

Managing Program Risks

- Is this same as managing Project Risks?

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Agenda



1 Programs vs. Projects

Differences and relationships

2 Risk Management in Programs and Projects

Where and How?

3 Case Studies

Global MNC spin-off into two companies

Global Order to Cash services platform

4 Q&A

Programs vs. Projects (1)

Project

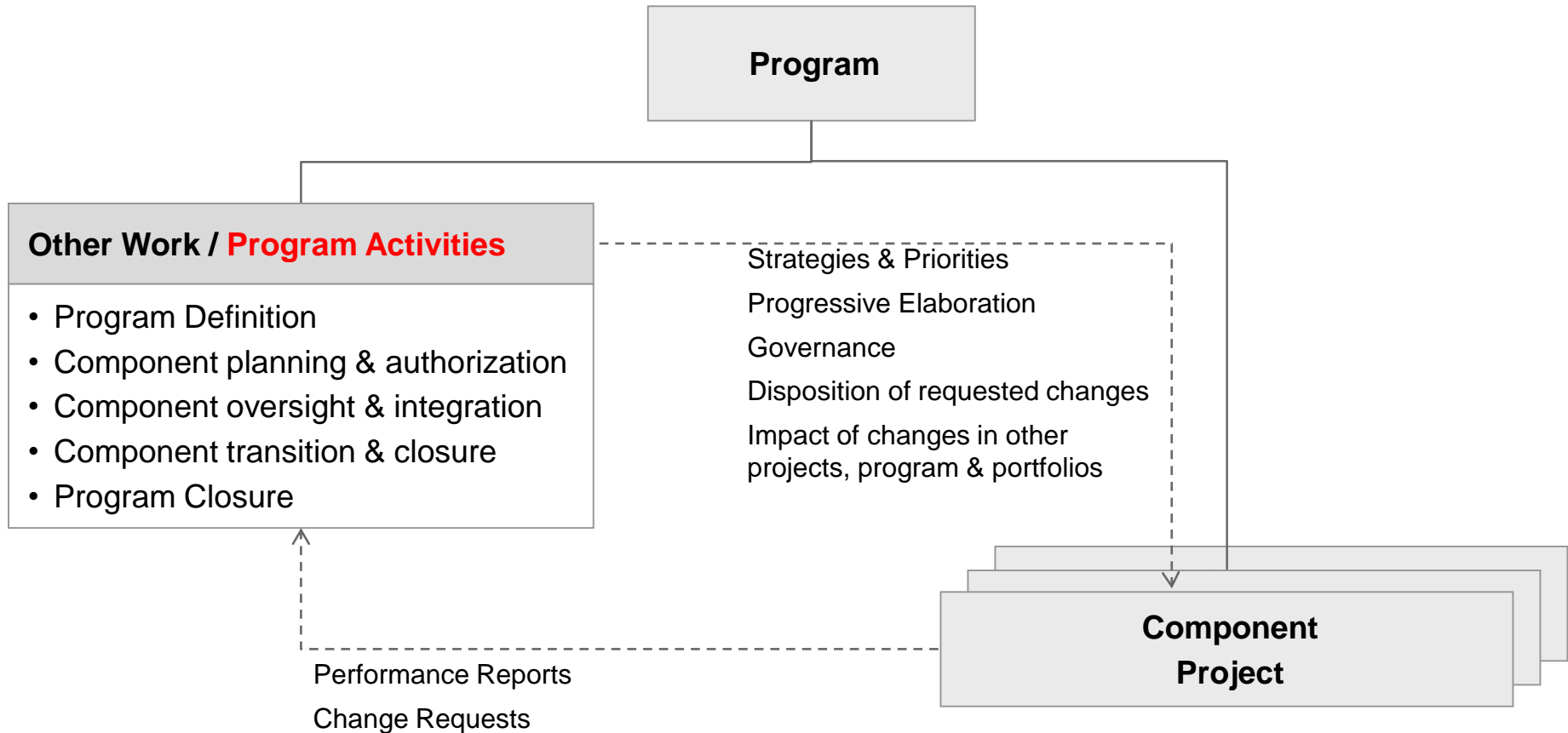
- A temporary endeavor undertaken to create a unique product, service, or result
- e.g. Implement a warehouse management solution for Singapore warehouse in 3-months
- e.g. Upgrade Enterprise Resource Planning (ERP) system to next application version

