



Management of Risk (M_o_R) Theory into Practice

*Best Practice Showcase
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Agenda



- *Introduction (...and a little theory)*
- *3 questions*
- *Case Study (into practice)*
 - *Past, Present & Future*
- *What next?*

Identifying the Context - Regal

- *Programme, Project, Risk and Change Management:*
 - *consultancy*
 - *support*
 - *training*
- *Public & Private sector*
- *Practical experience of theory*

Identifying the Context

M_o_R[®]



Best Practice or Best Theory?

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What is risk?

“an uncertain event which, should it occur, will have an effect on the achievement of objectives”

Could be:

√ Good

Opportunity

X Bad

Threat

Risks *usually* thought of as ‘Bad News?!’

An opportunity or not?



Would
you do it
once?

Would
you do it
again?

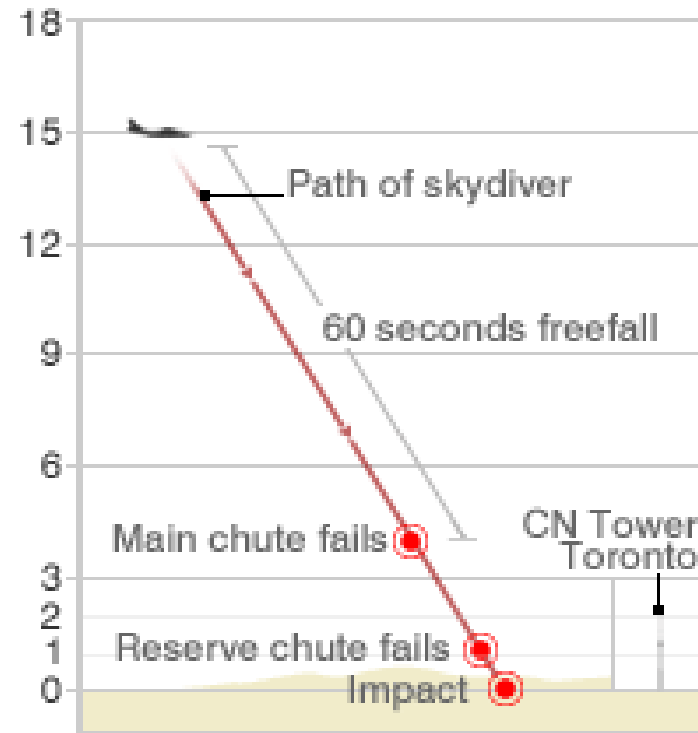
Michael Holmes

Risk and opportunity



SKYDIVE ACCIDENT

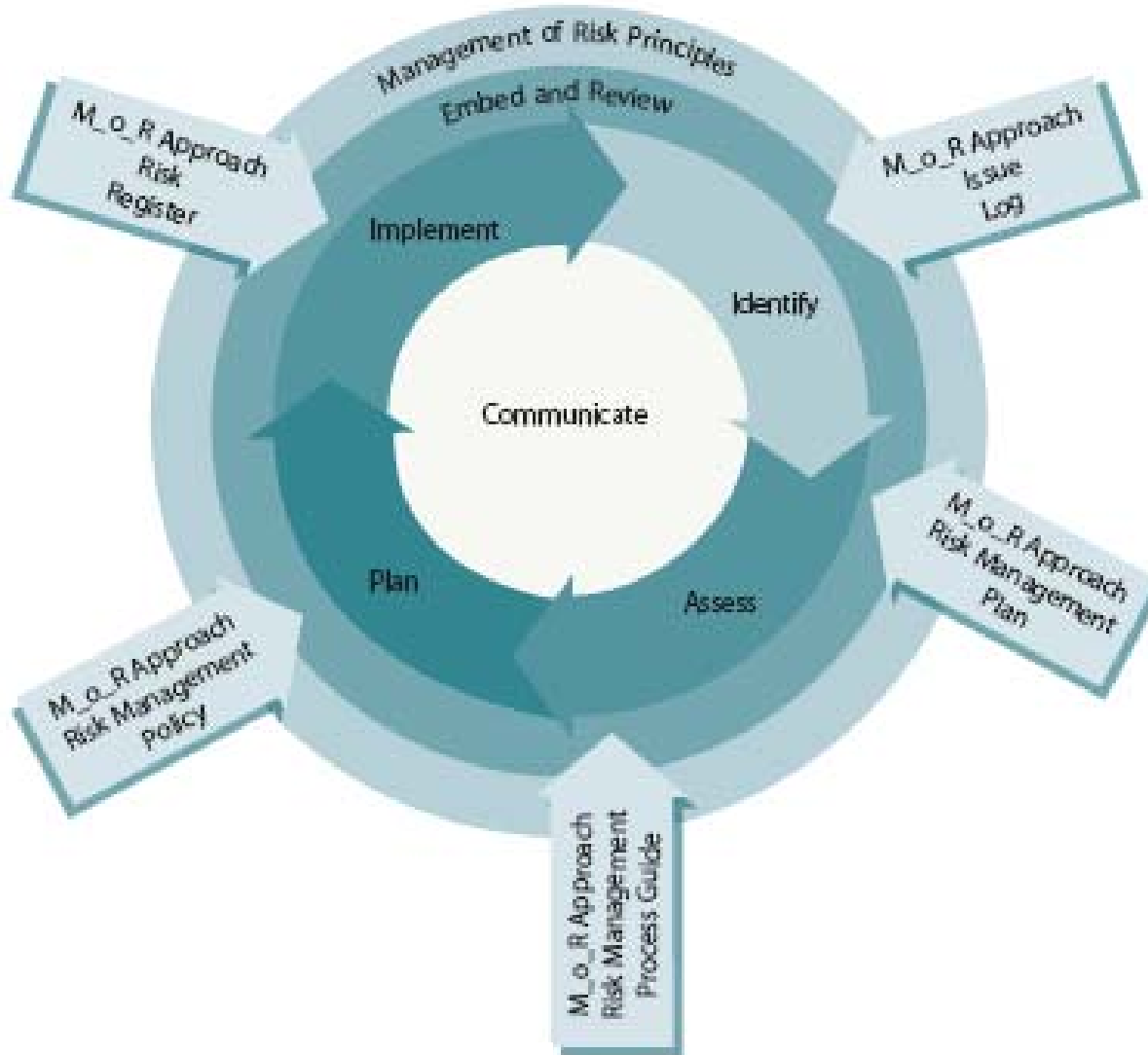
Height (ft '000's)



What is risk management?

“The systematic application of principles, approach and processes to the tasks of identifying and assessing risks, and then planning and implementing risk responses”

What is M_o_R?



Framework

- Principles
- Approach
- Processes
- Embed & Review
- Communicate

M_o_R Process

Identify & Assess

- **Identify**
 - Context
 - Risks
- **Assess**
 - Estimate
 - Evaluate

Plan & Implement

- **Plan** responses
- **Implement**

3 Questions



- *Does M_o_R Work?*
- *Does following a book deliver benefits?*
- *Is M_o_R of value to Private sector organisations?*



