ENGR 310

Lecture 17

24 Mar 2008

Managing Risk

1. Building A Plan

2. Executing on the Plan

Typical Approach

- Solve the easiest items first

  "BIG Mistake"

- Risky tasks are often on the critical path
- If you don't solve the tough things *"Who cares about the easy ones?"*
- The project is in a growing risk situation

A Good Plan Provides Focus

- Brings attention to management / clients
- Sets expectations
- May effect allocation of resources
- May stop risky projects earlier

A Good Plan Provides Focus

- Prioritizes
- Sets clear responsibility
- Establishes a timeline for decisions

Exercise

- Brainstorm
- Rank
- Chart
- Establish Plan
- Review Often

Brainstorming Risks

Break into Design Teams

Take the next 5 minutes

Brainstorm Areas of Concern / Risk

Come up with 8 Topics

Brainstorming Risks

- Quantity over Quality
- Write down as expressed
  - No judging
  - Don’t solve the problem now
- Build on others ideas

Brainstorming Risks

- Cover all aspects of the projects
  - Technical Risks
  - Business / Market Risk
  - Manufacturing
  - Human Resources
  - Supply Chain

Ranking the Risk Items

Probability

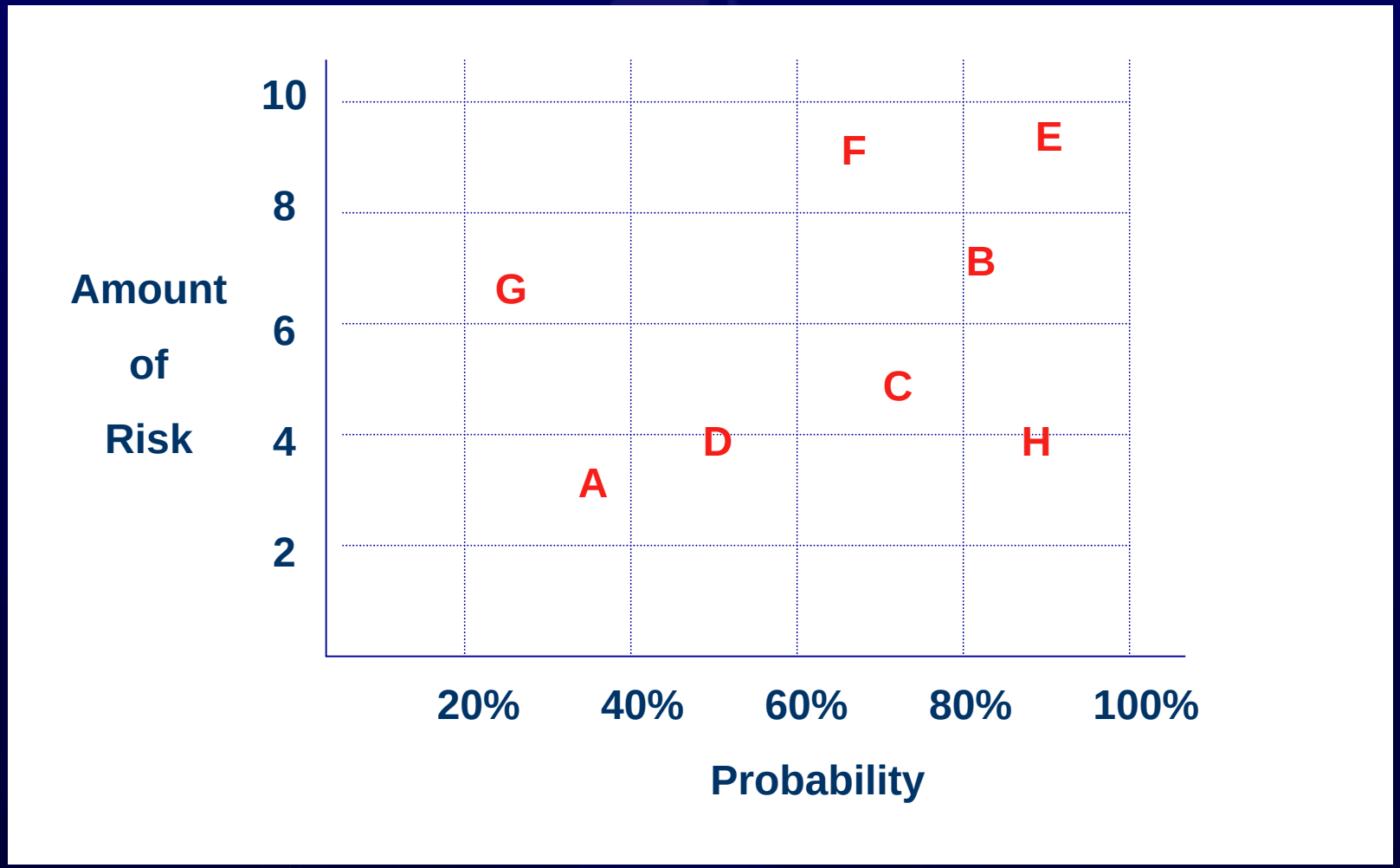
- % chance the issue
  - Has a poor solution or
  - Can not be solved in this project

