Unit 6 Project Risk Management and Communication Plans

Learning Outcomes

By the end of this unit the learner will be able to:

- Create a communication plan
- Effectively allocate project resources
- Update and monitor the project schedule

Unit 6

Project Risk Management and Communication Plans

Uncertainty and Risk Management

About Risk Management

Whether we choose to address it or not, there is some form of risk in every project we undertake. It could be good risk or bad risk. We may expect it, or it may catch us completely off guard. In any case, it needs to be addressed because it can seriously derail a project timeline.

Recording the risks associated with your project in some form of risk register (such as an Excel spreadsheet or Access database) is a wise idea. Not only does the register serve as a formal record of risk awareness, it keeps the project manager and team members on top of trigger events and specific points of interest as identified by each department and/or the project manager.

A sample risk register is displayed below.

Risk Management Matrix (Risk Register)

Project		Project #	
Project manager		Sponsor	0
Project artifacts		Updated	

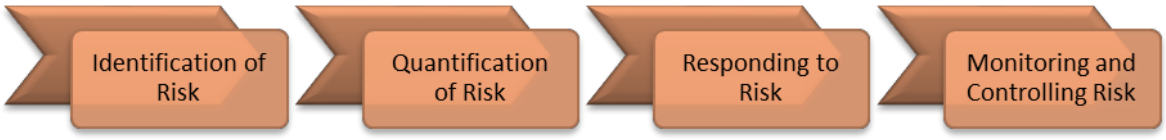
ID	Risk Description	Probability	Impact	Detectability	Importance	Category	Trigger Event/Indicator	Risk Response and Description	Contingency Plan	Owner	Status	Date Entered	Date to Review
1	What is this risk?				0		What act or event initiates either the risk occurrence or precipitates the response strategy?	How will you respond to this risk and what actions will you take to match that response?	If the risk becomes a reality, what will you do in response, as a backup, or alternative/ workaround?	Who monitors this risk?			
2					0								
3					0								
4					0								
5					0								
6					0								
7					0								
8					0								
9					0								
10					0								
11					0								
12					0								
13					0								
14					0								
15					0								

Risk Management Planning

Process Overview

Creating a risk management plan allows you to have a contingent response strategy for anticipated risks. A risk management plan should identify the risk, quantify the risk, discuss the response strategy, and discuss the risk monitoring plan. This plan will help you identify risks earlier and will allow you to get your solution implemented much faster than if the risk was unidentified.

There are four stages to risk management planning:



Identification of Risk

Identifying the risk should detail the risk, its trigger event/point, and its potential impact on the project. For example, the risk of not receiving vendor information on time will result in the project not being completed on time. For every day the vendor information is not received, one day will be added onto the completion date of the project.

Knowing what the trigger event is and when it could happen will allow you to look at your critical path to determine if slack exists in the task. If slack exists, is there ample time to initiate and execute the back-up plan? If not, what is your prediction on how the schedule will be affected by the risk (i.e. pushed out, unable to finish, etc.)?

Quantification of Risk

Quantification of risk needs to be assessed. Look at the impact of the risk and the likelihood that the risk will happen (i.e. the probability). On a scale of low (1), medium (2), high (3), or critical (4), quantify the overall risk and its effect on the project. This assessment is easier to visualize through the use of a priority matrix.

<table>
<tr><td rowspan="4">Probability</td><td>4</td><td colspan="2" rowspan="2">Medium</td><td colspan="2" rowspan="2">Critical</td></tr>
<tr><td>3</td></tr>
<tr><td>2</td><td colspan="2" rowspan="2">Low</td><td colspan="2" rowspan="2">High</td></tr>
<tr><td>1</td></tr>
<tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td></tr>
<tr><td></td><td colspan="4">Impact</td></tr>
</table>

For example, if a risk has a high probability (3) and a low impact (2), the overall risk is considered medium priority.

Responding to Risk

The response strategy for risk is where you determine what the risk trigger will be and how you will respond to the risk. There are four strategies to handle negative risk: avoid, transfer, mitigate, and do nothing.

Risk avoidance involves avoiding the risk altogether. You could change the project plan to eliminate the risk by reducing the scope of the project. Let's say you're planning an outdoor party and weather is a concern. You could plan to have the party inside to avoid the problem entirely.