Case Study

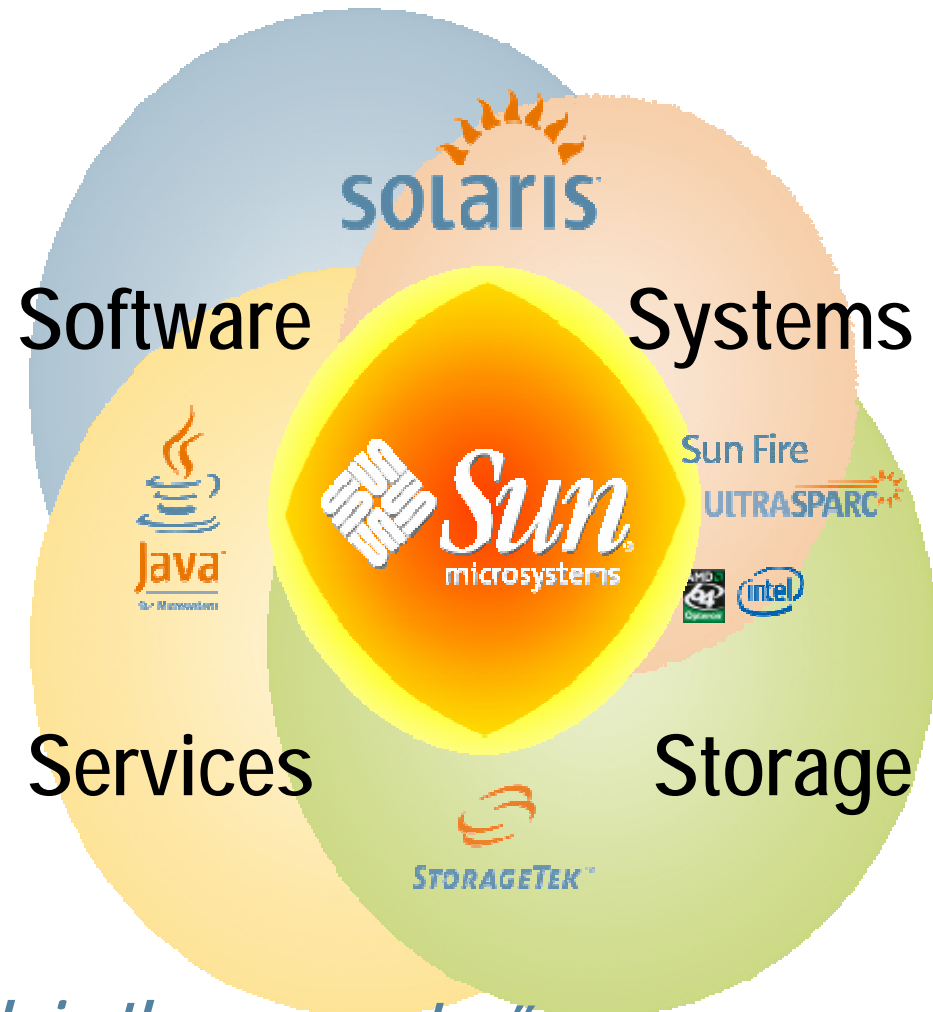


***Dusty Miller,
Global Risk Manager
Sun Microsystems***

- Past,***
- Present &***
- Future***

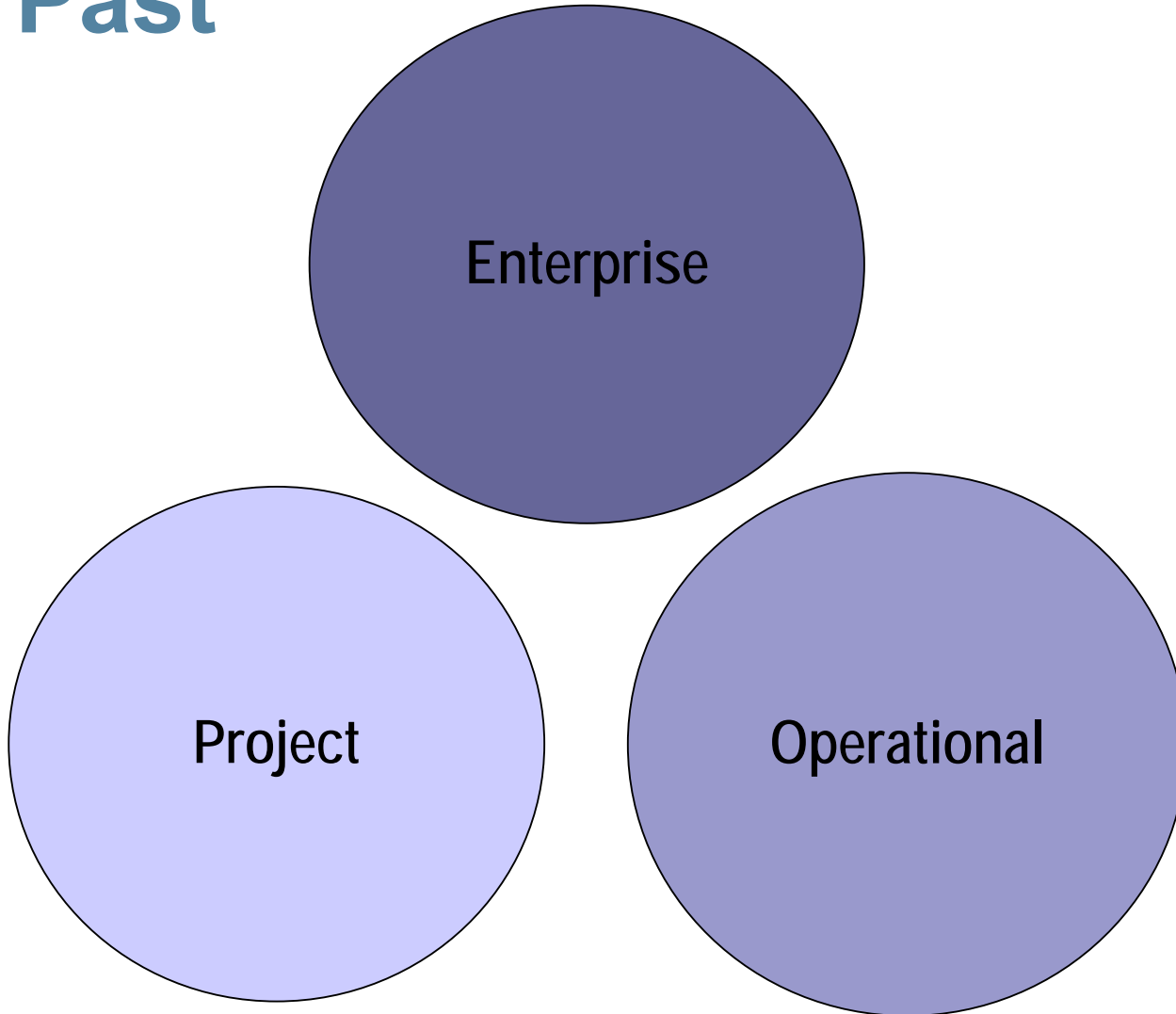
Identifying the Context - Sun

- > *Started in 1982*
- > *Provides network computing infrastructure solutions*
- > *Core brands:*
 - *Java technology platform,*
 - *Solaris operating system,*
 - *StorageTek*
 - *UltraSPARC processor.*
- > *100 countries Worldwide*
- > *34,000+ Employees*



“The network is the computer”

Risk Model – The Starting Point - Past

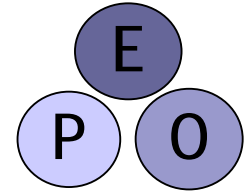


Informal

Disconnected

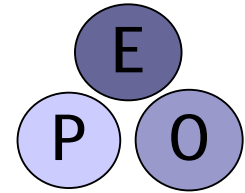
**Isolated from
the Business**

Triggers for Risk Management



- Organisational Change – refocus of Business to new Customers, Products and Services
- Increase in Legislation & Corporate Governance
 - > Sarbanes Oxley, Gramm-Leach Bliley Act, Health Insurance Portability and Accountability Act
 - > Result:

*Increased awareness at all levels for the need to
Manage Risk*

