

Risks and Opportunities Management – Key Success Factors

Every project manager is told to manage its risks. Sometimes, he/she is also told to manage the opportunities.

What is it, how to do that, what are the steps, what are the key success factors ?

Why are we talking about risks and opportunities?

A project is, by nature, unique. This means that nobody can tell you how it will be delivered, because so many events can (will !) impact the foreseen delivery plan.

These events can be good news, or bad news. Of course, Project Managers do not wait for events to occur, but the inner spirit of project management is to anticipate the potential good news, and the potential bad news. Here we go...

A potential bad news is a risk, or threat. A potential good news is an opportunity.

What is Risk&Opportunity management¹ ?

In order to anticipate the potential good and bad news, the project manager and the project team will first have to identify them, and then to decide what to do: do we dismiss it, or do we act ?

This is the essence of R&O management: deciding and then acting. It is first and foremost a mindset: anticipating what can go wrong or good on a project, always anticipating and imagining the future.

The process

A lot has been said around R&O management, and the process is well defined:

1. Identify: list all the potential risks and opportunities
2. Assess (qualitative): evaluate (likelihood, gravity) the risks and opportunities
3. Assess (quantitative): use statistical tools to support decision making in terms of risk provision and float

A little often is better than a lot once

4. Treat (also called: mitigate): define action plans
5. Control & Monitor: do it again

You all know these steps, but do you know which one is the most important ?

Key Success Factor #1: the most important step

Do you remember the aim ? I mean the aim of a project ?

I bet it is not to apply R@O management, but rather to deliver a product / service / result / performance.

R&O management is a tool to deliver this outcome. And to deliver it safely, minimizing the risks and maximizing the opportunities, both must be monitored and taken care of.

Actually, the process is just a tool to manage the potential good and bad news. This means that R&O must be monitored and dealt with during the whole project.

The most important step is actually the least defined in the usual project management manuals: the last one, that is "Control & Monitor".

Key Success Factor #2: the frequency

The next question is then: how often ?

This is the second Key Success Factor to a good R&O management.

The point is to make this as often as possible. Of course, if the list is made of 400 risks and opportunities, it becomes really time consuming, but the rule still applies. It is better to do a little bit of R&O management often, than review fully all the risks and opportunities once or twice on the project. The point here is a decision from the project manager.

This requires therefore a prioritization of the risks and opportunities to be efficient in the review.

¹ R&O Management

Key Success Factor #3: prioritize

Prioritizing risks and opportunities, to focus on the most “important” (or critical), is the third Key Success Factor. The team should focus, regularly, on the most critical risks and opportunities, knowing that they will change during the course of the project.

Whatever the project type or size, there are always 3 to 5 major risks, and 3 to 5 major opportunities. The project team should focus on those 3 to 5 risks and opportunities.

Key Success Factor #4: the mindset

This Key Success Factor is by far the most important. R&O management only works if the project manager and the project teams believe in its benefits for the project. Then, is

becomes a second nature: each and every decision or piece of news raises one question: how may it impact the project, that is how does it impact risks and opportunities ?

Developing such a mindset amongst the project team is in fact the most important Success Factor.

Key Success Factors :

1. Controlling & Monitoring
2. Perform R&O frequently
3. Prioritize
4. Develop an R&O mindset