Practical Project Risk Management[1]

Risk Identification: A brief guide [2]

Purpose

Identify the right insights from which to develop risk analysis

Techniques

Some techniques exploit learned experience to identify risk. However, all projects are different and other techniques are better for identifying project-specific insights. People also prefer different approaches, some being systematic and others thinking more laterally. Risk identification should also reflect the approach to be taken to risk analysis and the need to identify emergent risks. No single technique covers all these bases – you need an appropriate combination. The list below describes identification techniques that may be useful.

High level, first pass – breaking the project down into a small number of key aspects with a view to treating each aspect as being a composite risk for the purposes of risk analysis.

Project Strategy risk identification – reviewing the implications of strategic decisions such as project objectives, contracting strategy and the role of stakeholders.

Stakeholder analysis – deriving a matrix of key project aspects (e.g. objectives) and stakeholders with a view to identifying conflicting and congruent interests.

Identifying Parent child risk relationships – decomposing risk e.g. by listing relevant sources of risk or uncertainty, or grouping risks into parents e.g. by identifying commonalities in effect.

Prompt list – short list (5–30 items) of generic aspects of risk to illicit insights across a broad range.

Brainstorming – facilitated group session (often using a prompt list).

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[1] This series of articles is by Martin Hopkinson, author of the books "*The Project Risk Maturity Model"* and *"Net Present Value and Risk Modelling for Projects"* and contributing author for Association for Project Management (APM) guides such as *Directing Change* and *Sponsoring Change.* These articles are based on a set of short risk management guides previously available on his company website, now retired. For an Introduction and context for this series, click here. Learn more about Martin Hopkinson in his author profile at the end of this article.

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Checklist – a list of points to consider systematically e.g. a long list of compiled from learned experience from other projects or shorter lists used in conjunction with project gate reviews.

Assumptions and constraints analysis – systematic testing of recorded assumptions and constraints for stability and importance. Assumptions may be associated with risks and constraints with opportunities.

Risk interviews – using interviews with risk owners to identify new risks or sources of uncertainty.

Risk reviews and project progress reviews – including risk identification on the agenda at reviews.

Technology readiness levels (TRLs) – using a TRL roadmap to identify technology-related risks.

Procedure for ad hoc risk identification – e.g. capitalising on a good risk management culture and encouraging project team members to identify new risks with a simple electronic template.

Examples of Generic Risk Identification Prompt Lists

Project Strategy	Project Delivery – tactical risks		
Project objectives	Technical Difficulty	Estimating uncertainty	Supplier performance
Contracting strategy	Novelty	Opportunities	Contract requirements
Customer expectations	Human resources	Benefits realisation	Terms and conditions
Competition	Physical resources	Schedule performance	Regulatory constraints
Stakeholder interests	Tools and techniques	Product quality	Site conditions
Political priorities	Information	Financial uncertainties	Weather
Critical success factors	Assumptions	Ambiguity	Customer acceptance

Common Faults

1. Launching risk identification at too low a level of detail, thus failing to identify key overarching risks.
2. Failure to identify from a broad perspective, including all relevant project phases and all significant sources of uncertainty.
3. Failure to structure the information after identification, e.g. treating each identified item as a risk in itself and then forming a risk register with too many risks.
4. Reliance on a single risk identification session – failure to identify emergent risks.
5. Reliance on a single risk identification technique or no technique at all.
6. Risks not disclosed as a consequence of personal, short-term or commercial expedience.

About the Author

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Martin Hopkinson, recently retired as the Director of Risk Management Capability Limited in the UK, and has 30 years' experience as a project manager and project risk management consultant. His experience has been gained across a wide variety of industries and engineering disciplines and includes multibillion-pound projects and programmes. He was the lead author on Tools and Techniques for the Association for Project Management's (APM) guide to risk management (*The PRAM Guide*) and led the group that produced the APM guide *Prioritising Project Risks.*

Martin's first book, *The Project Risk Maturity Model*, concerns the risk management process. His contributions to Association for Project Management (APM) guides such as *Directing Change* and *Sponsoring Change* reflect his belief in the importance of project governance and business case development.

In his second book *Net Present Value and Risk Modelling for Projects* he brought these subjects together by showing how NPV and risk modelling techniques can be used to optimise projects and support project approval decisions. (To learn more about the book, click here.)