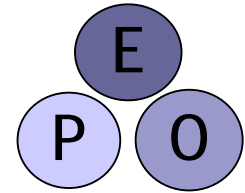


What We Did Next??

- Review of existing
 - > P2 & MSP & PMI standards embedded in Sun's Bid & Project Management Standard
 - > Risk Mgt approach – but did not scale to whole of Org?
 - > Found M_o_R
- Why M_o_R?
 - > You don't know what you don't know
 - > Need to “see” what M_o_R had to offer
- M_o_R stands on its own!
- Embarked on Risk Mgt Design & roll out

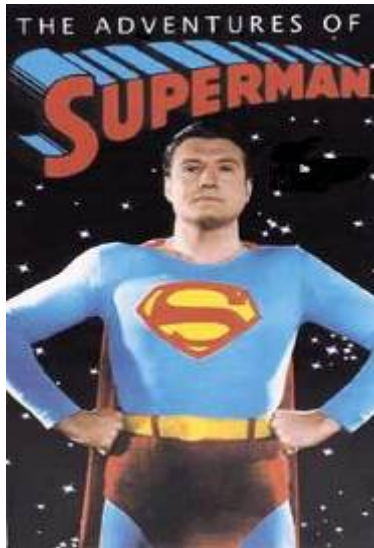
Resistance to Risk

Do you know one of these?



The Ostrich

- > Ignores problems
And gets very surprised!



Superman

- > *Always saves the day!*

BUT he cannot be in 2 places at one time!

Either approach costs money, hassle and delays the project!

What we heard

"Ok in theory, but of no value in practice!"

Deal Manager

"It's just a Project Management thing!"

Business Manager

"We don't have time for it!"

PM Line Manager

"It's only worthwhile for Large Projects."

Corporate Marketing

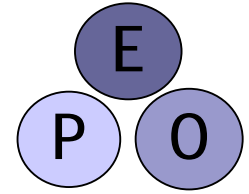
"It's Sales prevention!"

Sales Manager

"Don't mention Risk, We'll lose the deal!"

