

# Managing Program Risks

## - Is this same as managing Project Risks?

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# Agenda

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- 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)

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### Project

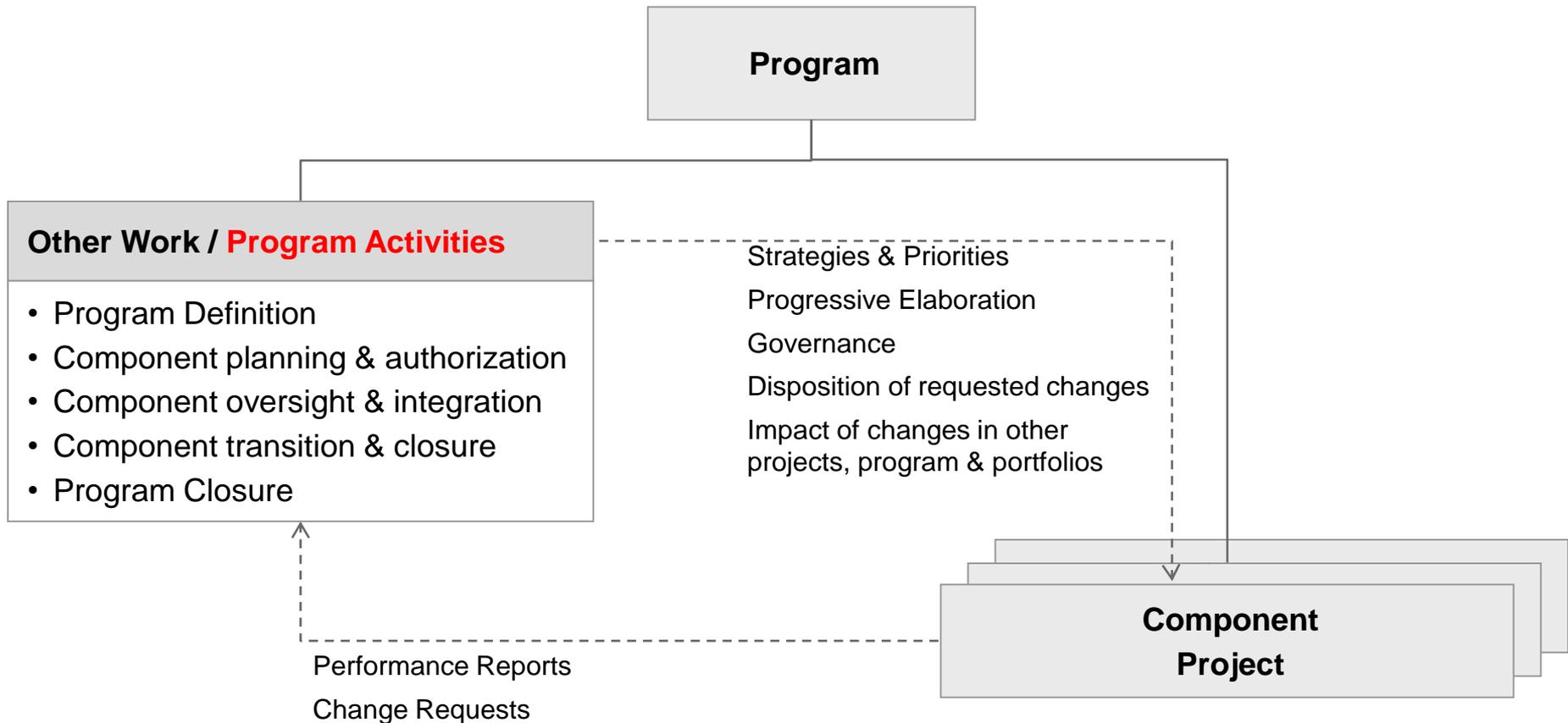
- A temporary endeavor undertaken to create a unique product, service, or result
- e.g. Implement a warehouse management solution for Singapore warehouse in 3-months
- e.g. Upgrade Enterprise Resource Planning (ERP) system to next application version

### 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)

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

Adapted from Standard for PMI Program Management 3<sup>rd</sup> 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**.

