

Management of Risk : Guidance for Practitioners

An Overview

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Best Practice User Group

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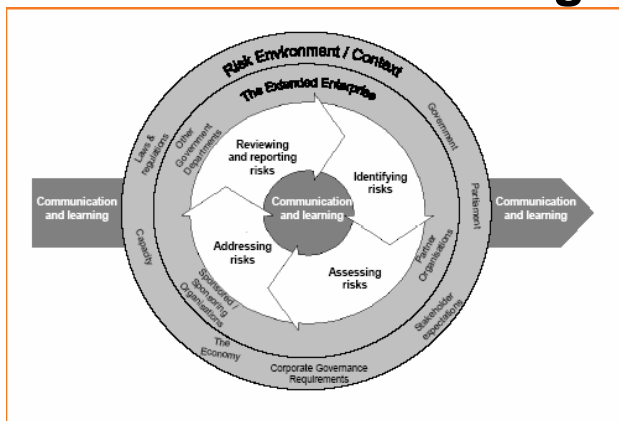
Project Management, Programme Management, Risk Management

PRINCE2™, MSP, M_o_R®

- Introduction
- M_o_R Principles
- M_o_R Approach
- M_o_R Process
- Embedding and Reviewing M_o_R
- Perspectives
- Summary
- Questions

Introduction – Drivers for Rewrite

Revision of HMT Orange Book



Strategy Unit Paper



Sarbanes Oxley
Basle II

Misalignments within
OGC
Suite of Guidance

New BSI
Risk Standard

Increased need for
Civil Contingency Planning

Introduction - What is risk?

“an uncertain event which, should it occur, will have an effect on the achievement of objectives”

whether:

+ Favourable impact,
OPPORTUNITY

- Negative impact,
THREAT

An issue is “a relevant event that has happened, was not planned and requires management action. It could be a problem, query, concern, change request or risk that has occurred”.

Introduction - What is risk management?

“The systematic application of principles, approach and processes to the tasks of identifying and assessing risks, and then planning and implementing risk responses”

Introduction - Why is it important?

Improve

- service delivery
- use of resources
- value for money
- innovation
- change initiatives
- doing the right things
- strategy setting
- competitive advantage
- management of contingent

Prevent

- management time fire-fighting
- sudden shocks
- unwelcome surprises
- waste and fraud

**M_o_R is about
good
management!**

Management of Risk Framework

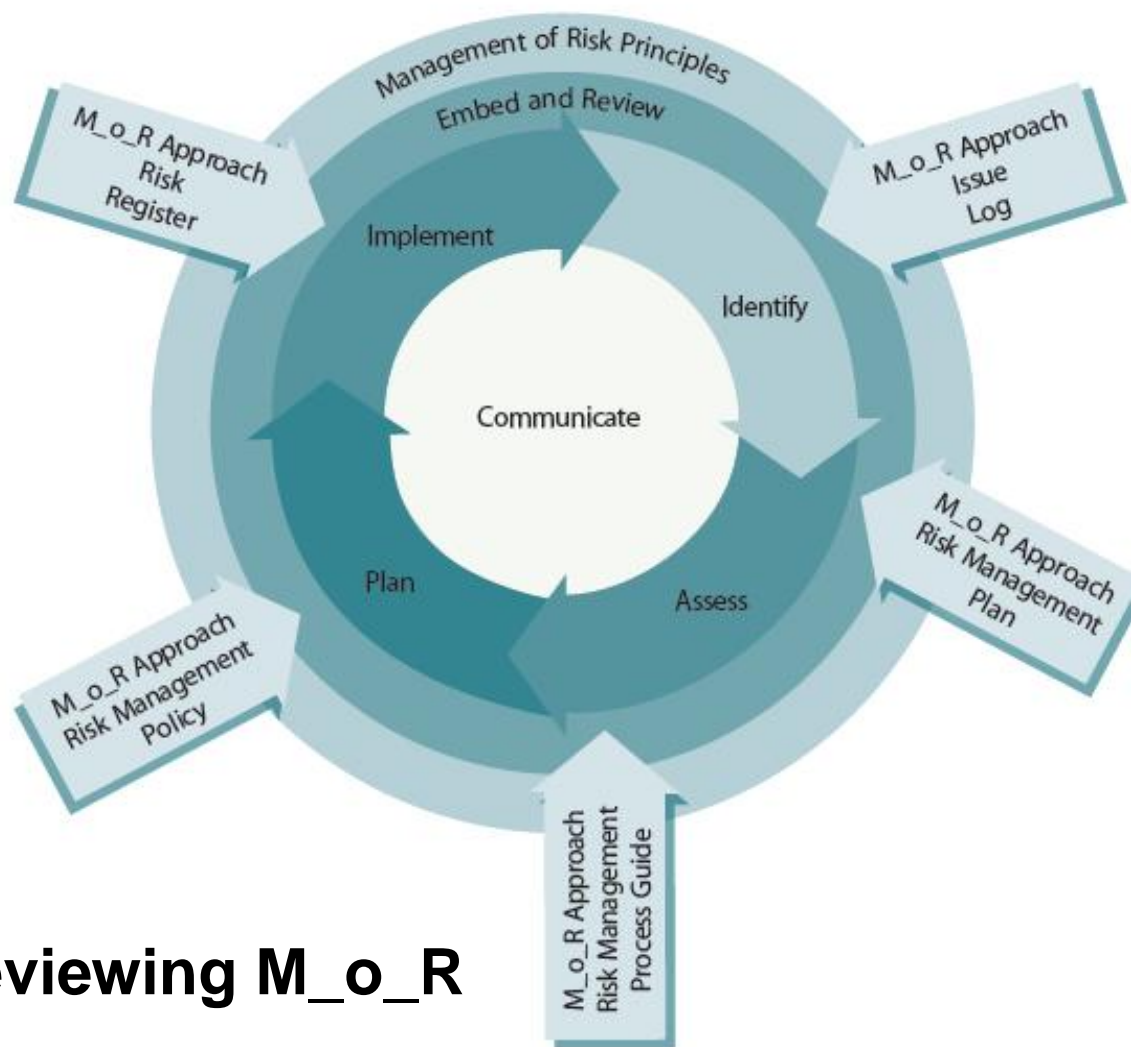
Key Constructs In the Framework:

