

Risk Management for Project Driven Organizations

By Andy Jordan, PMP

Organizational Risk Analysis Checklist

Item	Completed?
Am I an appropriate resource to conduct this work?	Choose an item.
<i>Qualitative Analysis</i>	
Is the risk understood as described in the risk summary?	Choose an item.
Have all likely triggers been identified?	Choose an item.
Has likely impact of triggering been analyzed (cost and schedule)?	Choose an item.
Has a value for schedule and budget impact been developed?	Choose an item.
Has a value for likelihood to trigger been developed?	Choose an item.
<i>Quantitative Analysis – (only complete this section if quantitative risk undertaken)</i>	
Have comparable risks been identified and validated?	Choose an item.
Do comparable values align with qualitative analysis?	Choose an item.
If no, is variance explainable and acceptable	Choose an item.
<i>Prioritization</i>	
Can risk be effectively managed?	Choose an item.
Can risk be efficiently managed?	Choose an item.
Has risk history been considered (N/A for first time analysis only)?	Choose an item.
<i>Management Approach</i>	
Has risk management approach been determined?	Choose an item.
<i>Approval</i>	
Has analysis been reviewed and approved?	Choose an item.
Has risk summary been updated?	Choose an item.

Guidelines

This checklist is deliberately kept as simple as possible to avoid unnecessary overhead. Although the template is set up with Yes / No options it can be considered as a personal memory prompt for risk analysis resources rather than a formal document that needs to be completed. For the same reason portfolio and / or resource identification fields are not necessary.

The goal for successful completion of the checklist is to answer ‘Yes’ to every question, a ‘No’ should be a flag that further work may be required. The assumption is that this checklist will be reviewed / completed by each individual involved in risk analysis as they proceed through the steps outlined in the Process Elements section of Chapter 9.

Notes on each field:

- **Appropriate Resource** – this is a sensible ‘sanity check’ for each person who has been asked to take part in organizational risk analysis. Risk analysis resources are often experts, but there should still be a confirmation step that the right expert has been matched with the right risk.
- **Is Risk Understood** – analysis cannot be successful unless the risk as documented in the risk summary is fully understood. The risk analyst should discuss any areas of uncertainty with the person who prepared the risk summary prior to beginning their analysis.

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- **Likely Triggers** – in order to analyze the impact of the risk the analysis needs to understand the likely triggers for the risk. The description of the risk should make most of these obvious, but the risk analyst should confirm that all reasonable trigger events have been considered.
- **Impact Analysis** – the most fundamental element of this work – has the full potential impact of the risk triggering been identified and considered. It can be easy to overlook more complex impacts after the more obvious items have been considered but in a complex environment like a portfolio or program it cannot be assumed that the immediate direct impacts are the only ones (or even the most severe impacts).
- **Value of Impact** – all analysis needs to be distilled down to a schedule (hours / days / weeks) and / or cost value so that the risk can be compared against other risks and so that appropriate reserves can be included. These values will also feed the organizational risk profile as well as contributing to the decision around the appropriate management strategy.
- **Likelihood to trigger** – for the same reasons as described for ‘value of impact’ above the risk analysis should generate a likelihood to trigger, generally in the form of a percentage.
- **Comparable risks** – quantifiable analysis relies on identifying similar risks from previous and / or current initiatives to use for comparison purposes with the risk currently being analyzed. We need to ensure that the risks used for comparison purposes are appropriate – they are comparable and there are not special circumstances that will invalidate comparison.
- **Do Values Align** – quantitative analysis involves comparison with historic data and we need to check the alignment of our qualitative analysis with the historic ‘actuals’ data to see whether the numbers align. If the values are broadly comparable (as defined by the organization) then the quantitative analysis supports the qualitative work, if not then the next question needs to be addressed.
- **Is Variance Explainable and Acceptable** – if the quantitative and qualitative analyses are inconsistent with one another then the risk analyst needs to be satisfied that there is a reason for the variance and that the degree of variance is acceptable given the explanation. A variance is not automatically a problem, it may simply represent the absence of directly comparable historic risks and the need to apply some adjustments, but this should still be consciously confirmed as part of the checklist.
- **Can Risk be Effectively Managed** – once the core analysis has been completed the focus shifts to prioritization and management. This begins with understanding whether there is anything that the organization can do to manage the risk. This may not be complete elimination, but we should confirm that attempts to manage the risk are capable of delivering tangible improvements.
- **Can Risk be Efficiently Managed** – we also need to ensure that risk management is appropriate – that the cost of managing (financial and schedule) is justified by the potential improvement that can be delivered. There may be circumstances where risk management is approved regardless of whether it is cost effective simply because of the potential impact of a risk triggering, but this is still an important consideration.

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- **Risk History** – this category does not apply to the first time analysis of a new risk, but will apply in all other circumstances. The history of the risk – the response to past management, the trend of the risk (see Chapter 9), etc will affect decisions about prioritization and management and need to be considered as variables to the decision.
- **Management Approach** – based on the prioritization exercise this is the final step in the analysis, confirmation that the preferred management approach has been determined.
- **Reviewed and Approved** – because of the importance of the analysis it is necessary for the work to be reviewed and approved (see Chapter 9) and this step merely confirms that this has occurred.
- **Risk Summary Updated** – the final step in the analysis checklist is to ensure that the risk summary is updated with the results of the risk analysis.