Program

- A group of **related projects**, subprograms, and **program activities** that are **managed in a coordinated way** to obtain **benefits** not available from managing them individually
- e.g. Separate a global MNC into two independently operating companies in 2 years
- e.g. DHL GoGreen program
- Not same as a large project split into smaller projects
- Not just a group of projects
- More than sum of component projects

Programs vs. Projects (2)

In addition to component projects, a program has a set of “**Program Activities**” to manage component projects in a coordinated way



Programs vs. Projects (3)

Apart from distinct program management performance domains, a number of supporting processes that are similar to those used in project management; However, these process apply to different **content** and **scope**

Program Activities Management Supporting Processes

- Communications Management
- Financial Management
- Integration Management
- Procurement Management
- Quality Management
- Resource Management
- **Risk Management**
- Schedule Management
- Scope Management
- Stakeholder Management

Project Management Knowledge Areas

- Integration Management
- Scope Management
- Time Management
- Cost Management
- Quality Management
- Human Resource Management
- Communications Management
- **Risk Management**
- Procurement Management
- Stakeholder Management

Programs vs. Projects (4)

Relative differences in Program and Project characteristics lead to differences in Risk Management

	Project		Program
Scope	<ul style="list-style-type: none">• Narrow, somewhat rigid		<ul style="list-style-type: none">• Broad, Flexible
Duration	<ul style="list-style-type: none">• Short		<ul style="list-style-type: none">• Long
Change	<ul style="list-style-type: none">• Controlled		<ul style="list-style-type: none">• Frequent, Iterative, Managed
Uncertainty	<ul style="list-style-type: none">• Less		<ul style="list-style-type: none">• More
Measuring Success	<ul style="list-style-type: none">• Product and project quality, timeliness, budget, compliance and degree of customer satisfaction		<ul style="list-style-type: none">• Degree to which Program satisfied the needs and benefits
Monitoring	<ul style="list-style-type: none">• Work of producing the products, services, or results (project deliverables)		<ul style="list-style-type: none">• Progress of Program components w.r.t. Program goals, schedules, budget and benefits

Adapted from Standard for PMI Program Management 3rd ed.



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Risk Management in Programs and Projects

Structured and iterative process that helps to...

... **decrease** impact and/or probability of **threats**;

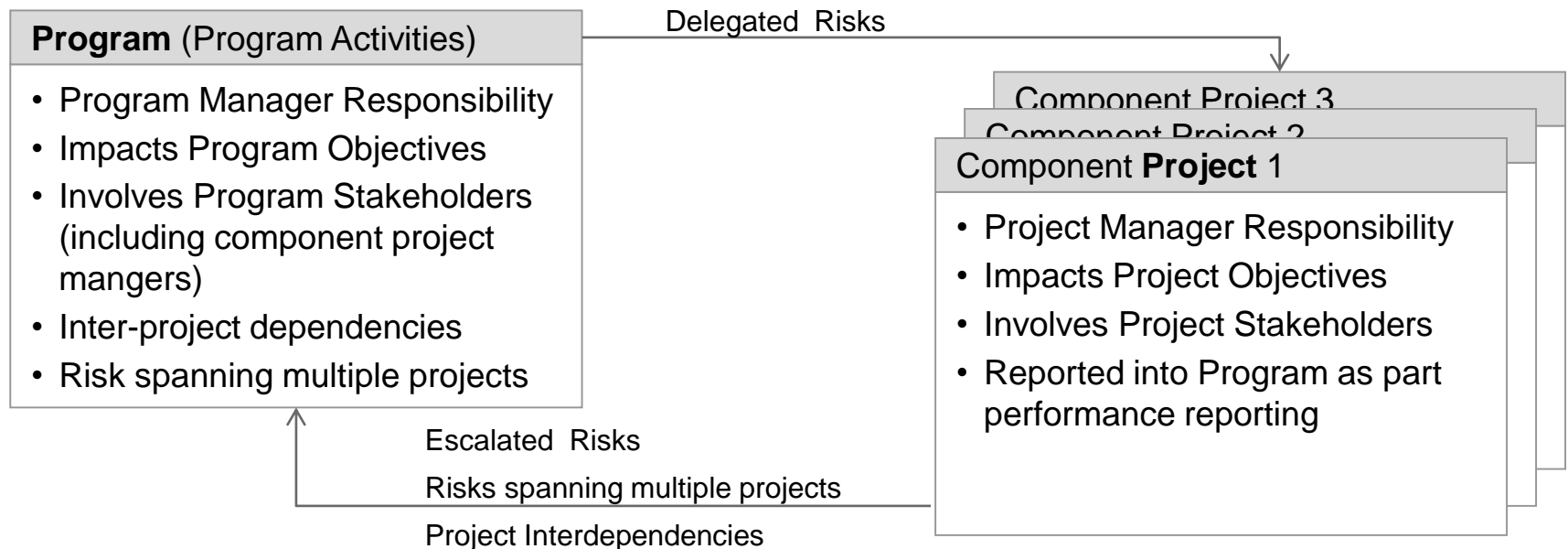
... **increase** impact and/or probability of **opportunities**.