Identify risks that may affect **objectives**, **document** their characteristics, assign **owner**

Prioritize identified risks by their potential **impact**, **probability** and **proximity** for further action

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

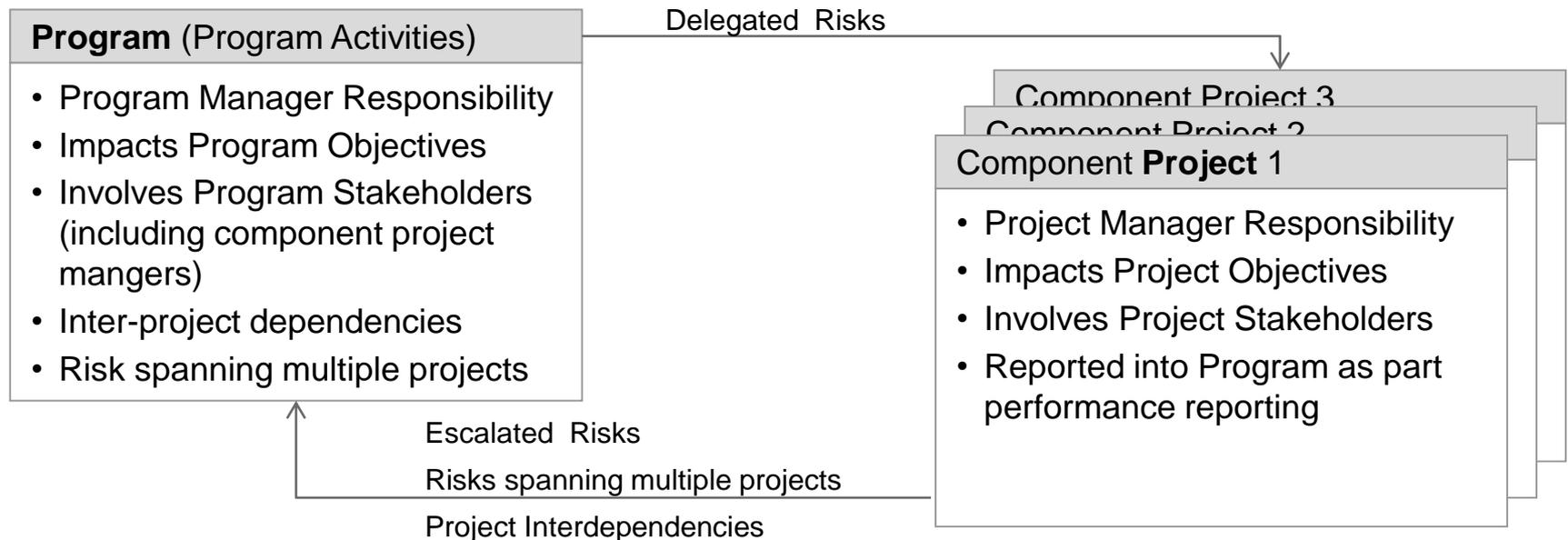
Develop and assign **actions** to reduce threats to objectives or increase opportunities