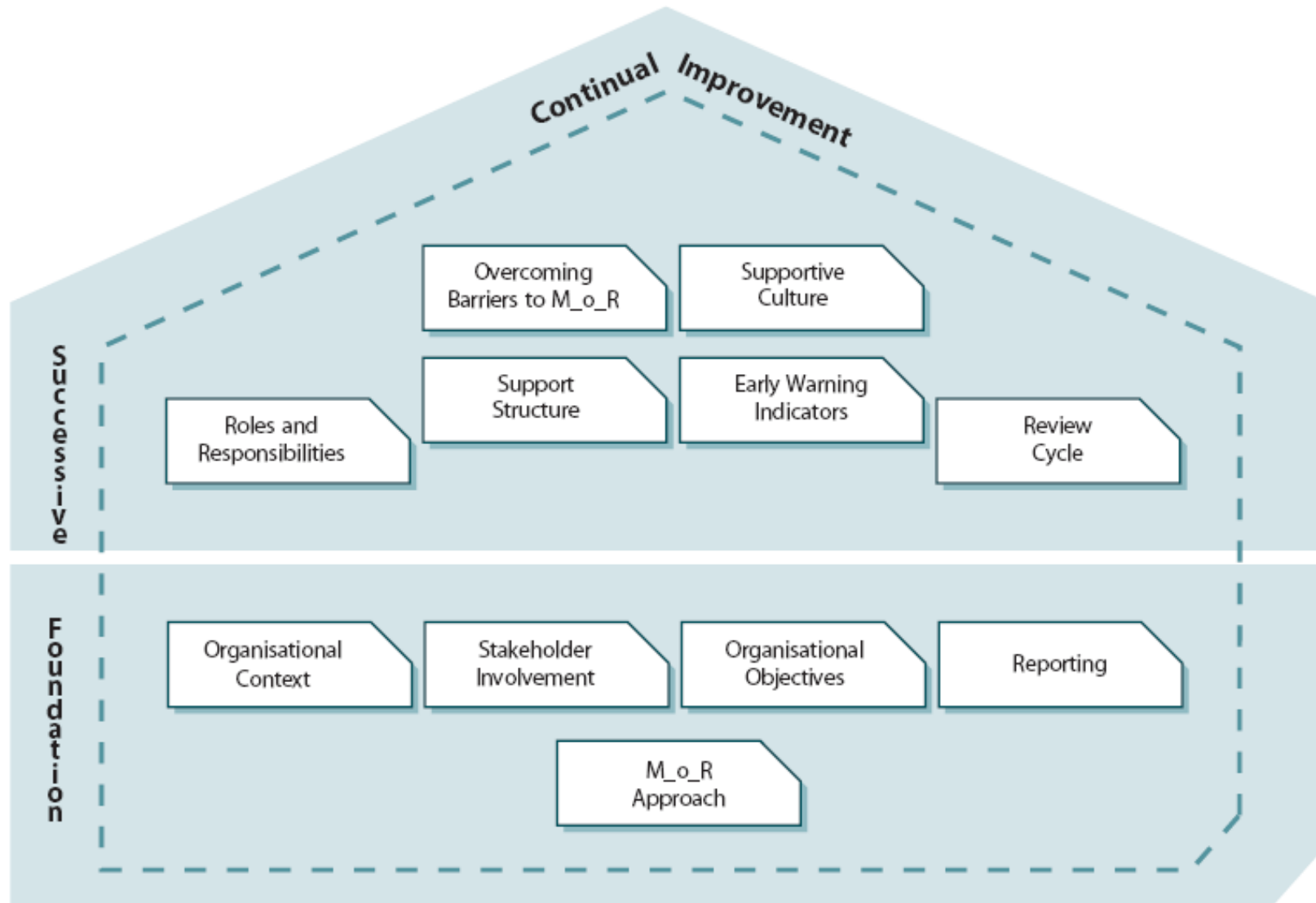
M_o_R Principles

M_o_R Approach

M_o_R Process

Embedding and Reviewing M_o_R







Identify

- Context
- To obtain information about the planned activity in terms of:
 - Objectives; Scope; Assumptions etc
- Identify the risks
- To identify risk, i.e.
 - Threats and opportunities

Assess

- Estimate
- For individual risks, assess their:
 - Probability
 - Impact
 - Proximity
- Evaluate
- To understand the net effect of threats and opportunities when aggregated together

Plan

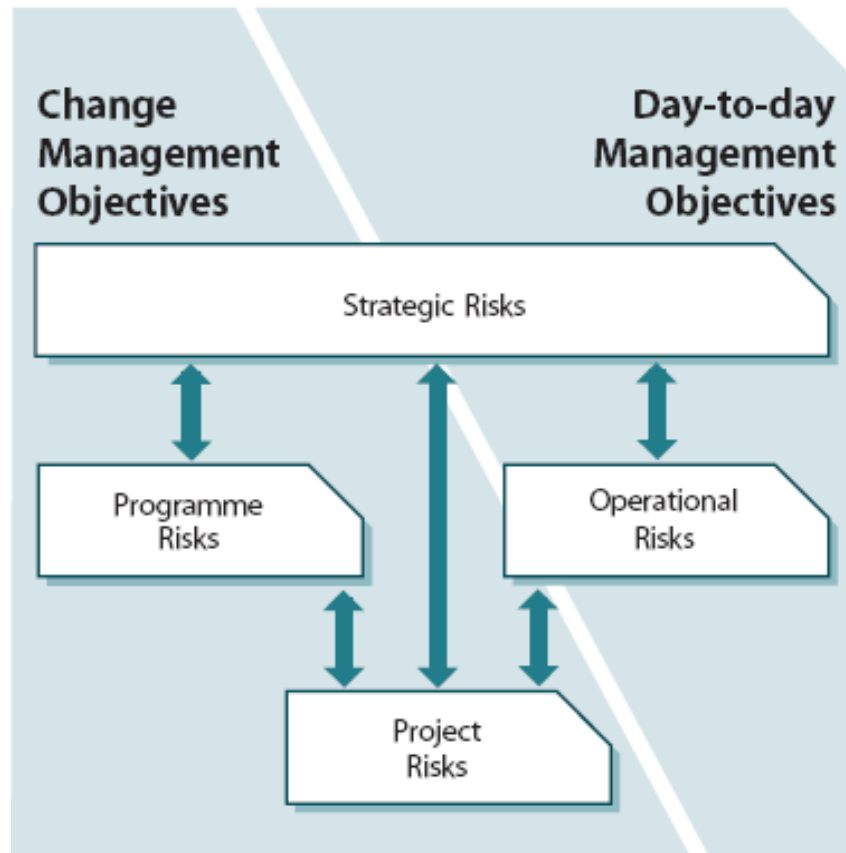
- Respond to Threats
 - Reduction
 - Removal
 - Transfer
 - Retention
 - Share
- Take advantage of Opportunities
 - Realisation
 - Enhancement
 - Exploitation

Implement

- Ensure planned actions are implemented
- Monitor their effectiveness
- Take corrective action

Embedding and Reviewing M_o_R

- Measuring the benefits of success
- Success factors
- Senior management commitment
- Building and developing awareness
- Identifying and establishing opportunities for change
- Modifying behaviour towards risk management



Describe the way in which the principles, approach and processes will be applied according to the nature of the context within which they are being undertaken

- Organisational context
- Nature of objectives
- Stakeholder Involvement
- Management of risk approach
- Reporting
- Roles and Responsibilities
- Support Structure
- Early Warning Indicators
- Review Cycle

Perspectives - Who is involved?

