Use Your PMO to Improve Risk Management

Shawn Belling, M.S., PMP, ACP, CSP

Sr. Consultant

Farwell Project Advisors LLC

FARWELL
Go far. Do well.

Discussion Theme

Discussion Theme: *The PMO brings a strategic perspective as well as additional tools and resources to risk management. Distinct from risk management at the project level, the PMO can provide and/or enforce standardization and consistency of process and tools, which in turn assures that risks are managed consistently in projects, programs, and portfolios.*

Further, the PMO offers this perspective appropriate to its role in each organization. In some cases, the PMO offers common best practices and common tools for project managers to use. In others, the PMO enforces common risk management practices and tools to assure consistency across the business.

- The PMO has a unique view of project risks
- Multi-project, program, portfolio views provide high-level perspective
- Enables perception, detection, analysis of risks at higher level
- Different processes and approach than project-level risk management
- PMO is a resource to PMs on risk management

FARWELL

Go far. Do well.

Discussion Outline

- The PMO perspective on risk management

- PMO tools for risk identification
    - Master Schedule Views
    - Resource Pools

- How the PMO can help with risk management

- PMO as a risk management resource to PMs

- Conclusions

FAR WELL
Go far. Do well.

The PMO Perspective - Risk

- High-level
- See all projects
- Stay out of the weeds
- Focus on:
  - Interdependencies
  - Strategic aspects
  - Prioritization of projects
- A different perspective to risk management than project-level
- Requires specific tools to visualize and ID risks

FARWELL
Go far. Do well.

Tool – Master Schedules

- **Problem – Individual project schedules are developed in a vacuum.**

- **Opportunity - The PMO can bring these together in views:**
  - **Strategic**
  - **Tactical (divisional, departmental)**

- **PMO can develop and leverage master schedules to highlight the views**
  - **Expose interdependencies**
  - **Expose resource contention**
  - **Get in front of risks**

FARWELL
Go far. Do well.

Risk Benefits - Master Schedule

PMO uses to identify high-level risks.

Manage resources across multiple projects as one project.

Manage workflow.

Keep the most important project(s) moving.

See where individual projects fit in the larger organizational picture.

Connect individual projects to other projects.

ID, manage interdependencies across the projects.

Manage constraints and bottlenecks.

Master schedule provides a context through/with which to consider the addition of projects.

- Evaluate the impact,
- Determine whether or how the project could be added, and
- The risks associated with adding the project.

- YES - NO - YES, BUT... The Conversations... The master schedule can allow PMOs to maneuver the projects as projects are reprioritized.

Ideally, a master schedule (fully integrated/connected to the resource pool) facilitates what-if scenarios, enabling the PMO to model reprioritization of projects.

FARWELL

Go far. Do well.

Master Schedule Inputs

Inputs to the PMO's Master Schedule

Resource pool(s).
Project schedules – particularly project milestones/due dates – to the task level.
Interdependencies, constraints and contentions.
Reality-based resource assignments.

The PMO can:

- Compare individual project schedules against the resource pool.
- Identify interdependencies across the projects.
- Identify time/calendar periods/occurrences of resource constraint/contention.
- Identify and quantify the risks at the master schedule level.
- Recommend corrective actions, scenarios and trade-offs.
- Recommend and/or adjust: resources – schedules – scope - performance.

FARWELL
Go far. Do well.

ID & manage risk with the master schedule

PMO can use the master schedule to:

Identify & quantify risks that span multiple projects – event, probability, severity – time and $.

Technical – Resource – Schedule – Deliverables.

Adjust risk management plans within and between the individual projects.

Triggers – Conditions – Response planning/mitigation – trigger metrics.

Model potential risks of adding projects to this schedule – What-if scenarios.

Model changes in prioritization of projects and analyze the impact of reprioritization.

Tool - Resource Pool

Resource pool: hub of the multiple project environment.

PMO needs to visualize common resources to ID over-allocations and associated risks.

You need a way to gather, maintain and manage information on these shared resources.

Once established, all project managers in that organization (dept, etc.) should allocate/request from it.

PMO and all PMs, FMs - make a commitment to maintain it and use it consistently.

Ideally - an electronic document of some kind, centrally accessible by all project managers and other users.

- EPM, Project, other project management software tools.
- Spreadsheets, databases.
- Whiteboard can even work.

Risks – How Does PMO Help?

PMO functions: Identify risks, conflicts and problems revealed by the master schedule, facilitates decisions on individual projects to deal with these situations across all projects.

Recommendations and Decisions such as:

- Reallocation of existing resources
- Requesting additional resources
- Leveling resources across projects
- Adjusting project due dates
- Negotiating with customers or stakeholders for latitude in scope or schedule
- Cancellation of projects
- Delay of project starts

PMO as Risk Management Resource

Risk Management Information System
- Centralized collection, storage, management of risk-related data
- Risk templates
- Standardization:
    - Analysis
    - Response planning
    - Risk reporting

Earned Value Management/Other Project Metrics
- Provide the service
- Centralize
- Dashboard for project, program, portfolio performance
- Early warning

PMO as Risk Management Resource

Lessons-Learned

- Centralized collection and storage of lessons-learned data
- Templates for, assistance/facilitation – conducting lessons-learned/post-mortems.
- Analysis of trends, patterns – identify possible project management process changes.
- Overall – **PMO looks back to look forward**.
- Create formal versus tribal knowledge.
- *Identify cultural, systemic issues potential cause of chronic project challenges/risks/failures.*

FARWELL
Go far. Do well.

Conclusions – Further Discussions

What does your project environment require of a PMO-managed or facilitated approach to program/project risk management?

What does your culture allow or support in terms of PMO involvement or direction of the risk management effort?

What are your tangible value-adding benefits to managing risks through the PMO?

Do you have to sell this?

What have been or could be your obstacles?

FAR WELL
Go far. Do well.