

OpenPM² 2018 CONFERENCE

Brussels, Charlemagne | February 1 & 2

Creating Silver Linings: A mindset for opportunity



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Risk is everywhere ...

1. *Business/strategic risk*

- Deliberate risk-taking
- Balancing Risk/Reward



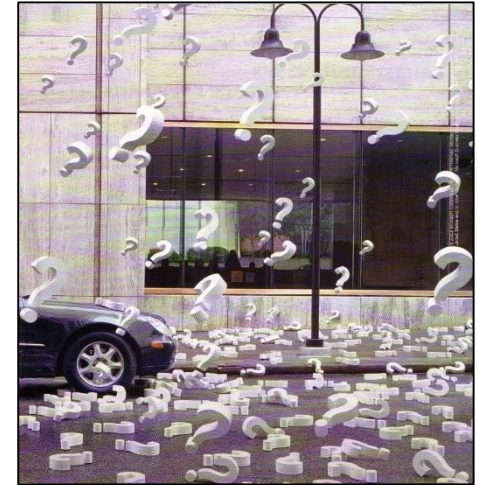
2. *Portfolio risk*

- Doing the right things...
 - choice between options, technologies etc.
- ...as well as doing things right
 - planning, execution, change control etc.



3. *Execution/project risk*

- All activities/projects are risky
- “Zero risk” is not possible or desirable
- Risk/Reward at working level too



We all know what “risk” means, right?



What is risk?

Risk \neq Uncertainty

True or **False**?

***Risk = Uncertainty that matters
(i.e. can affect objectives)***

What is risk?

“An **uncertain** event or set of events that, should it occur, will have an effect on achievement of project **objectives**”

(The PM² Methodology Guide V.1.0, Glossary)

*Risk connects **uncertainty** with **objectives***

Two dimensions of risk

Risk has two dimensions:

- uncertainty
- effect on objectives



"likelihood"

"impact"



Which impacts matter?

Opportunities as well as Threats

- Both need managing proactively
- Managing risk means...
 - ...not only **preventing potential problems**
“Stop things going wrong”
 - ...but also **finding potential benefits**
“Help things go right”



What is risk?

“An **uncertain** event or set of events (**positive or negative**) that, should it occur, will have an effect on achievement of project **objectives**”

(The PM² Methodology Guide V.1.0, Glossary)

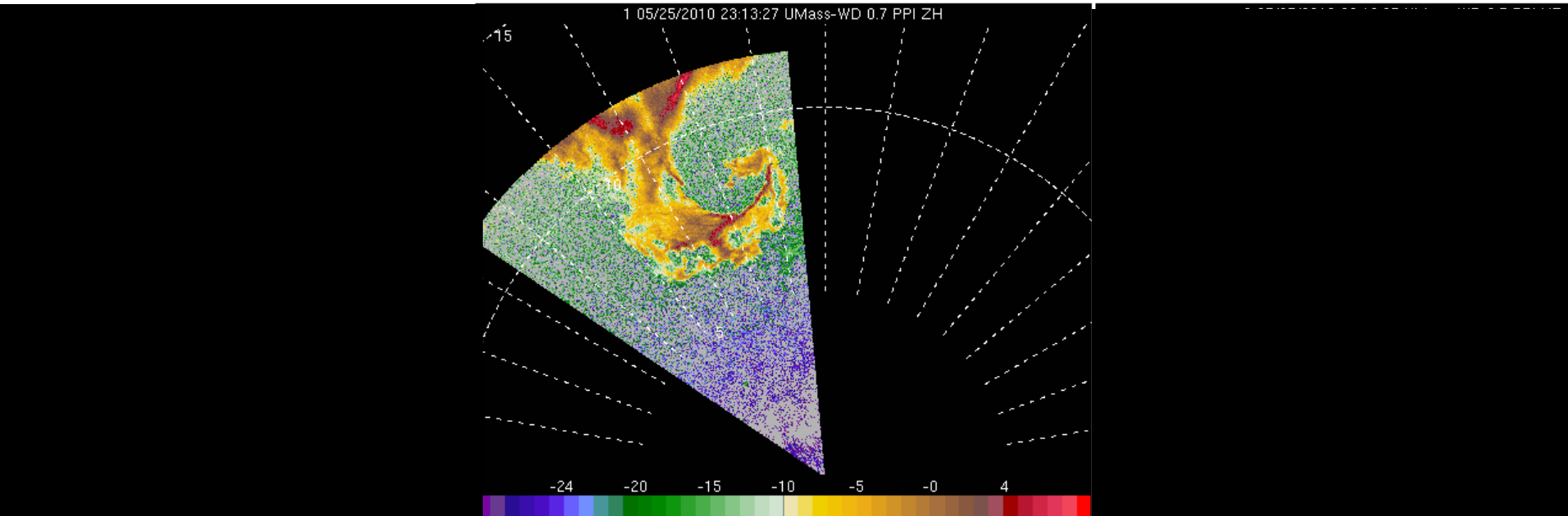
*Risk connects **uncertainty** with **objectives***

