

HOW MATURE IS YOUR RISK MANAGEMENT APPROACH

It's easy to spot an environment where risk is done wrong - warnings are dismissed, no one knows how to escalate when signs of risk are encountered, or there is no common understanding of the risk tolerance of the company.

But if risk comes with all these **bright red warning signs**, why do so many organisations struggle?

Here are a few ways to tell if your organisation is on the right track when it comes to understanding and mitigating risk.



Truth-telling is rewarded.

This is probably the toughest one for many organisations. Maybe it's rooted in the human emotion that gave us the phrase, "Shoot the messenger", but you can't manage risk if no one feels free to talk about it.

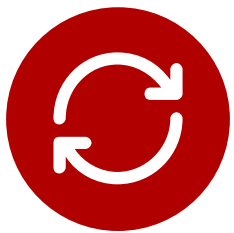
To make this stick: Be sure project and team leads openly model how to escalate concerns quickly and candidly.



Everyone understands how risk is measured and managed.

It's the old management truism that you can only manage what can be measured. Strong risk management is a **foundational belief of high-performing teams**, says Geoff Howard, Program Director at PM-Partners group.

To make this stick: Many PMs prefer to express risk in terms of cost, but there is value in taking a step back - probability and impact. The key thing is that whatever method or end point you use, make sure you gain alignment upfront.



Risk models are continuously optimised.

Risk is for sure not your one-and-done area of focus. The internal and external forces that have a direct impact on risk are constantly shifting, and so must your models or approach.

To make this stick: Be sure you are focusing on the overall project risk, not simply the component parts. Also be aware that risk in Agile may need closer attention.



Some risk is good.

Reaching the right risk/reward balance is never easy, but it's important to remember that not all risk is bad.

To make this stick: Don't forget to advocate for making senior executives accountable for risk. A survey by Chartered Secretaries Australia and SAI Global made this recommendation: "Boards and management need to focus on initiatives such as scenario testing and embedding KPIs on risk management in the performance plans of senior executives," they wrote. "These indicators point to a more sophisticated forward-looking stage, where maintenance of those frameworks is so ingrained that risk is not only defined as hazards to be avoided, but also as opportunities to be realised and the uncertainties attached to those opportunities."

Risk can never be eliminated as long as we're all part of the real world, where the winds of business can shift and change on a dime. But getting smart on risk doesn't have to be a daunting task. You'll want to move purposefully through **a set of steps** that take you from planning to monitoring.

With time and attention, risk may begin to seem, well, less risky.

Or maybe Winston Churchill said it best: "Let our advance worrying become advance thinking and planning."

To learn more about how we can help you to better manage risk, please don't hesitate to reach us at +65 6818 5771