Transference of risk usually includes a third-party insurance policy that will compensate if things go awry.

Risk mitigation is an attempt to reduce the impact or probability of the risk. In the example above you could mitigate the risk by putting umbrellas up.

The "do nothing" approach means that you've identified a potential risk, are aware that it could happen, but choose to do nothing about it. Instead you wait to see if the risk happens, and if it does you deal with it by whatever means necessary. This approach might be okay for very small projects or risks with low priority, but for projects with tight timelines, this approach isn't recommended.

Monitoring and Controlling Risk

The key to controlling risks is to monitor your risk register on a regular basis. You can hold regular meetings to discuss changes to risks or potential trigger events that you or team members have seen. Keeping the team involved with identifying and controlling risks will help them better identify risks at their onset.

The risk management plan is a document that you should share with your project team and project sponsor. It will provide insight for everyone on what could go wrong at any point during the project. This knowledge will help your team be aware of and potentially identify risks more easily, should they occur.

Think about the project of planning an outdoor surprise barbeque party for your spouse's birthday.

- What happens if it rains?
- What happens if your barbeque runs out of propane?
- What happens if it suddenly cools off outside and everyone is freezing?

Each of these questions identifies a potential risk to your project. How you choose to address and respond to the risk depends on how well you anticipated the risk.

You will be unable to predict everything that could and will go wrong with a project. However, knowing and understanding the overall project timeline and documenting contingency plans is a huge step in the right direction. Also, being in tune with your schedule, anticipating when/where risks could creep into your project, and where slack exists in the schedule, will help turn things around quickly if they do go wrong.

Pre-Assignment Review

You were asked to come to this workshop with an idea for a project you have been assigned to do or would like to do (either at work or at home). Take ten minutes to think about all of the potential risks associated with the project. Then, fill out the Risk Register below, detailing all of the potential risks surrounding your project, regardless of whether the scope is well defined or not. Complete the fields the best you can.

Risk Description	Trigger	Probability	Impact	Response

Communication Strategies

About Communication
Communication is the single most important part of a project. How would projects ever progress if there was no communication between sponsors, project managers, team members, customers, and suppliers? What would you do if you had a question and there was no one to ask for help? The project would come to a grinding halt once progress ceased.

To help overcome obstacles and eliminate surprises during the progression of a project, a key piece of documentation, called a communication plan, needs to be created. Communication plans are typically generated at the onset of a project.

Communication plans can be as simple as a spreadsheet, or as complicated as a formal document. The plan outlines who will receive updates, how often updates will be provided, the medium (e-mail, presentation, etc.) through which updates will be communicated, the frequency of team meetings, and the format of all communications.

The communication plan sets up expectations for communication. Confidence is instilled in people, from team members to project sponsors, when they know what to expect.

All types of communication activity should have the following information:

- Purpose
- Information Required
- Frequency
- Method

Purpose
There should always be a reason for each communication. The following four categories describe solid reasons for communication.

Updates
Updates provide information on project progress to project sponsors, stakeholders, or project team members. Updates can sometimes involve scope refinements or additions, or decisions made by the project manager, sponsor, or steering committee.

Seek approval
As projects evolve, it's often necessary to change the scope of the project. Before any project-altering decisions are made, the project manager should seek approval from the project sponsor.

Review
Reviews take place for a number of reasons. As a project progresses, it's important to review decisions made, action items completed, meeting minutes, risk plans, etc.

General
Communication that doesn't fall into the above three categories can fall under the "general" umbrella. Perhaps you have a new project team member you want to introduce to the group. Maybe you touch base with your team once a month to discuss open issues or to table new issues. Whatever the reason, it's important to always keep the lines of communication open.

Information Required
Not everyone involved with a project needs to know every detail of what's happening. It's important for the project manager to understand each person's role and the extent to which they need (or want) to be involved.

Frequency
Determining the frequency of communication typically depends on the role people hold on a project. While a project sponsor needs to be kept abreast of the major happenings (typically at least once a month), team members need to meet regularly to keep project continuity going.

Method
There are various communication methods that you can use, from verbal to written to electronic. Choose the method that best suits your audience and your timeline. Below is a list of different modes of communicating.

