

Context

Programmes are collections of projects which, taken together, will deliver one or more strategic objectives. Interactions between projects mean that programme risk management will tend to present bigger challenges than dealing with risk from individual projects. Yet, by definition, it is the programme risks which will affect delivery of the strategic objectives.

Project Risk Analysis

Risk analysis of projects may start with an analysis of cost risk. Project risks are identified and quantified and this leads to estimates of the range of project outturn cost which, among others, inform decisions about the financial provisions to make for risk. The project risks can conveniently be recorded in a risk database which may also carry out the quantified analysis internally.

The next step might be a schedule risk analysis. The disruption of a logical work breakdown structure is modelled to give an indication of when the project might actually be delivered in practice. Often there are severe shortcomings in this if the WBS does not include provision for dealing with risks which materialise, rework, for example, or if it does not recognise resourcing constraints.

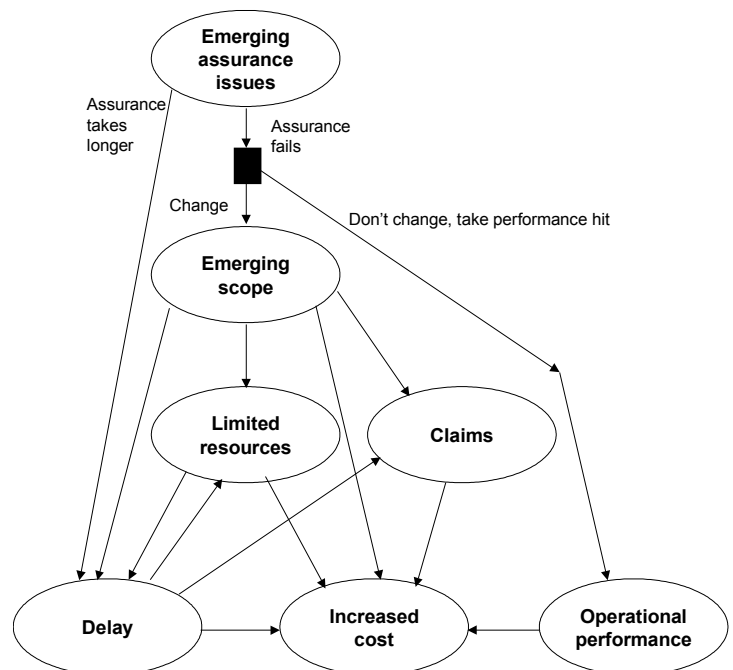
Carrying out the project risk analysis exercises will flag up many risks which need to be considered at programme level. And it may well be the case that the level of interaction between projects is such that schedule risk is worth analysing only at programme level.

Programme Risk Management

Obtaining a clear view of the risk at programme level, and developing the corresponding risk management plan, will generally require that more impacts are modelled than just cost and time. See the chart on the right for instance for a typical technology-based programme. It is also best to avoid the forest of detail implicit in integrating numerous project programmes, assurance processes and cost plans. In general risk databases do not supply the tools which facilitate the necessary models.

Purpose

Programme risk analysis is a systematic approach to dealing with risk issues in a suitable way: so as not to get mired in pointless detail, but including enough in the modelling to draw out and deal with the main points, and to understand the key sensitivities.



THE RISK AGENDA

Programme Risk Analysis

Benefits

Programme risk analysis:

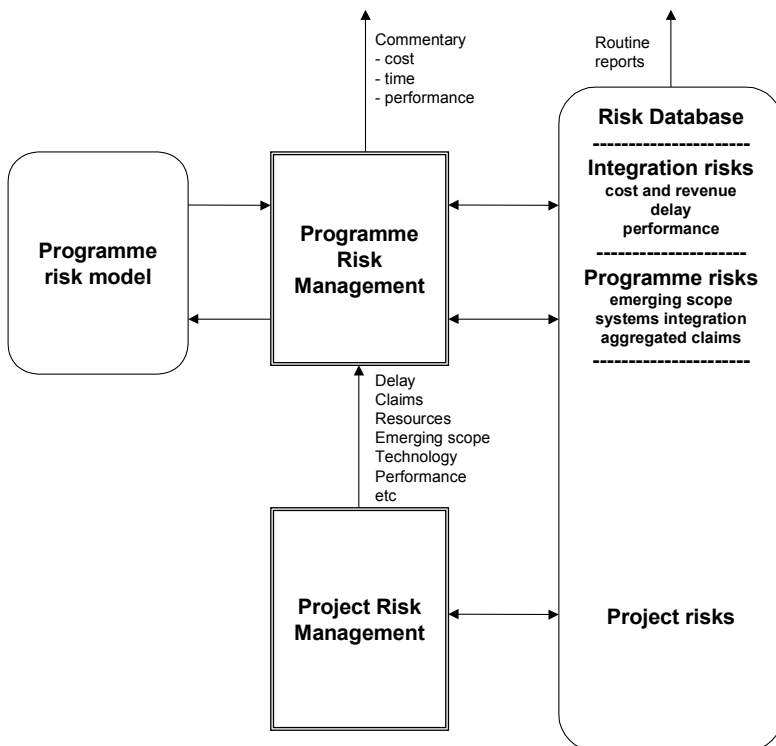
- allows managers to improve their decision making by providing an insight into the full range of possible outcomes
- puts the focus on the programme as whole and the risk to its strategic objectives
- allows risk mitigation plans to be developed for the programme as a whole
- provides realistic information and assurance to stakeholders.

Approach and Features

Our generic approach to programme risk analysis is shown in the chart. The specific features of the Risk Agenda line of attack are:

- a clear role for project risk management within the overall programme risk management process
- a single risk database covering both programme-level and project level issues
- a programme risk model, separate from the database, which models and quantifies the important project interactions and programme effects (see also our *Risk Modelling* flier).

In broad terms, many programme issues are identified during project risk analysis. These are flagged up to the programme risk management process and modelled, alongside issues identified in the course of this higher-level process. The information generated is then used to support decision making on mitigation actions and to provide information for reporting.



The process is supported by a risk database of the usual kind. As well as the project risks, this contains programme risks which are not relevant to a specific project and integration risks which can only be represented at the top level to provide the overall impact on strategic objectives. The issues represented are those in the previous chart: each programme have its own impact to be modelled.

Contact

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