EVERYONE!

Particular roles identified:

- **Management Board** – own the organisation's Risk Management Policy
- **Accounting Officer or CEO** – ensures corporate governance and internal controls are in place
- **Risk Manager** – ensures the Risk Management Policy is implemented
- **Risk Owners** – responsible for the management and control of individual risks assigned to them
- **Risk Actionees** – implement the risk response actions

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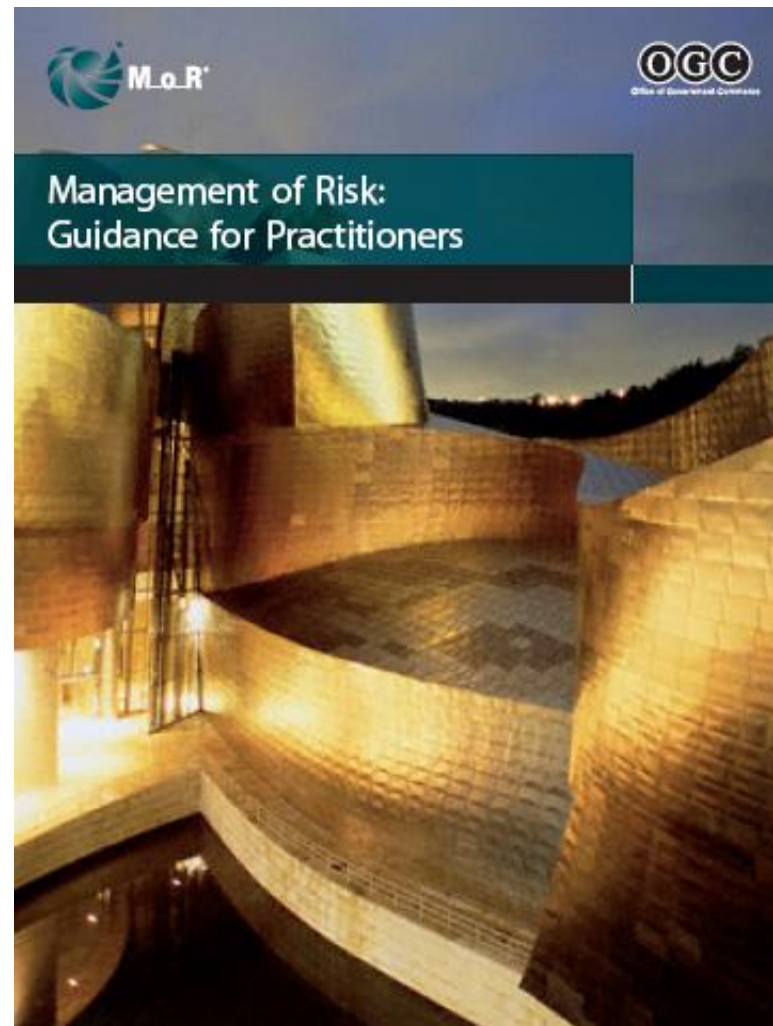


Designed to “help organisations put in place an effective *framework* for taking informed *decisions* about the risks that affect *performance objectives*”

Summary - The Manual

Available in 2 formats:

- **Hardcopy Book**
- **Electronic Manual**



- Document Outlines
- Common Techniques
- M_o_R Healthcheck
- M_o_R Maturity Model
- Risk Specialisms
- Selecting M_o_R Software Tools

Summary – Support Available

- **OGC** (www.ogc.gov.uk/guidance_management_of_risk.asp)
- **APM GROUP** (www.m-o-r.org)
 - Operates accreditation for trainers and consultants
 - Offers Foundation and Registered Practitioner qualifications (Circa. 1,000 Registered Practitioners)
- **Accredited Training & Consultancy Organisations**
 - 15 ATO's and 1 ACO
- **The User Group** (www.usergroup.org.uk)



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