Type/Technique	Description
E-mail	Allows project teams to share text, audio, and video files between team members.
Interoffice Memos	Provides a formal forum to communicate key dates, policies, and procedures.
Instant Messaging (IM)	Allows team members to communicate real-time.
Meetings	Provides a means for regular status updates, project reviews, etc. Meetings are more formal than an e-mail or a phone call and should be followed by minute distribution.

Telephone/Video Conferences	Provides a medium to involve team members located in other regions.
Intranet, Internet Boards, SharePoint sites	Formally communicates status, progress, highlights, and objectives to all.
Walk-About	Involves a hands-on, face-to-face approach with your team and clients.

Tips for Successful Communication

Keep a running list of assumptions and of decisions made. This will save time in the long run when people ask why did we do it this way, or why did you estimate five hours for a task that will likely take half that long?

Always take minutes at high-level meetings and send out to all meeting attendees within two days of the meeting. Otherwise, the knowledge and decisions made in the meeting could be forgotten.

Below is a communication plan layout in Excel.

Communication Plan						
Project			Project #			
Project manager			Sponsor			0
Project artifacts			Updated			
ID	Communication	Description	Frequency	Format	Owner	Recipient/ Attendees
1	What type of communication is this?	What is the description of the contents/purpose of this communication?			Who sends?	Who gets?
2						
3						
4						
5						
6						
7						
8						
9						
10						

Team Members

Project Sponsor

The project sponsor is the individual or organization for whom the project is completed. The sponsor finances the project and is the most important stakeholder. It is possible to have more than one sponsor

for a project. Sponsors can represent different functions and departments, yet they must each be equally informed about project progress.

Purpose
The project sponsor(s) need to receive communication for information, decision making, issue resolution, and approval purposes. Since the sponsor is the driving force behind the project, they need to be involved with the high-level decisions and all major project change approvals.

Information Required
Project sponsors need to be kept informed of all project happenings. Topics should include project health, milestone achievements, critical issue discussion, approval of project scope changes, and critical path/timeline updates. They should also receive status reports.

Frequency
The project manager should meet with and update the project sponsor(s) frequently. Depending on the role that the sponsor assumes with the project, regularly scheduled updates can take place weekly, bi-weekly, or monthly. Critical issue discussion/resolution and approvals for changes to the project plan should happen as required.

Method
Sponsors tend to receive formal updates in meetings with the project manager. Although meetings happen with the sponsor on a regular basis, it's sometimes necessary to send information, updates, or questions in between meetings.

Project Stakeholders
Stakeholders are individuals or organizations that are not directly involved with a project, but who have an interest in its outcome.

Purpose
Project stakeholders receive communication for information purposes. Because they have an interest in the project outcome, they care about the success of the project.

Information Required
Stakeholders typically like to see status reports that address project health, milestones achieved, significant changes to the scope of the project, and updates on changes to the critical path and/or project timelines. If you are unsure about the type of information your stakeholders would like to see, ask. Stakeholders might request additional information and reports throughout the project; it is in your best interest to provide them with everything they ask for.

Frequency
Monthly updates usually work well for mid/large-size projects, but it is up to you and the stakeholders to determine the best frequency.

Method
Stakeholders will usually let you know via the project sponsor how they want to receive updates. Depending on your organization and stakeholder preference, you could be asked to hold a meeting, to facilitate a conference call, or to send an e-mail with a status report or presentation attached.

Project Team
The project team is a group of individuals who work together towards the common goal of project completion. Whether they're on the project part-time or full-time, they all need to keep abreast of project information, decisions, and updates.

How do we do this?

- Stress the importance of talking about their problems as they arise to the team
- Provide meeting minutes
- Distribute updated schedule as required

Purpose
Project team members receive communication because as decisions are made or need to be made, project plans change. As well, team members will need to discuss issues and concerns as their daily tasks can be directly affected. Communicating with the project team will also foster good working relationships and encourage ongoing communication.

Information Required
Team members need to be updated on changes in project scope, timelines, milestone accomplishments, and decisions made. They need to receive all information that could result in changes to any of their tasks, assignments, or action items. The team also needs to get together to discuss outstanding issues and to resolve issues and answer questions as they arise.

Frequency
Informal communication amongst team members can happen daily, while formal communication should happen every week. Weekly sessions allow the project manager to formally record and track action items, tasks, and issues with all team members.

