The Risky Business of Project Management

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What to Expect

• Consideration of the differences between project risk management and strategic risk management
  • A practical example (Lego)
  • Tips to apply it yourselves

• Evaluate how effective risk management directly benefits the business

• Acquire methods to strengthen your risk assessments to enable prioritization across all project execution

• An opportunity to discuss your own risk concerns
Agenda

- Introductions / Backgrounds
- Traditional Risk Management
- Active Risk & Opportunity Planning
- A Risk Game!
- Integrated Risk Management
- Other Topics / Questions – you drive the agenda
Andy Jordan & Roffensian Consulting Inc.

• Ontario, Canada based boutique management consulting firm

• Specialized in PMOs, Portfolio Management & Strategic Programs

• Andy frequently authors whitepapers, articles and industry analyses in the project management space and hosts a number of webinars.

• Author of ‘Risk Management for Project Driven Organizations’ (2013, J. Ross Publishing)
LEGO INTRO

Intro & Risk Management Programmes
LEGO GROUP INTRO
# LEGO® Brand Framework

<table>
<thead>
<tr>
<th>Mission</th>
<th>Inspire and develop the builders of tomorrow</th>
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<tbody>
<tr>
<td>Vision</td>
<td>Inventing the future of play</td>
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<td><strong>Promises</strong></td>
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<tr>
<td>Play Promise</td>
<td>Joy of building. Pride of creation</td>
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<tr>
<td>Partner Promise</td>
<td>Mutual value creation</td>
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<tr>
<td>Planet Promise</td>
<td>Positive impact</td>
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<tr>
<td>People Promise</td>
<td>Succeed together</td>
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<tr>
<td>Spirit</td>
<td>Only the best is good enough</td>
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<td>Values</td>
<td>Imagination - Creativity - Fun Learning - Caring - Quality</td>
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Recording of this session via any media type is strictly prohibited.
A family owned business

Ole Kirk, Godtfred Kirk and Kjeld Kirk Kristiansen, Billund, 1951

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Many Product Lines
- One LEGO® Brick
- One Brand
- One Logo
The LEGO® Strategy

- Sustaining core business
- Expanding markets
- Expanding the core business
- Accelerating innovation
- Integrating sustainability

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Strategic Risk Management’s Mission – our WHY

We Drive Conscious Choices

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Strategic Risk Management – what we do

Ensuring valid and resilient strategies

Prepare for Uncertainty

Active Risk & Opportunity Planning

ERM

Ensuring valid and resilient strategies
Traditional Project Risk Management

• Inflexible linear approach
  • Sequential process only designed to be ‘stepped through’
Traditional Project Risk Management

• ‘One and Done’ type exercise at the project level
  • Undertaken at the start of the project then frequently ignored

• Tactical focus targeting project deliverables, not business benefits
  • Priority is to minimize impact on constraints

• Managed by project managers with limited stakeholder engagement
  • Risk management seen as a project administration function
Traditional Project Risk Management

• Generally results in incomplete and inadequate risk identification and management

• Frequently occurs only at the start of a project

• Drives a need for excessively high management reserves due to ‘unknown unknowns’
Active Risk & Opportunity Planning (AROP)
AROP will help you manage the uncertainty of your project - better

- Involve all stakeholders in identifying uncertainties
- Look at opportunities as well as risks
- Look at the entire business system
- Avoid Black Swans through holistic thinking

- Base assessments on coherent and defined scales
- Argued assessments (rationales)
- Prioritization of effort (or investment)

- Assign risk owners to each risk to ensure action
- Identify and use “early warning” indicators/systems
- Address handling impact and validate if this is enough

- Standard reporting to the business case and project reports
- Challenge your risk portfolio for validity
- Monitor changes as project is progressing
The Main Differences

Upside focus

The Business System (value chain)

Measuring Follow-through/follow-up
<table>
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<tr>
<th><strong>Low – High range</strong></th>
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<tbody>
<tr>
<td>Martin Luther King's age at death</td>
</tr>
<tr>
<td>Length of the river Nile (km/miles)</td>
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<tr>
<td>Age of the world's oldest tree (a Spruce in Sweden)</td>
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<tr>
<td>Number of books in the Old Testament</td>
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<tr>
<td>Lifespan of NBA basketball in bounces</td>
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<tr>
<td>Weight of an empty Boeing 747-300 (tons)</td>
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<tr>
<td>Year in which Wolfgang Amadeus Mozart was born</td>
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<tr>
<td>Gestation period for an Asian elephant (days)</td>
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<tr>
<td>Air distance from London to Tokyo</td>
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Earnings of Mike Tyson before declared bankrupt 300 mio. USD
Integrated Risk Management

• Combines Portfolio, Program and Project Levels
  • A single cohesive approach
  • Risks don’t just impact the project where they are discovered

• Aligns the Portfolio with the Organization’s strategic goals
  • Execution managed based on organizational needs
  • Project level risk attitude maps to organization’s risk attitude, adjusted where needed

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Integrated Risk Management

• Considers the risk environment of the organization
  • Internal and external risk drivers affect the willingness and capability to accept risk

• Creates a single risk management approach for all projects
  • Projects are not isolated, but part of a complex ecosystem
  • Risk evolves from strategic to tactical to operational
Other Discussion Items

• What are your project execution risk challenges?

• What is the biggest problem you face in ensuring that risk management is effective?

• Is strategic risk management considered at anything other than executive levels?

• What else can we help you with?
If you want to know more...

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