*Risk includes **both opportunities & threats***

What is risk management?

Forward-looking radar

Early-warning of both threats & opportunities



**Address *threats*
and *opportunities*
in a single
integrated process**

Extending the PM² risk process for opportunities

**SUITABLE FOR
BOTH THREATS &
OPPORTUNITIES**



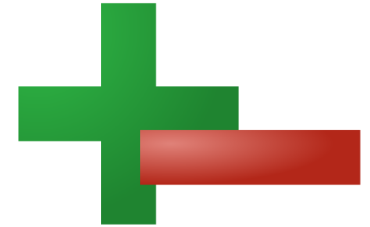
Why bother?

- No separate opportunity process
- More efficient (two-for-one)
- Increased team motivation
- Encourages innovation
- Fewer missed opportunities
- More benefits captured
- Improved success rate



1. FINDING OPPORTUNITIES

- Opportunities & threats are the same
 - “**Uncertainty that matters**”
- Differ in sign of impact
 - **Opportunities positive, threats negative**
- Use **same techniques** to identify?
 - Desk reviews, questionnaires, interviews, brainstorming, workshops...





- Threat-focused
 - Habit
 - Familiarity
 - Technique limitations
- Better to use “two-dimensional techniques”
 - SWOT Analysis
 - Assumptions & Constraints Analysis
 - Fault/Benefit Tree Analysis