Level of Risk

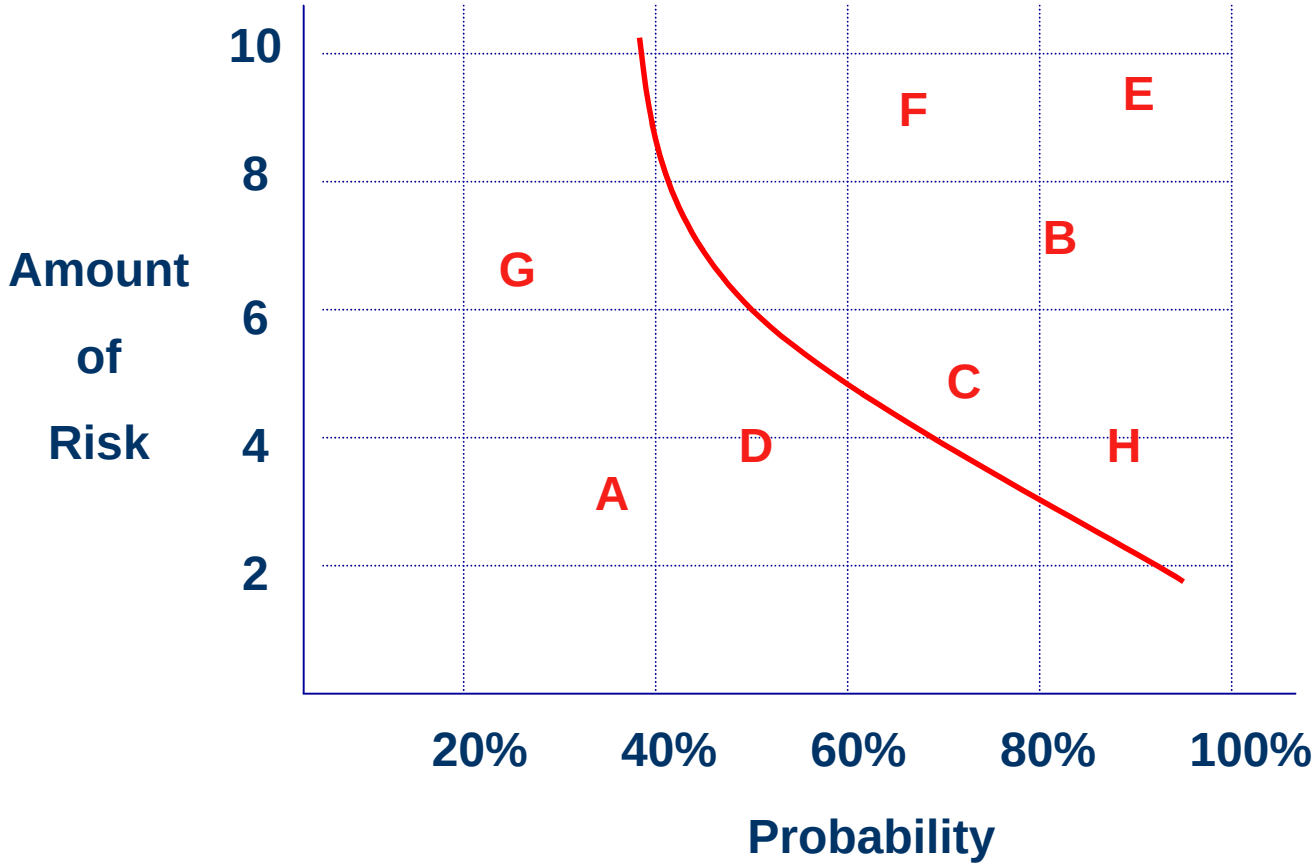
- Scale of 1 –10
  - Impacts (Schedule, Cost, Functionality)