Risk Management in Programs and Projects

Identify Risks

Identify risks that may affect **objectives**, **document** risk characteristics and assign **owner** into Program & Project risk registers



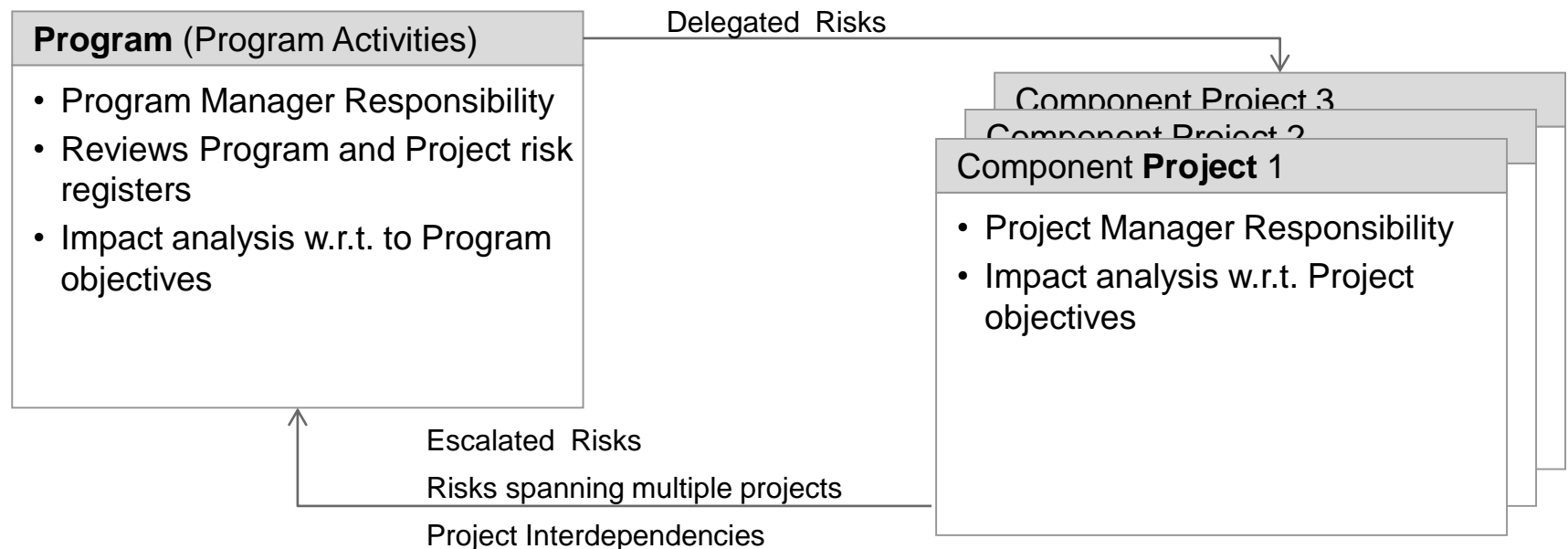
Common Tools / Techniques

- Historical information (past programs & projects), Documentation Reviews, Diagramming Techniques, Information gathering techniques (Brainstroming, Delphi, interviewing, SWOT), etc.