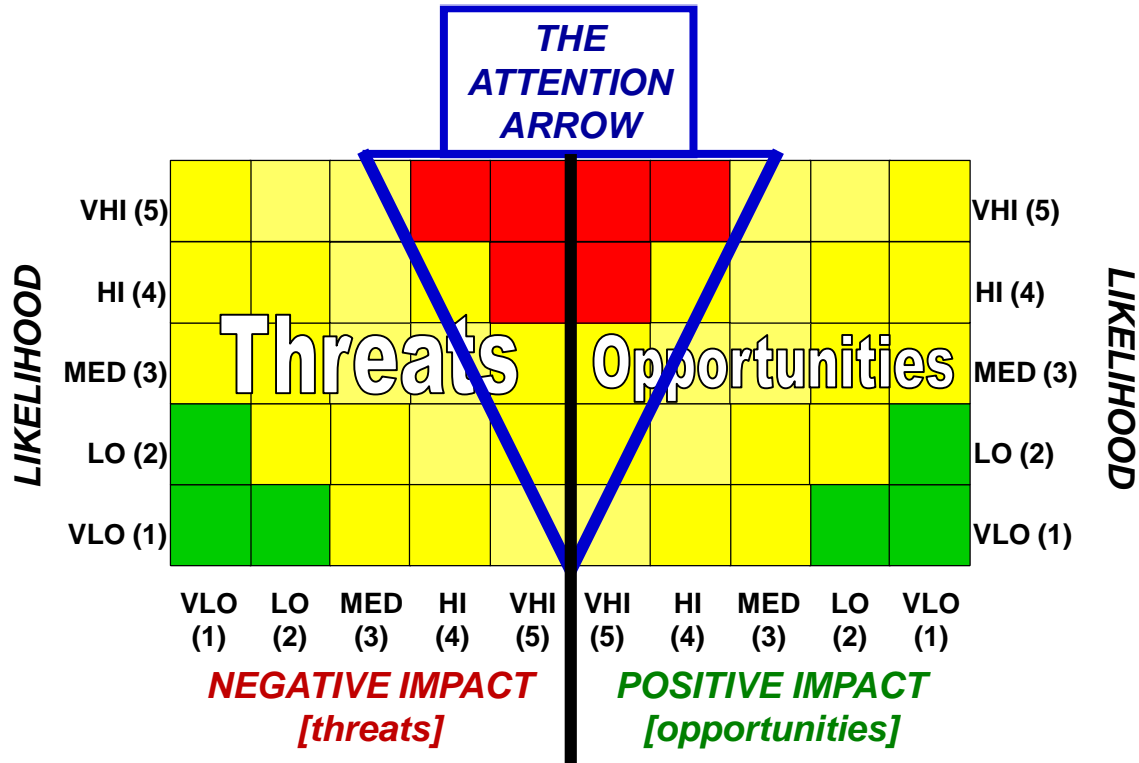
2. CHOOSING THE BEST

- **Risk Assessment Thresholds Matrix**
 - Define scales 1-5 for Likelihood (L) and Impact (I)
 - Calculate Risk Level for each risk (= L x I)
 - Rank risks using **RYG** traffic lights to determine response strategy
- How to prioritise **opportunities** ?

| | | | | | | |
|-------------------|---------|---------------|--------|---------|--------|---------|
| LIKELIHOOD | VHI (5) | 5 | 10 | 15 | 20 | 25 |
| | HI (4) | 4 | 8 | 12 | 16 | 20 |
| | MED (3) | 3 | 6 | 9 | 12 | 15 |
| | LO (2) | 2 | 4 | 6 | 8 | 10 |
| | VLO (1) | 1 | 2 | 3 | 4 | 5 |
| | | VLO (1) | LO (2) | MED (3) | HI (4) | VHI (5) |
| | | IMPACT | | | | |