Method
Informal communication between team members can happen via e-mail, conversations in cubicles, phone calls, etc. Formal communication from the project manager should happen in weekly or impromptu meetings.

Other Special Target Groups/End Users
Other groups can include special target groups and end users. Follow these guidelines when communicating with special groups.

Purpose
You will want to communicate formally or informally with people who are not directly involved with a project, but who are affected by a project during the implementation phase or after. For example, customer service personnel are not directly involved with the launch of new services. However, once the service is launched, the customer service reps are responsible for taking customer phone calls and must be prepared to answer customer questions. In this case, communication in the form of training is required for the customer service representatives.

Type of Information
These groups should be informed of major milestone completions, general project updates, training, and the project's status.

Frequency
Communication with target groups happens as needed during the project or as the project draws closer to completion.

Method
The following methods work best for communicating with these groups: lunch and learns, training, announcements, intranet updates, and presentations.

Cross-Functional Teams
When there are cross-functional teams on a project, it's up to each department representative to take messages, timelines, and pertinent information back to their managers and supervisors. This is particularly important where time delays could affect the work of other departments.

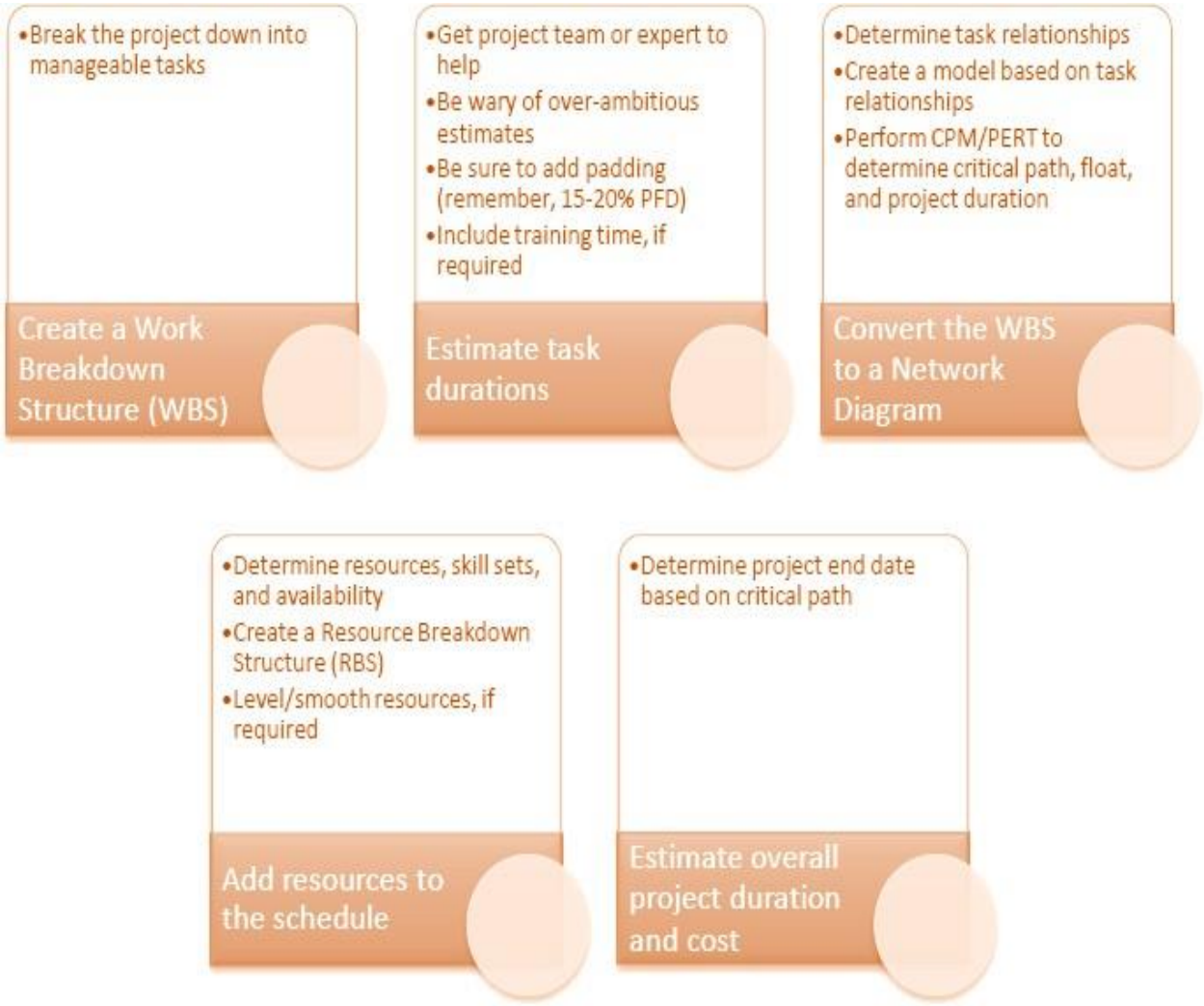
Communication Exercise
Fill in the communication below for your pre-assignment project. It should detail several key pieces of communication that need to happen, the person who needs to receive the communication, the frequency of the communication, and the method of communication.