Risk Management in Programs and Projects

Analyze Risks

Prioritize identified risks in the risk registers by their **potential impact**, **probability** and **proximity** for further action



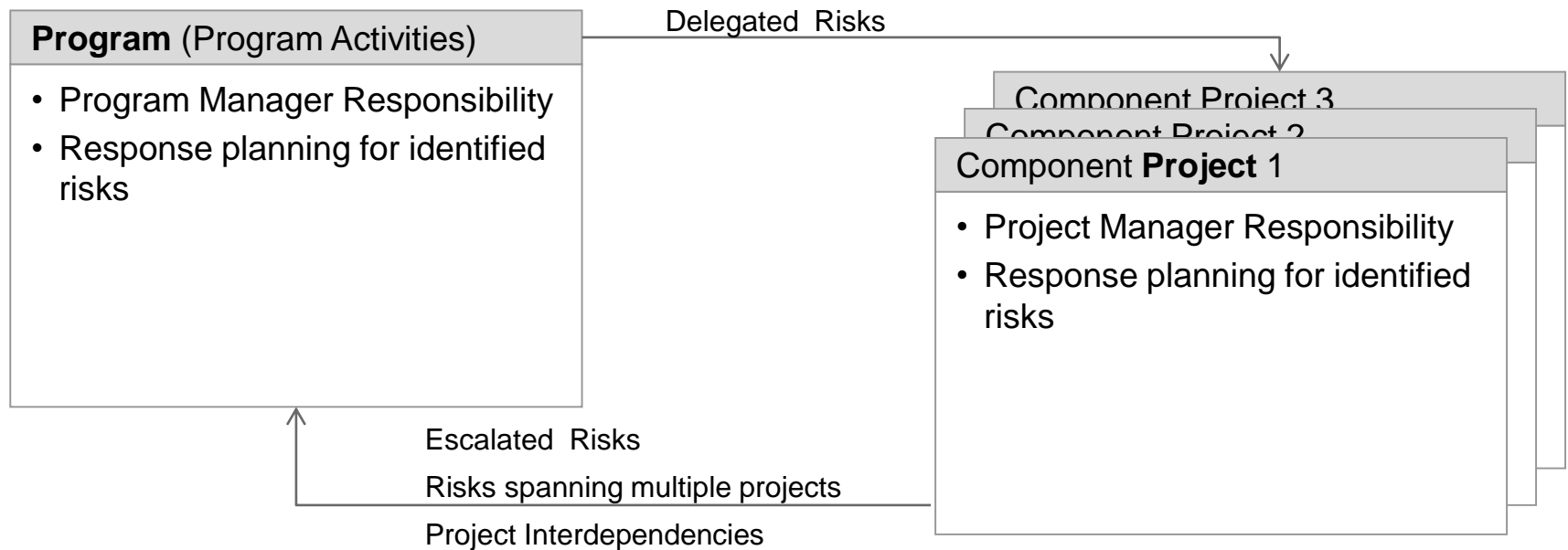
Common Tools / Techniques

- Risk probability & impact matrix, categorization, proximity assessment

Risk Management in Programs and Projects

Plan Risk Response and Actions

Develop and **assign actions** to reduce threats to objectives or increase opportunities



