

EXPERT SERIES

The “Expert Series” is a collection of articles, papers and writings by PM Solutions’ associates and other industry experts that provides insight into the practice and value of project management.

The Soft Side of Risk

by Karen R.J. White, PMP

“Listen to the whispers and you won’t have to hear the screams.”

- Cherokee Saying

INTRODUCTION

There have been many books and articles written about project risks, discussing both how to identify and mitigate them. One category of risks, however, that always seems to trip up project teams is what I call the “soft risks.” These are the risks related to the organization in which the project is being conducted. These risks often reside at organizational levels above the project, therefore, making the risks more difficult to identify and mitigate.

Yet, any one of these risks, should one occur, could result in a project cancellation. I recently experienced the aftermath of a risk of this nature, not once, but twice. A change in corporate ownership resulted in the implementation of new corporate strategies and the subsequent cancellation of a significant project I was managing. A second project was “suspended” as a result of changes in corporate funding priorities.

So, what can you, the project manager, do to have advanced notice of these potential events? And, how do you develop a mitigation plan for them?

INVESTIGATE

My first advice for you is to get curious. Look for signs of trouble - better to find it before it finds you! If you hear a whimper of reorganization, or changes in corporate strategies, you can start looking at your project from a different viewpoint. These early indications of potential change should trigger “what if” planning, to determine how you can re-position your project to support a new direction in strategy: rescope the project, shift the technology being used, accelerate deliverables.

If you allow, your project business sponsor can act as your “Dr. Watson” in sniffing out soft risks. Know your business sponsor: know his position in the organization, both formal and informal, determine his relationship and standing with the corporate decision-makers, and identify both his personal goals and threats. The sponsor’s position in the organization will often provide him connections to folks that are considering changes. A close relationship with your business sponsor will connect you to that information.

You also need your business sponsor to be someone with corporate credentials, what is often called “political clout.” He should be able to support you (and your project team) in: issue resolution, obtaining funding, and justifying the project’s continuation. If your sponsor does not have the necessary credentials to help in these areas, consider finding additional project champions to assist.

Corporate strategies frequently change in today’s economy. So, the wise project manager will continuously affirm a project’s alignment with corporate strategy. If you find your project’s alignment beginning to slip, discuss it with your business sponsor. Be open to advising the company that perhaps your project should be reviewed for continuation.

Be committed to the business objectives of your project, not the technology of the project. Many times we IT project managers become enamored with the “how” of the project, not the “what” (which is often related to some business goal and not as much “fun” to us). If the technology being used no longer supports business

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objectives, be prepared to make necessary modifications.

PARTICIPATE

Active participation in your company's "Society" will also provide insights to the risks that might be facing your project. Despite its frequent negative connotations, "office politics" can be a tremendous source of information. Of course you need to learn how to filter out the unfounded, speculative rumors. Develop an understanding and appreciation of the organizational culture, as well as its various communications networks.

You can participate in the "Society" by networking outside your project team and immediate peers within your department. Include members of the business community in your professional network. Sit with them at lunch in the cafeteria. If parts of the business are located at a different facility, look for valid business reasons to occasionally visit that facility, allowing you the opportunity to relate with members of that business community on their "home turf." Consider attending some of the same training sessions or seeking out business staff at company functions. Pursue and encourage their input and ideas on matters of concern to you. Ask them about the business, how they see it from their organizational position.

One common complaint is that project managers do not know enough about the business being supported. It goes without saying that you will not be able to determine all the risks facing your project if you do not understand the risks facing the company. To better understand the company as a whole, read those monthly/quarterly financials and look for indications that the business case supporting your project might need to be re-evaluated.

Don't forget to look for risks originating outside your company. Reading industry and local business periodicals, looking for articles addressing emerging trends or changes in the local market, should be a part of your project management activities. Knowledge of a change in a competitor's tactics, as reported by an industry newspaper article, may give you a heads-up that your project could be at risk.

Participate in business and professional meetings, using those functions as a way of staying in touch with what is occurring at other companies in your industry, who is hiring what skills, who is cutting back or canceling projects (and why). And, then determine if there could be an impact to your organization and more specifically, your project.

Be a political animal, inside and outside your company - be alert and know your project's threats. Identify competitive projects, folks looking for your failure or your sponsor's failure. Consult with your project sponsor on how to mitigate or remove these threats.

COMMUNICATE

As the preceding paragraphs indicate, frequent and open communication is key to effective risk anticipation. You need to be cognizant of the internal and external communications vehicles available to your company - formal and informal. You never know what you may discover in the industry newspapers, what article may tip you off to a change in a competitor's tactics, a change that might impact your project.

Include your entire project team, both business and IT members, in risk identification brainstorming sessions. Be willing to benefit from their differing experiences. Share your thoughts on possible risks and risk mitigation approaches with your team. Most important, maintain an open mind during these sessions; avoid the "it will never happen" frame of thinking. As recent events have unfortunately shown us, even the unthinkable is possible and we project managers need to be prepared.

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Many times projects “fail” because the team loses focus on the project’s business objectives. Be sure your project team understands the ultimate goal of the project and how it links to corporate strategy. Maintain continuous open discussions on the topic throughout the project’s life cycle. Invite the business sponsor to participate in the discussions. Meet regularly with your project’s stakeholders, keeping them apprised of the project status and issues you are addressing. Share with them the project risks and seek their assistance in mitigating or avoiding the risk’s occurrence.

And, above all else, do not discount the value of the past. To paraphrase, learn from history or be doomed to repeat it. Listen to the stories of the “old fogies” and be willing to ask them what happened to past projects, to determine what went wrong, what went right, how they handled organizational changes.

CONCLUSION

Keep the larger picture in front of yourself and your project team at all times. Just as the sailor keeps an eye on both instruments and horizon, you need to maintain a vision of the business horizon at the same time that you focus on immediate project activities. Realize there is a larger world in which you are managing and delivering; the risks to your project could surface anywhere.

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