8	12	16	20
3	3	6	9	12	15
2	2	4	6	8	10
1	1	2	3	4	5

**Probability** (vertical axis)

Magnitude (horizontal axis)

Ex.
Probability = 1
Magnitude = 3
Score = 3 🟩

Probability = 4
Magnitude = 3
Score = 12 🟨

Risk Form (Details)

Risk	*Suggestion: color this field the risk color: green, yellow, red.*		
If/Then	If [this happened], then [this would be the impact].		
Score	**Probability**		**Magnitude**
Trigger	What would trigger the "If" (from above)?		
Date of Impact	When "Then" (from above) happen?		
Mitigation Strategy			
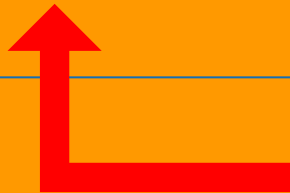
(Escalating the risk to a manager may be the only mitigation strategy!)

Project vs. Program

Station
Manager

Area Manager
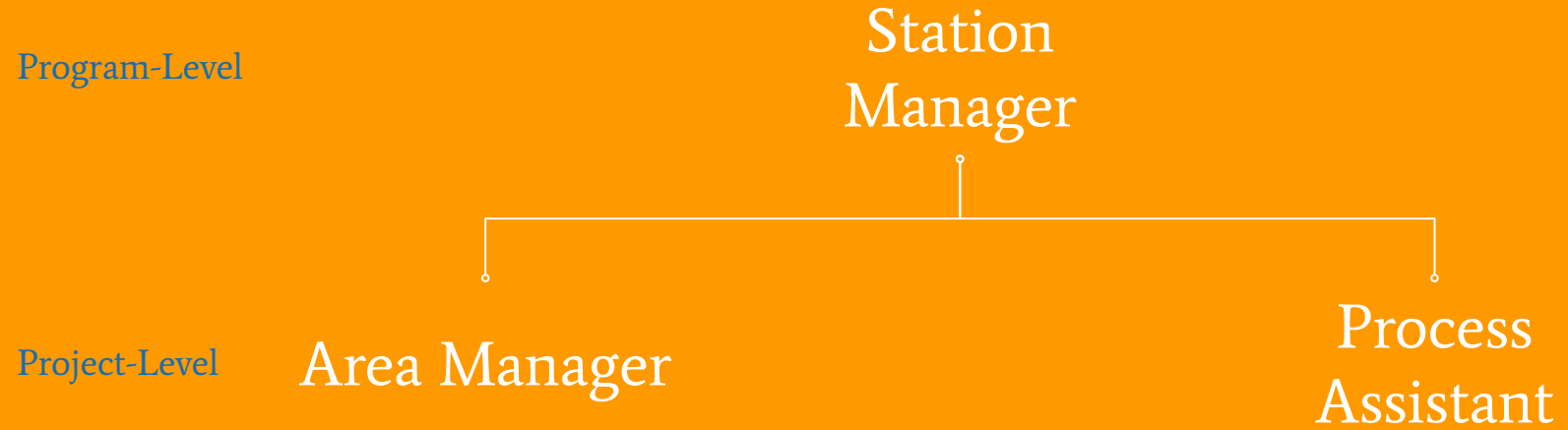
Process
Assistant

Communicating Risk

Packaging information for awareness, prioritization and tracking

Escalated Risks

Any risks that are RED and/or that are out of the control* of the Project-Level leader must be escalated - if for no other reason than simple awareness; otherwise, it is expected that the Program-Level leader will mitigate the risk, or escalate it him or herself.

*Note the green risk. Even a low probability, low magnitude risk may be escalated as it is out of the purview of the Project-Level leader.

Station Manager

25	Conveyor belt inoperable & servers go down.
20	Delivery Driver strike.
16	Servers go down.
16	Extreme HAZMAT situation
15	Loss of water in facility.
12	Systemic, competing priorities.
5	Train delays Associates or Delivery Drivers.

Risk Mitigation

In all likelihood, risk mitigation at the Program-Level will require 1 of 4 resolutions.

1. The Program-Level leader will mitigate him or her self.
2. The Program-Level leader will escalate to his or her manager.
3. The Program-Level leader will work directly with the Project-Level leader to mitigate.
4. The Program-Level leader will pull resources unavailable to the Project-Level leader to coordinate mitigation, e.g. collaborate with a different department, mandate resources from other departments to get involved.

Summary

1. If risks are not mitigated, then they become problems.
2. Risks must be identified.
   a. One of the most important aspects of risk management is awareness.
3. Score and prioritize risks.
4. Mitigate risks through active measures.
   a. Some risks cannot be mitigated at the Project-Level.
      i. Escalation may be the only mitigation strategy.