Battery Life 60%, 7

Chart Risk Items



Establish Threshold Line

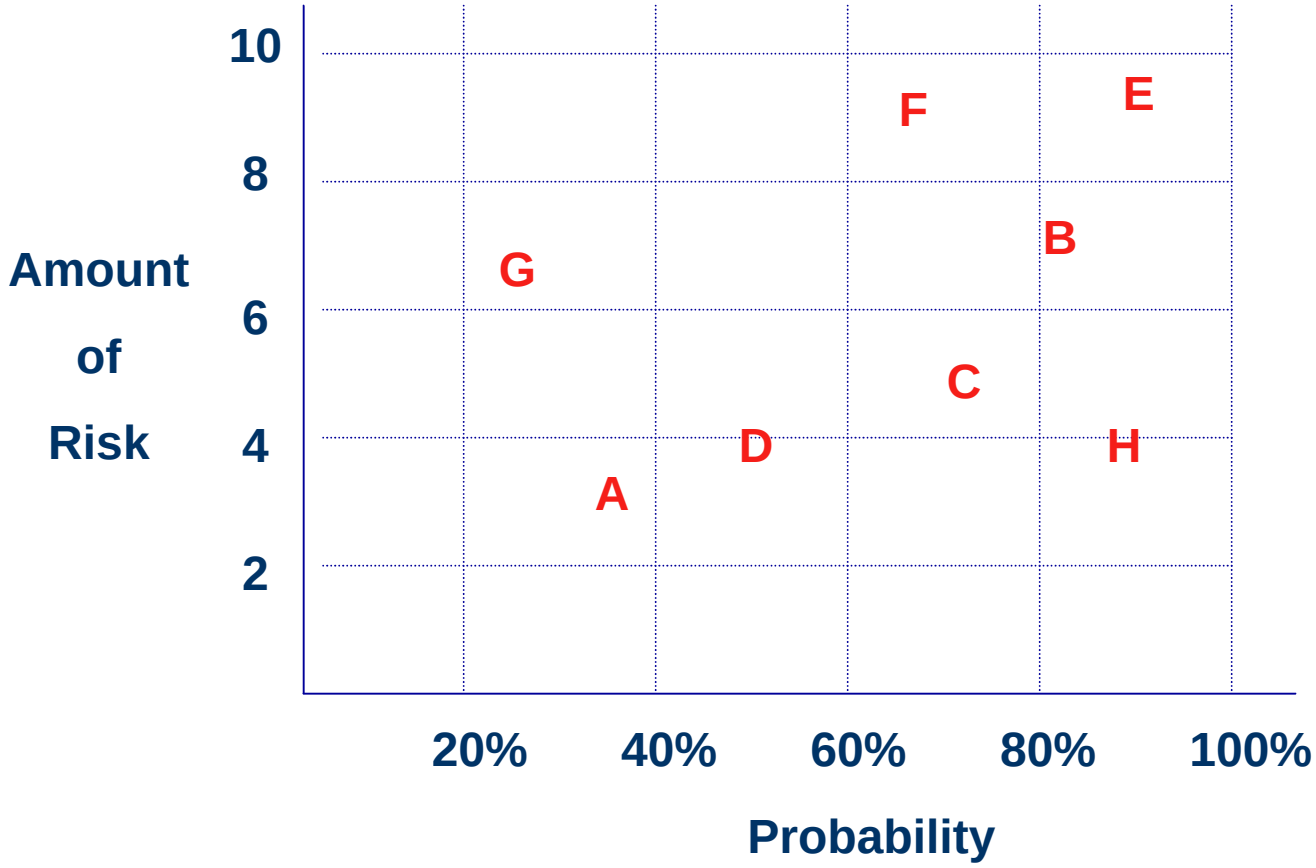


Who and When

For Each Risk Over Threshold

- Decide Who is leading the efforts?
- What are the immediate action items?
- Schedule each task

Review Often



Other Key Points

- Assume Risk only where it provides advantage
- Stay flexible on unresolved issues
- Trade off expense and risk
- Have a back up plan