Sales Rep

Culture – Change



Move from:

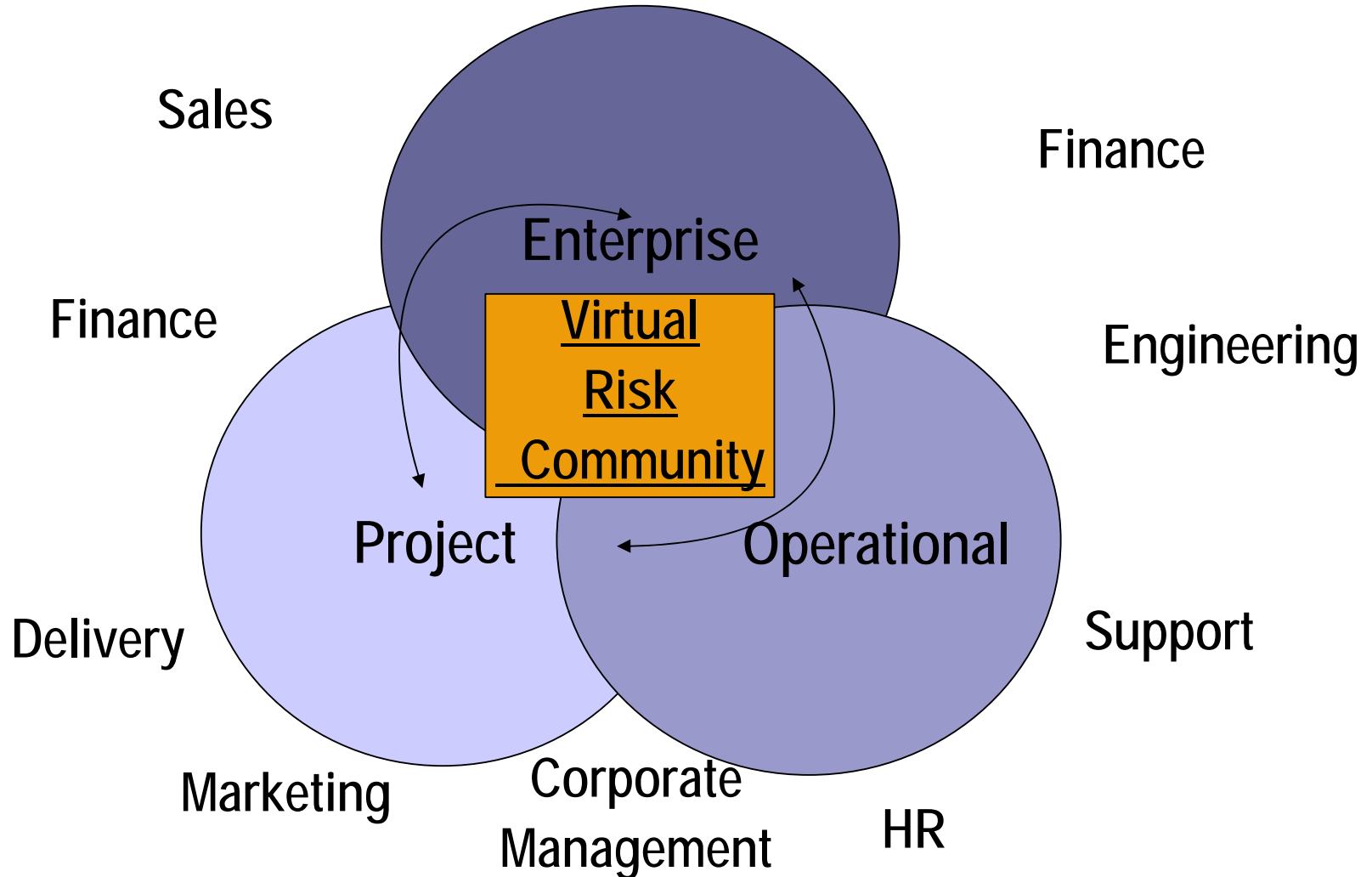
“If Only we'd thought...!!!”

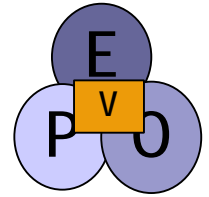
To:

“What if ?????”