Double (mirror) matrix

Plot **threats** on one side, **opportunities** on the other

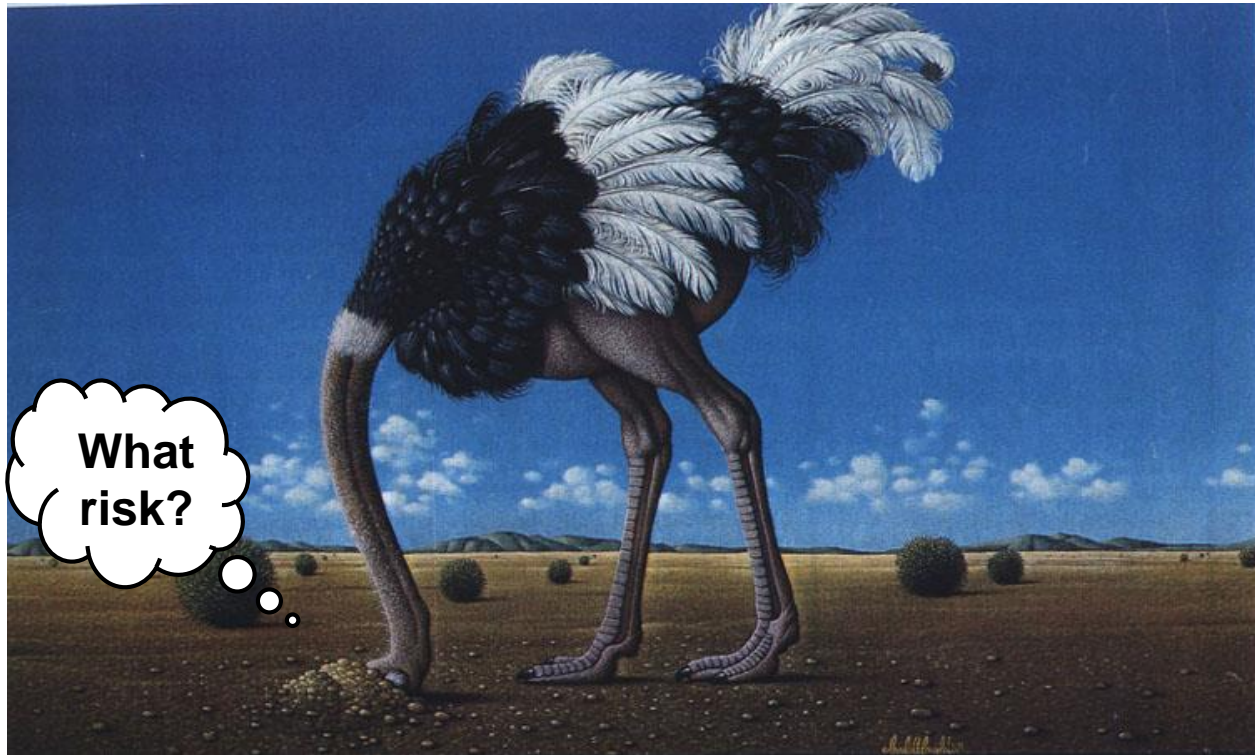


3. MAKING OPPORTUNITY HAPPEN

Generalise threat response strategies for opportunities

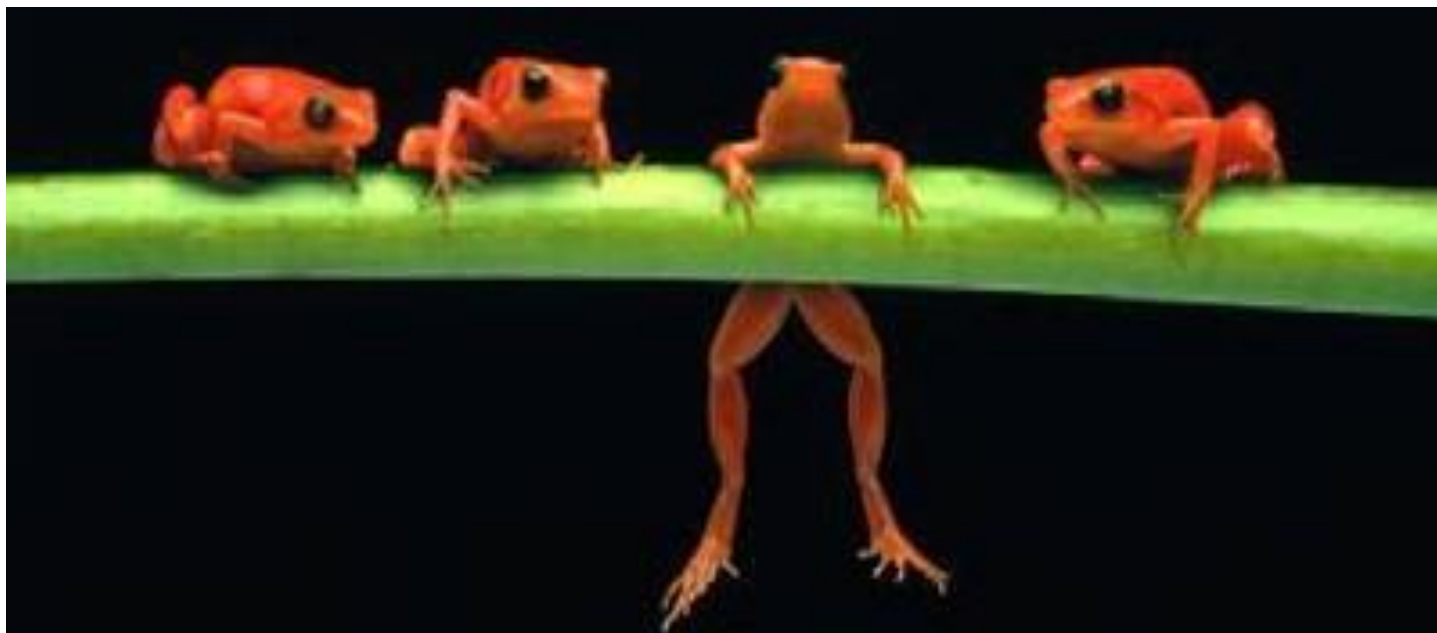
| THREAT | GENERIC STRATEGY | OPPORTUNITY |
|-----------------|------------------------------|--------------------|
| Avoid | ELIMINATE UNCERTAINTY | Exploit |
| Transfer | INVOLVE OTHERS | Share |
| Reduce | CHANGE SIZE | Enhance |
| Accept | TAKE THE RISK | Accept |

An alternative approach?

