



### Program(me) Risk Management

#### Context

Whether it be managing a group of inter-related projects that are linked to produce a strategic outcome (programme) or a group of related projects for which it is administratively convenient to manage as a group (program), there is a tendency within the program(me) management discipline to characterise program(me) risks as the sum of all the sub-project risks. That is the program(me) risk register is a single risk register on which the risks from each sub-project are documented.

The downside of this approach is that:

- ☞ risks are rated relative to the host sub-project and not the program(me) as a whole leading to a mis-representation of program(me) risks; and
- ☞ risks that affect multiple sub-projects are duplicated within the register and different, and potentially competing, risk treatments are enacted;

#### Program(me) Risk Management

In a separate paper *Project Risk Management in Program(me) and Portfolio Environments* P3 Management Services proposes a set of objective definitions for likelihood and consequence so as to remove subjective assessments by the managers of sub-projects. This approach will result in similar risks affective projects of comparable size being given the same rating. What that paper does not address is the normalisation of sub-project risks across a program(me) that consist of numerous sub-projects of differing size, complexity, sensitivity and contribution to the overall program(me) outcomes. That is, even by following the guidance in that paper it is likely that a high rated risk of a small sub-project may overshadow a low rated risk of a large sub-project even though the latter would have a greater impact on the achievement of program(me) outcomes if it were to eventuate. This is because the consequence ratings are defined relative to a sub-project's budget, schedule and outcomes (eg. a severe cost consequence is one that would result in a >10% variance in that sub-project's budget) and not the program(me)'s budget, schedule, outcomes and benefits.

Now a simplistic approach might be to centrally define a set of consequence ratings that apply to all sub-projects within a program(me). That is the consequence ratings that apply to all sub-projects would be defined relative to the program(me)'s metrics. For example, a severe cost consequence would be defined as one that would result in a >10% variance in the program(me)'s budget).

This paper suggest that this simplistic approach would be counter-productive. Following this simplistic approach would mean that most, if not all, risks affecting a small sub-project would be rated 'low' even though they may have a high or extreme rating for that particular sub-project. As a consequence, risk management for small sub-projects may not be given the attention they require by the sub-project's project manager/ team.

What is required is for sub-project risks to follow a common assessment and rating system, as proposed in the paper *Project Risk Management in Program(me) and Portfolio Environments*, and for all sub-project risks to be re-calibrated against program(me) metrics at the program(me) level.

For example:

- ☞ a sub-project risk that would have a major schedule consequence would have a minor or insignificant program(me) schedule consequence if the sub-project were not on the program(me)'s critical path; or
- ☞ a sub-project risk that has a severe scope consequence, may still be rated as severe at the program(me) level if that sub-project is a pivotal component of the program(me)'s outcomes.

The objective assessment criteria described in the paper *Project Risk Management in Program(me) and Portfolio Environments* would make it possible for this re-calibration to be done automatically within a program(me) risk management tool thereby eliminative subjectivity at the program(me) management layer.

P3 Management Services has designed such integrated risk management tools previously.