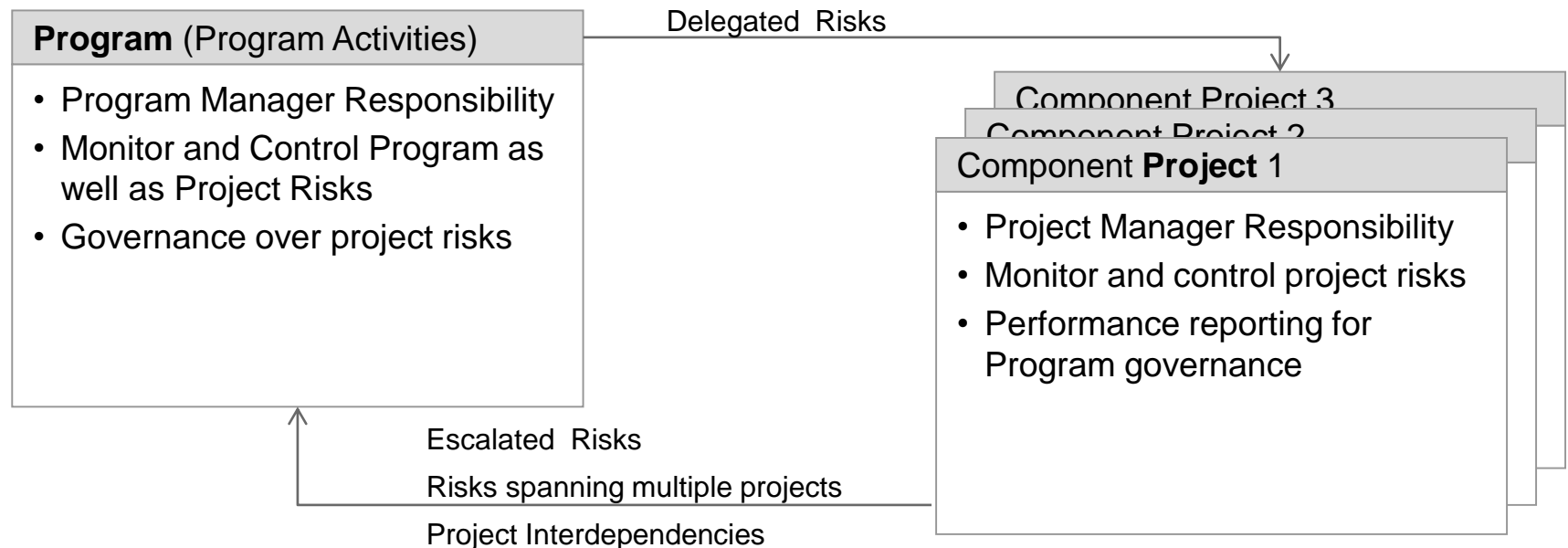
Common Tools / Techniques

- Strategies for positive and negative risks, Contingency Planning

Risk Management in Programs and Projects

Monitor & Control Risks

Ensure that the planned mitigation and/or contingency actions are **implemented** and **monitored** as to their **effectiveness**



Common Tools / Techniques

Risk Reassessments, Risk audits, Variance and trend analysis, Technical performance measurement, Reserve analysis, Status meeting

Risk Management in Programs and Projects

Summary

Program risks are distinct from Project Risks; Program risk list is not same as consolidated component projects risk lists.

Program Managers manage Program risks and oversee / govern component Projects risks control.

Project Managers manage risks within their projects.

Project inter-dependency risks and risks spanning multiple component projects are generally managed at Program level.

A small number of project risks may be escalated to Program level; Similarly a few Program level risks may be delegated to Project level.

Risk management process, tools and technique are similar for Project and Program risk management; However, they are used with reference to applicable objectives, scope and content.