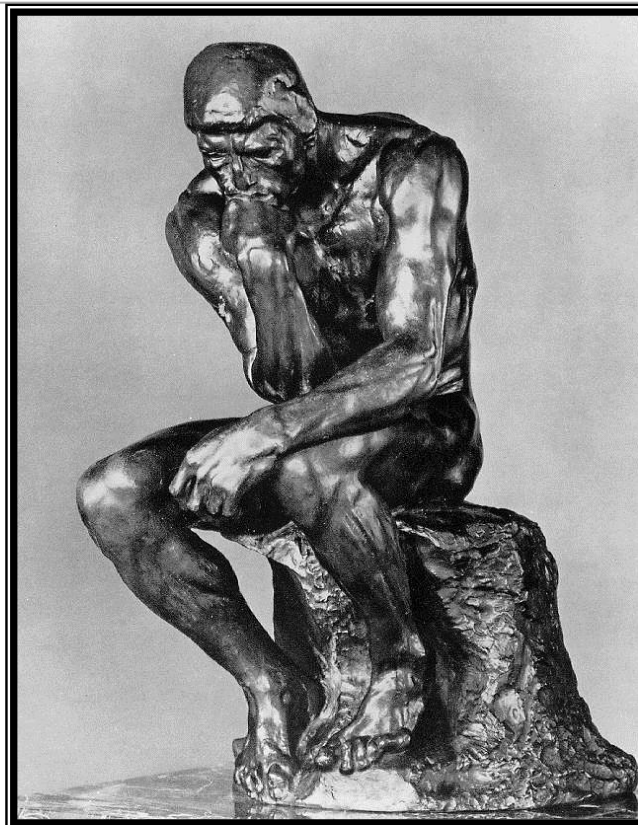


But don't forget ...

Get the frogs off the log !!!