What	Who/Target	Purpose	Frequency	Method(s)

Creating a Viable Schedule

Creating a Schedule

Each of the previous topics we discussed come together in this section to create a workable schedule. To recap, the steps involved in creating a viable schedule are:



Common Scheduling Problems

Come up with some solutions for each of the following scheduling problems.

Unacceptable completion date

Unrealistic deadlines

Unforeseen problems

Passive project execution

Poor scheduling

No project closeout

Updating and Monitoring the Schedule

Schedule Updates
As a project progresses, the schedule will need to be updated. Throughout projects, resources will leave, new people will join, issues will arise, and contingency plans could very well need to be put into action. Because of this ever-changing chain of events, the schedule should be updated regularly.

Frequency of Updates
Although weekly team meetings are recommended for most projects, the project manager will determine the optimal frequency for their project. Whether you have weekly, bi-weekly, or monthly meetings, the schedule should be updated and sent out with the meeting minutes and list of action items.

Receiving Updates
Ask task owners or project members to come to the regular team meetings prepared to provide schedule updates. Updates should include task completion, issues they are working through, and anything else that could be pertinent. This reminds the scheduler to update the schedule and it ensures everyone is being held accountable for their assigned tasks.

The first few updates will take a while to accomplish as people become familiar with their tasks, roles, and the update process. As more updates are completed in the weekly meetings, the process of updating the schedule will become routine for the task owners.

When a schedule is kept up to date, it serves as the focal point for project progress. If tasks are being completed on time, and resources are working tasks according to the developed timelines, the schedule is accurate.

A solid schedule helps the project manager manage the project according to time and budget. If the timeline begins to slip, it is almost certain that the cost of the project is going to increase.

Format for Updates

After a schedule is updated, or according to a pre-determined delivery time, team members need to receive updated copies of the schedule. The updates should include information about tasks that are in progress, new tasks that have been added, tasks that are due in the next two weeks to one month, and tasks that are past due. The updates should also include information about updates to milestones (i.e. ahead of schedule or pushed out), and any decisions that were made that resulted in a change to the schedule.

The schedule should be kept in a common project folder for all to view. In order to maintain the integrity of the schedule, only one person should be responsible for performing schedule updates.

Better Predicting

Updating a schedule regularly provides the project manager and all team members insight into how long each task took in comparison to the estimated time. This knowledge could help all project members on future projects when attempting to estimate task durations and to break down high-level activities.

Schedule Monitoring

Once the schedule is created and updates are happening according to plan, the only thing left to do is identify the potential risks associated with the project and create a risk management plan. Periodic monitoring of the plan will ensure you keep on top of the issues that could arise, and will allow you to quickly realize the issue once the trigger/event for the risk has been realized.

Most projects do not go as planned. That said, if a project's schedule is accurate, detailed, and on task, it will be much easier to control project variances. The statement of work and the project scope document should be referred to throughout the life cycle of the project to prevent scope creep (uncontrolled project changes).

Case Study

Situation

Consider the project of implementing a quality monitoring software program into a call center ("…your call may be recorded for quality monitoring purposes"). You have a schedule that you are following when

suddenly, three days after the installation of the new server, the entire computer system crashes. This server crash cripples project progress, as nothing can proceed until a new server is received and installed. The lead time for a new server and an installer is six weeks.

Questions

What do you do?

What are the issues with which you are now faced?

To whom do you send a communication?

What is the message?

What is the delivery method?