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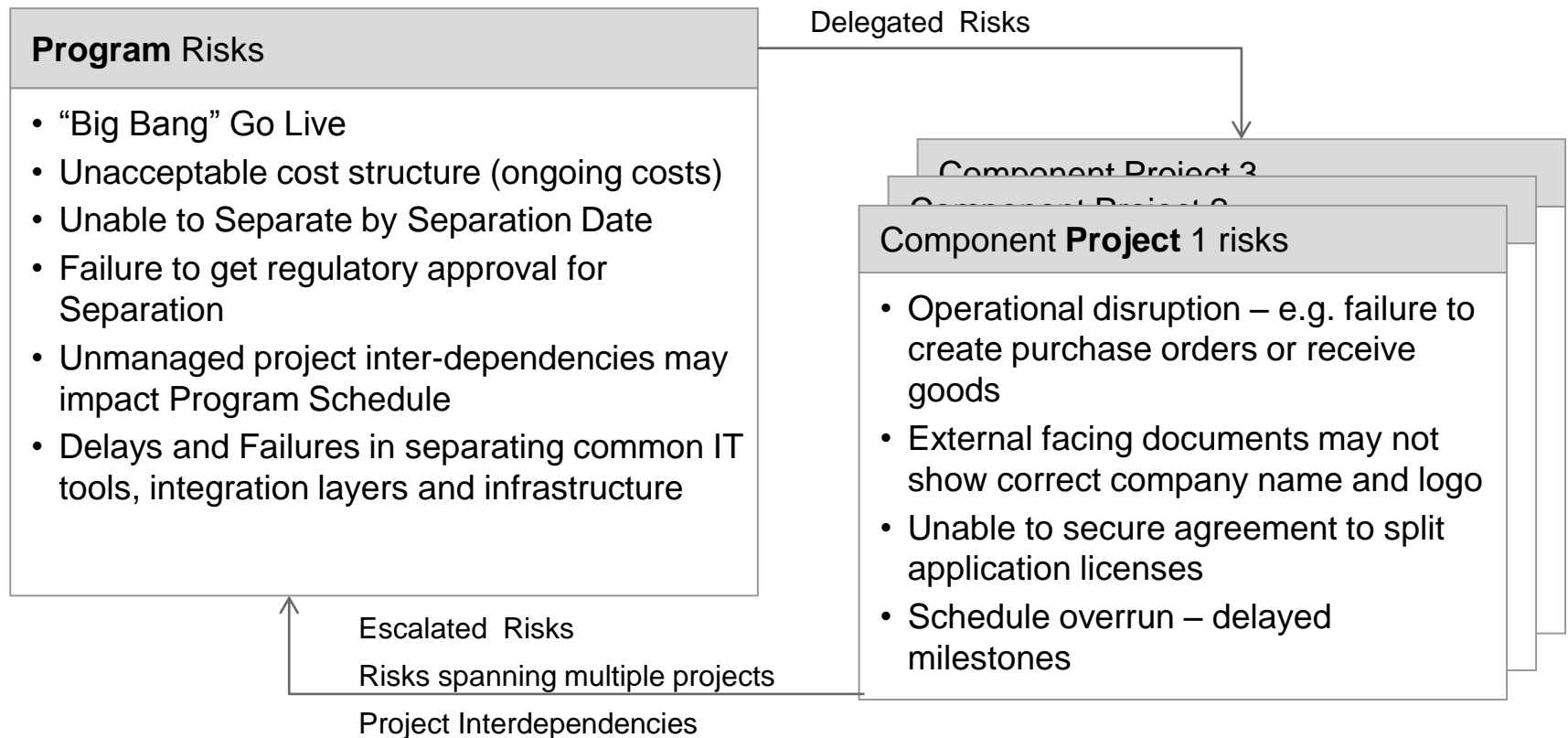
Case Study: Company Separation (1)

Separation of a global fortune 100 Multi-national company into two independent companies

Program Objectives	<ul style="list-style-type: none">• Create two companies which are ready and able to succeed in their respective markets• Position these companies to stand on their own by optimizing efficiencies and overall cost structure
Duration	<ul style="list-style-type: none">• ~21 months
Component sub-Programs and Projects	<ul style="list-style-type: none">• Two major sub-programs - Reorg and Spin• ~125 projects to split IT systems and applications across business functions (e.g. Engineering, Marketing, Human Resources, Go-To-Market, Supply Chain, Finance, Legal, IT Tools, etc.) to split more than 1,000 IT applications and thousands of hardware servers

Case Study: Company Separation (2)

Risk impacting Program objectives, risk spanning multiple projects and project inter-dependencies risks were managed at Program level; Key project risks were closely governed at Program level