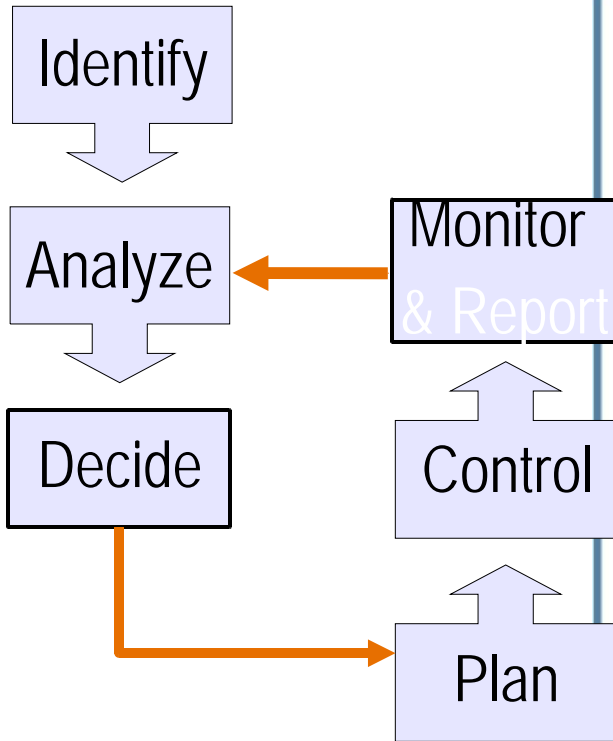


Risk Model - Present

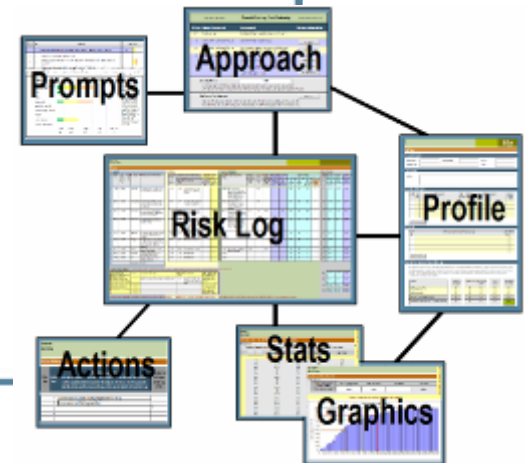




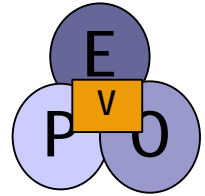
Framework



- Single Global Process & Tool
- Quantification approaches:
Non-Financial
Financial
- Customised from P2,
M_o_R, PMI to fit business
- Defined Roles &
Responsibilities
- Global Roll out &
Training



