Risk: Yours, Mine, and Ours

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Show me an IT project and I'll show you risk. Show me a large IT project and I'll show you denial. On every IT project some level of risk is inevitable. Risk cannot be avoided: rapidly changing technologies, tools, budgets, and priorities are intrinsic to IT projects, especially large, long projects. When project managers and sponsors of large IT efforts get overwhelmed by the need to deal with risk, denial begins.

Admittedly, my most recent experience has been with large government IT projects. The good news is that the idea of sponsorship has caught on at the government level. The bad news is that it is often in title only and not supported by the necessary actions required of sponsorship. While I've come to expect this on government projects, I also see the same dynamic in private industry. When I find that if you cannot identify the sponsor for a project, one of two things is happening: 1) the project is of such a low priority no one is willing to fund it; or (and exactly the opposite), 2) the project is so important (and visible) no one is willing to stake their reputation and possibly career by taking responsibility. On projects where sponsorship is in name only, the role of the sponsor itself poses risk to the project.

The problem is that sponsorship is vital for effective risk management. When the project manager has difficulty enrolling the sponsor in a discussion of risk management strategy, the project manager has to realize that sponsors are people, just like the rest of us. When people resist acknowledging risks, no matter how good the analysis, it is usually for one of the following reasons:

1. Sub-optimal product: Each element of risk defines a contingency, a plan of action to deal with the risk, if exercised, that will result in a final product that is less than the original concept, so no one is willing to entertain it;
2. Additional analysis: Each contingency brings its own set of risks and requires further analysis which prolongs the task of dealing with risk; and,
3. Denial: The risk will not occur, because recognizing the risk brings the viability of the project into doubt.

There are a number of excellent risk management products available. But they tend to be under-used because using them correctly can be complex and time consuming. A simple, yet effective beginning, is this three-step risk management approach:

1. Identify risks in the current project that have a history of occurring in your organization's previous projects.

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2. Determine the severity of the impact on the project outcome if the risk did occur: what is the likelihood of the risk occurrence; and, how difficult would it be to detect
   the underlying factors that would cause the risk to materialize

3. Develop mitigation strategies that can be included within the scope of the project and contingency actions that need to be taken if the risks materialize. Clearly identify and
   communicate who is responsible for both the mitigation approach and the contingency actions.

Determine what the organization is willing and able to do to mitigate the risk. As most project management practices indicate, risk mitigation belongs with the party that is best equipped to handle the risk. And here is where we get to, "Yours, Mine, and Ours."

Yours: if the risk is that project priorities continually change, the risk mitigation belongs to the project sponsor. Mine: if the risk is unchallenged project staff, the risk belongs to the project manager. Ours: if the risk is the financial solvency of an IT supplier, then the risk mitigation rests with the supplier and the customer's contracts department. If the project sponsor has not really bought into risk management, risk mitigation is in name only, and does not produce real risk reduction. It is the responsibility of the project manager to know which risks they own and when to escalate those risks to the area of the organization that can best mitigate the risk.

In other words, a good, and effective project manager can answer the question: "Whose problem is this: Yours, mine, or ours". If the answer is always, "It is the job of the project manager to deal with risk," the project will likely fail.

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