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IT CONSULTING

Management of Risk

Every organisation attempts to manage the risks that it encounters, although not always in an organised and consistent way. By adopting a structured approach to the Management of Risk an organisation can make use of proven methods, tools and techniques to identify and manage risk, This, in turn, will lead to better decision making through a clear understanding of the nature of the risks that the organisation faces, their potential impact, their probability and the ways in which they can be mitigated or controlled.

"Project risk management is a structured process that allows individual risk events and overall project risk to be understood and managed proactively, optimising project success by minimising threats and maximising opportunities".
[1]

Risk Management comprises an integral part of both Project and Programme Management, while in the wider sense it also forms a fundamental aspect of our core business of Security Consultancy and Information Assurance.

We base our Project and Programme Management (PPM) approach on the Best Management Practice toolkit supported by the UK Government Cabinet Office. In the case of Risk Management this is provided by the Management of Risk methodology (MoR®). This "tool" is used because it can be readily tailored and adapted to make it appropriate, efficient and effective, in a wide range of situations.

The Cabinet Office overview of MoR:

"MoR provides a generic framework for the management of risk across all parts of an organisation - strategic, programme, project and operational.

It incorporates all the activities required to identify and control the exposure to any type of risk, positive or negative, which may have an impact on the achievement of your organisation's business objectives."

There are two aspects to the management of risk:

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[1] http://www.apm5dimensions.com/definitions.asp

- Analysis of risk, which involves the identification and definition of risks, plus the evaluation of impact and consequent action.
- Risk management, which covers the activities involved in the planning, monitoring and controlling of actions that will address the threats and problems identified, so as to improve the likelihood of the project achieving its stated objectives.

Types of Risk

Risk management also needs to take into account the three different types of risk:

Business Risk - This covers the threats associated with a project or programme not delivering the products that are needed to achieve the expected benefits. It is the responsibility of the Project or Programme owner to manage business risks.

Project/Programme Risk - This is the collection of threats to the management of the project or programme and hence to the achievement of the end results within cost and time and to the required quality. The Project Sponsor/Project Manager may manage these on a day to day basis.

Operational risk - This covers ongoing risk to service delivery, which could include anything from major disaster to minor technical breakdown. These risks are managed in a day-to-day basis by the organisation's service manager and the service provider.

Regency Approach

Within our Project and Programme Management practice, risk management covers the following areas:

- What risks are to be managed
- How much risk is acceptable
- Who is responsible for the risk management activities
- What relative significance do time, cost, benefits, quality, stakeholders have in the management of programme risks
- How are risks identified
- How will their probability and potential impact be assessed
- The need to quantify risks, taking into account expert advice and the degree of uncertainty
- Options to control or mitigate risks, taking into account constraints such as statutory requirements
- How risk management decisions are made, including the criteria used to decide when further risk reduction is necessary, taking into account costs and benefits
- Implementation of decisions, including the principles guiding the choice of how to intervene (such as education, information, inspection) and on whom to target any intervention
- How actions are evaluated for their effectiveness

- Setting up and managing effective communication mechanisms
- Engaging stakeholders throughout the process - especially suppliers and partners.

In terms of the tools and techniques that we typically employ when undertaking risk management:

Summary risk profile (SRP), this matrix maps each identified risk by the probability of the risk occurring and by the assessed severity of the impact should the risk occur, with the effects of mitigating action taken into account. This risk profiling method is often referred to as a probability/impact matrix.

Risks, Issues, Actions and Dependencies log (RAID), this provides a concise record of the risks associated with a project or programme, including the actions that need to be taken to manage or mitigate the each risk, the transition of a risk to an issue and any dependencies between risks within a programme or across related projects. The log can easily be tailored to meet the particular requirements of an organisation.

These tools will typically be maintained by the project or programme office. Their primary purpose is to effectively communicate information about risks both within the project and programme teams and to external stakeholders. This will include:

- Identification of new risks;
- Changes in likelihood of occurrence and severity of impact for existing risks that

may lead to the re-prioritisation of individual risks

- The elimination of risks either over elapsed time or by control/mitigation
- The realisation of risks and their transition to issues;
- Reporting of all actions taken.

It should be noted and understood that in addition, Risk Management is a key aspect of both Project and Programme Management.

The Team

Regency IT Consulting have a highly skilled team of PRINCE2® qualified Project Management Practitioners all of whom who have a wealth of experience across a number of HM Government Agencies such as the Ministry of Defence, the Ministry of Justice together with experience within the National Health Service and within Industry.

Our consultants come from a variety of backgrounds whether ex military, civil service or police, and all are able to provide their experience to your requirements and are supported by a team of personnel at our List X facilities in Cheltenham.

All of them experienced, they have undertaken a wide range of

assignments, primarily in the public sector and are fully conversant with the current pressures and challenges facing organisations in today's ever changing world.

For more information please contact us at the following email address or call us on the number below.

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