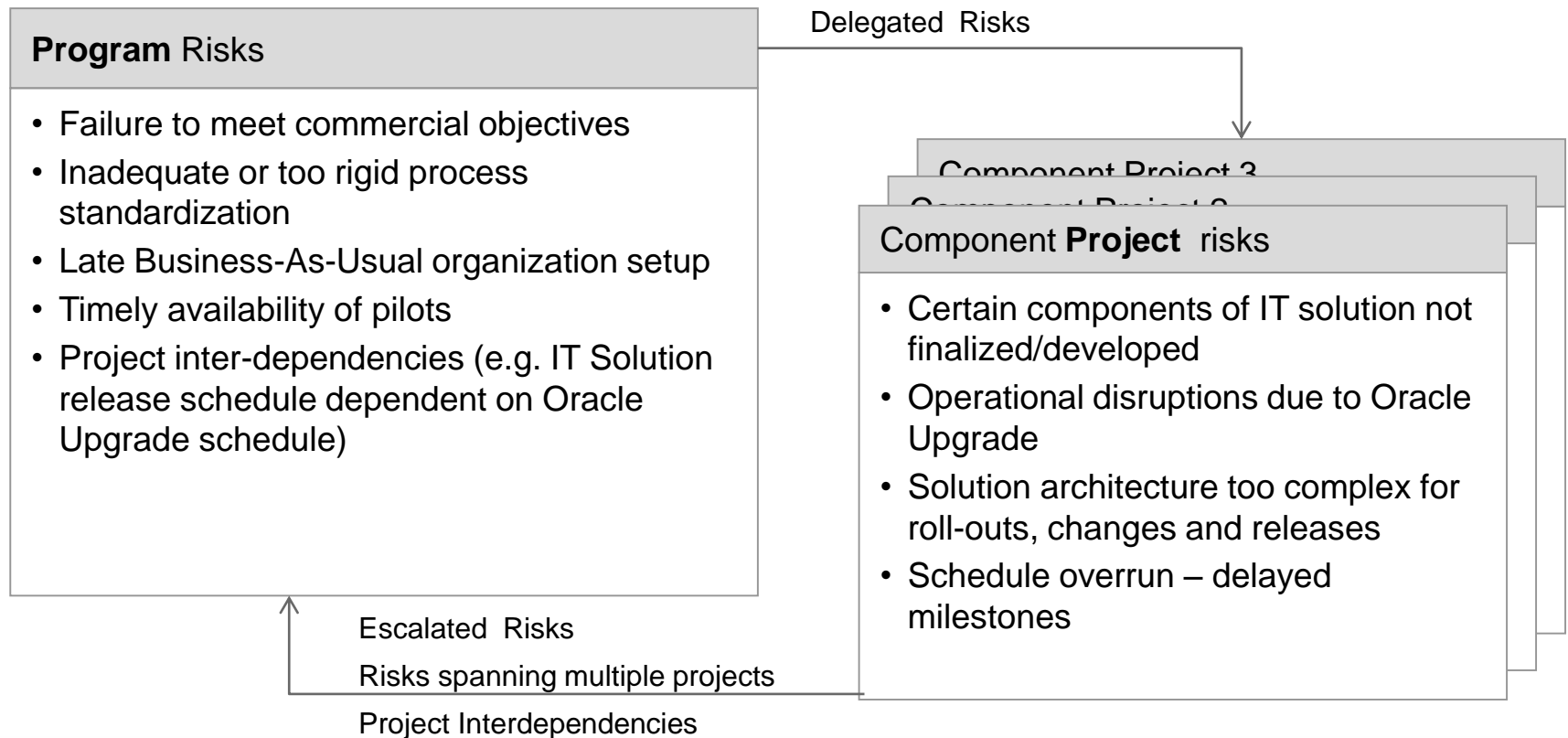
Case Study: Global Order To Cash Services Platform (1)

Develop a global template and solution for Order to Cash Solution services

Program Objectives	<ul style="list-style-type: none">• Support business growth by enabling global standard Direct to Market and Multi-user Warehousing capabilities for a specific Industry sector
Duration	<ul style="list-style-type: none">• ~18 months
Component Projects	<ul style="list-style-type: none">• 10 projects (Oracle eBS upgrade, IT Solution Releases, Commercialization, Operations, setup of Business-As-Usual organization, pilot deployments)

Case Study: Global Order To Cash Services Platform (2)

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THANK YOU