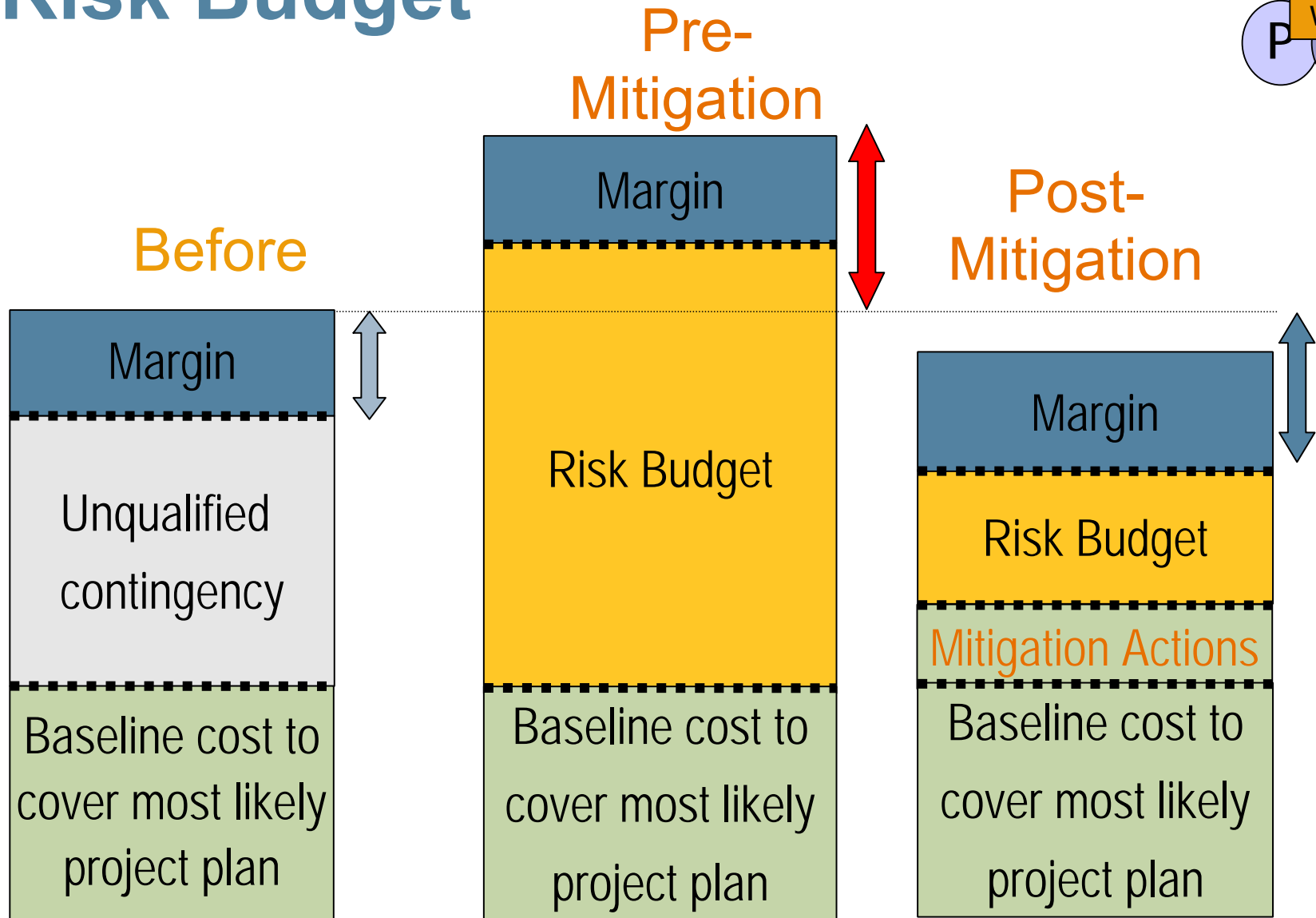
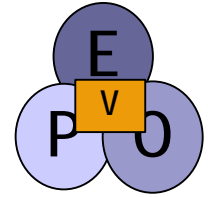
Scaling Risk Management



One size does not fit all.

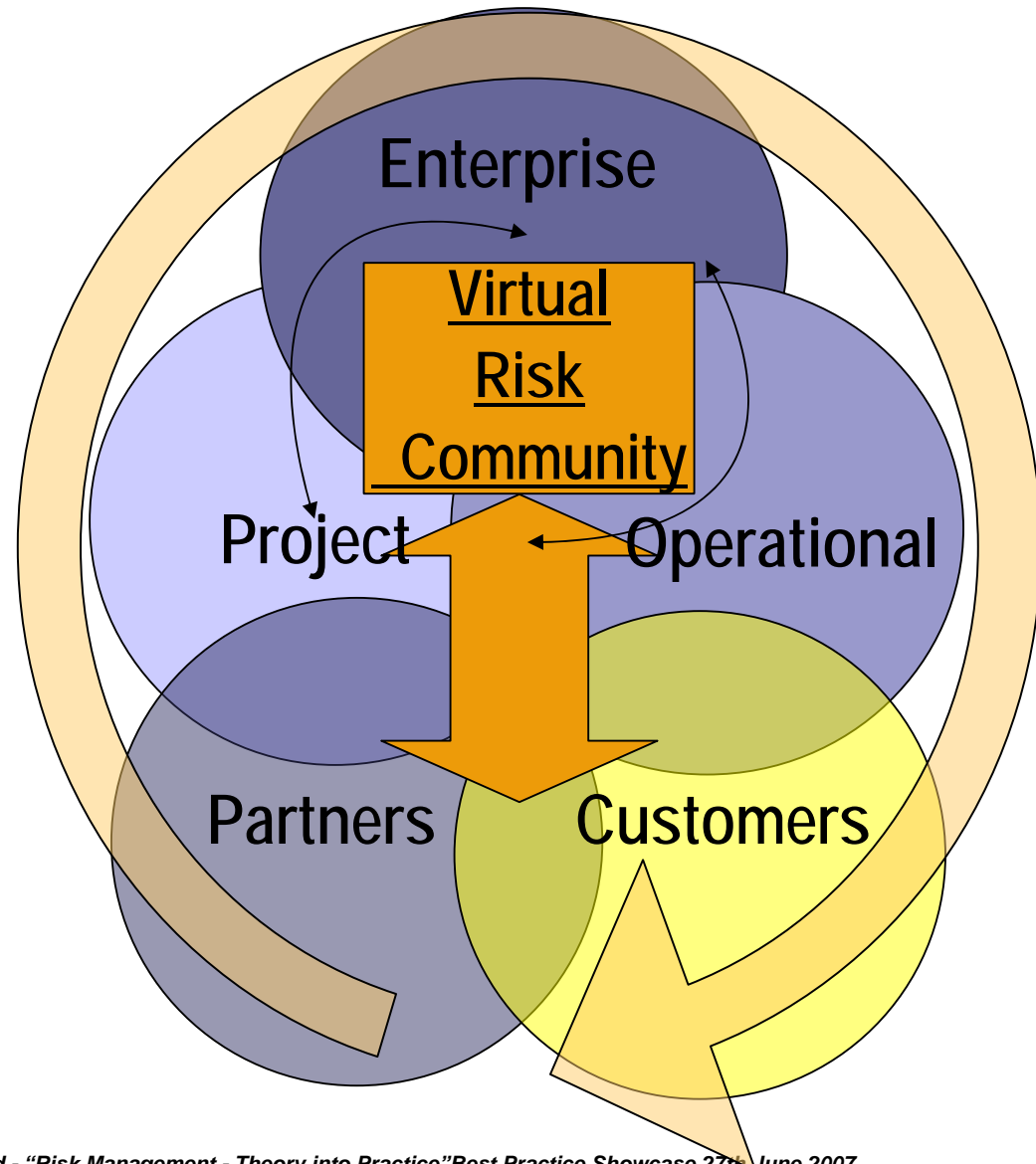
	People	Process	Technique	Effort
Simple	Sales Lead	Review	Non-Financial	L
Moderate	Sales Team	Assessment	Non-Financial	M
Complex	Deal Mgt	Workshop	Financial	H