A MINDSET FOR OPPORTUNITY

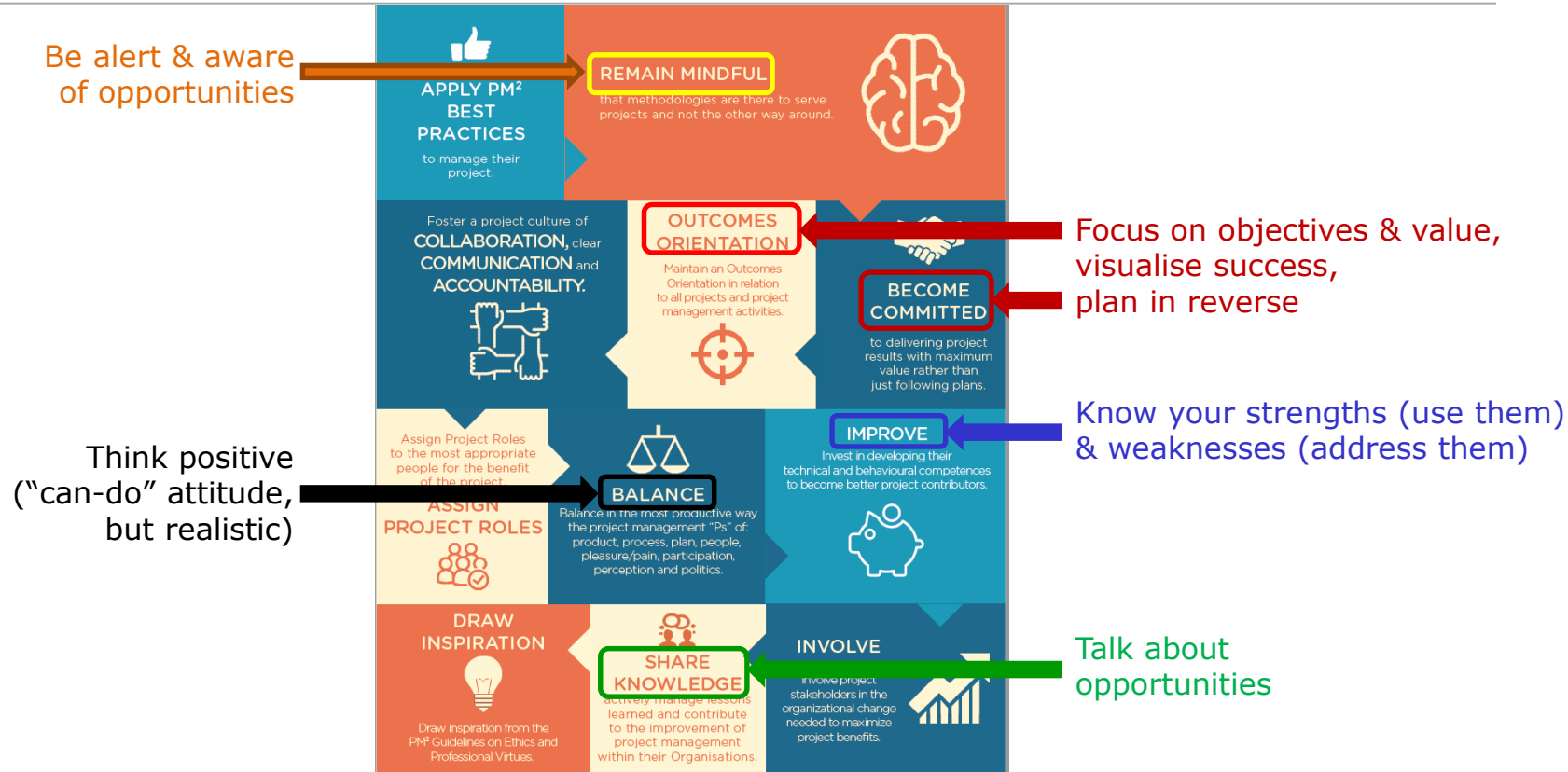


- **PM² Methodology** processes, artefacts, tools & techniques help us **manage our project dimensions** of time, cost, scope, quality, risk...
- **PM² Mindsets** present those **attitudes & behaviours** which help us focus on what is really important in achieving our project management goals
- **Together** they help us navigate the complexities of managing PM² projects and **make PM² more effective and complete**

The purpose of P2 Mindsets



Extending the PM² Mindsets for opportunities



Why does mindset matter?

How we **think** about risk determines how we **manage** it

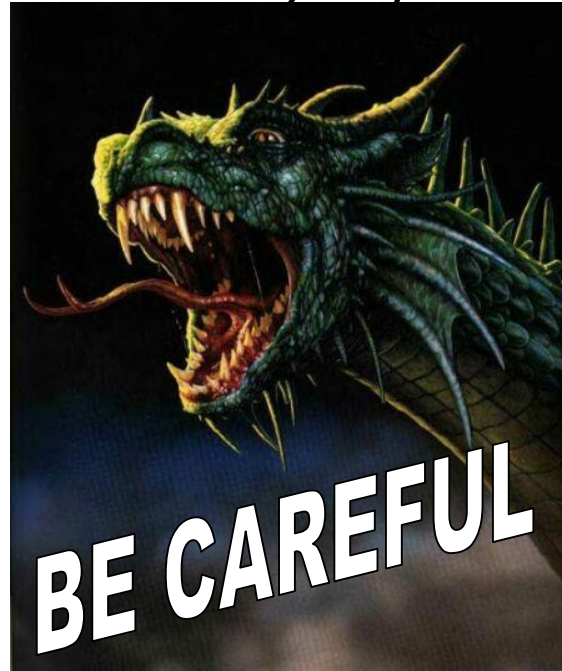
Accurate
concept
of risk



Effective
management
of risk

The future is risky

How do you feel ?



Risky = Dangerous

The future is risky

How do you feel ?



Risky = Challenging

Not all risks are **threats** (negative risks)

- Can find & manage **opportunities** (positive risks)
- Use an **integrated PM² risk process**
- Do it because **it works**
- Adopt a **mindset for opportunity**



Life is risky, but ...

***Create your own
silver linings – with PM²***

For further information

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Thank you. Any questions?





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