Risk Budget

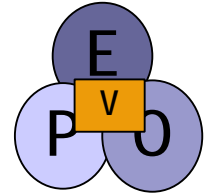


Risk Model – Future

- Embed & Review
 - > Measure Benefits
 - > Assess opportunities
- Maturing – extend to
 - > Partners
 - > Customers
- Policy formalisation
- Long-term play –
 - > Benefits Realisation
 - > Taken 21 months to get this far!



Benefits of Risk Management



- Value based Negotiation
- Qualification – saying “no” to risky deals, informed decision-making
- Confidence to take on risky business
- Upselling – sharing Risks
- Proactive mgt of changes
 - > Internal
 - > External eg. From legislation

3 Questions

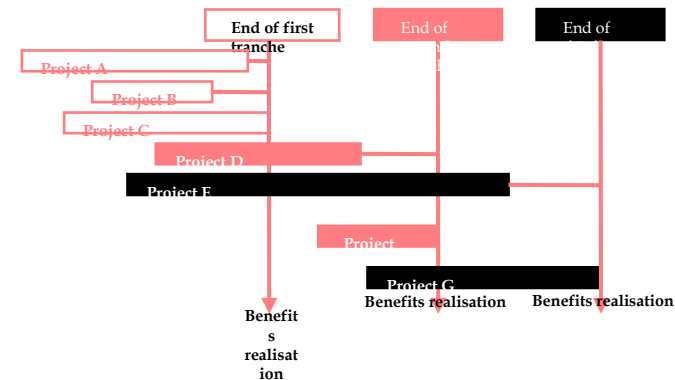


- *Does M_o_R Work? Yes, sound principles*
- *Does following a book deliver benefits? No, not on its own. Need:*
 - *Training*
 - *Customisation to fit your Business*
- *Is M_o_R of value to Private sector organisations? Yes, Benefits to Sun*

What next?.. Where do you go from here?

- **Risk Healthcheck (M_o_R)**
 - Conduct a Gap analysis/Baseline audit
 - Action Plan (Implementation)

- **Develop / Support**
 - Framework
 - Risk Management Policy
 - Process Guide
 - Tools (Risk Register/Issue Log)
 - Roles & Responsibilities



Training

Need to involve ALL levels

- Training Needs Analysis

- Risk Awareness Programme
 - Utilise existing communications
 - Overview sessions
 - Boardroom Briefings

- Accredited Training with Exams



2. Practitioner

1. Foundation

Finally....Risks and Opportunities



**Are
everywhere...**



**Be
prepared!**



Questions

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