# 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



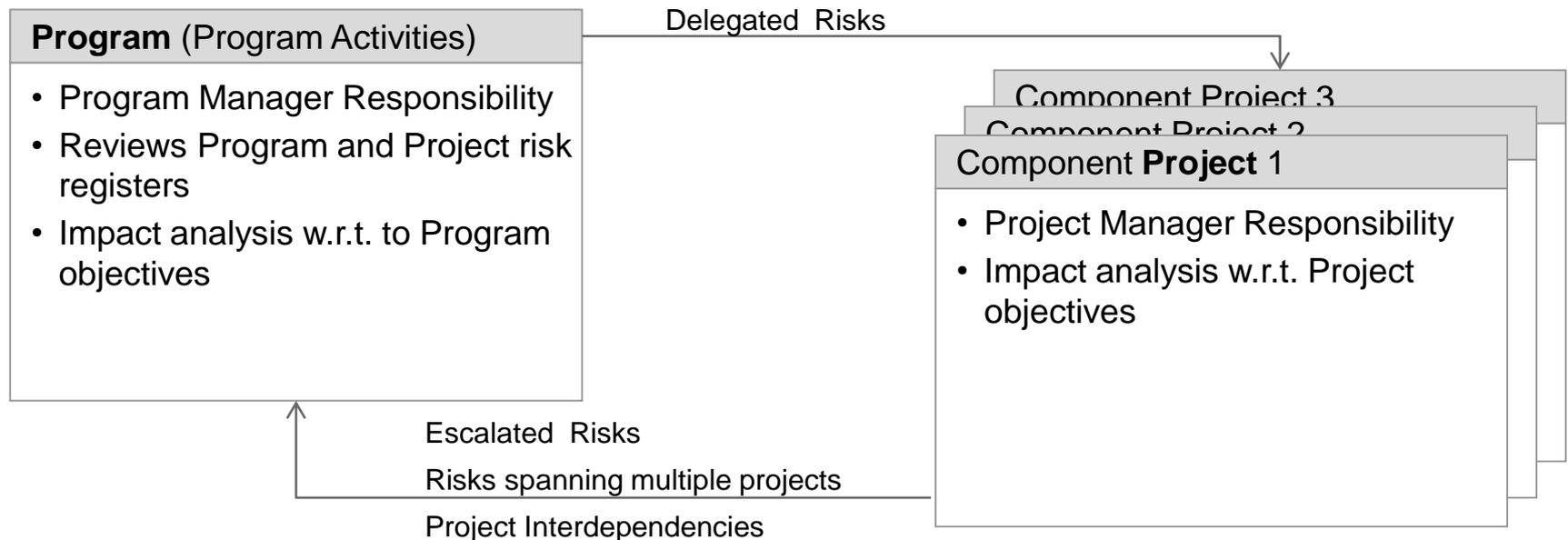
### Common Tools / Techniques

- 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



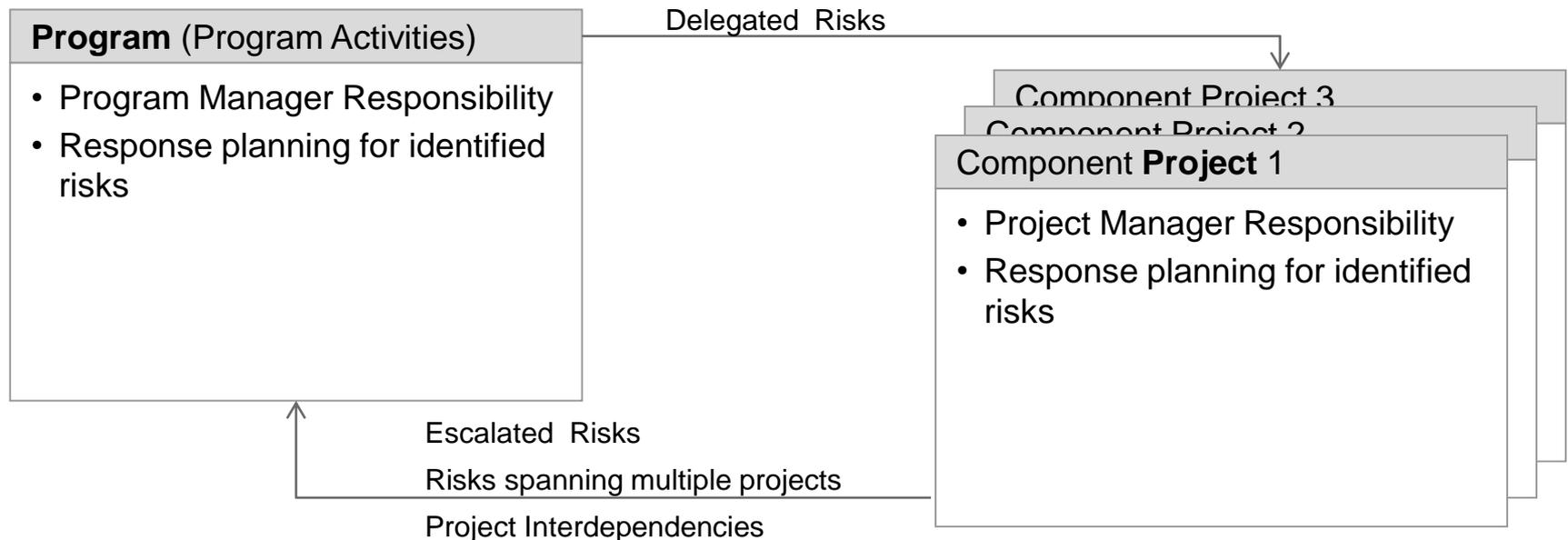
### Common Tools / Techniques

- 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



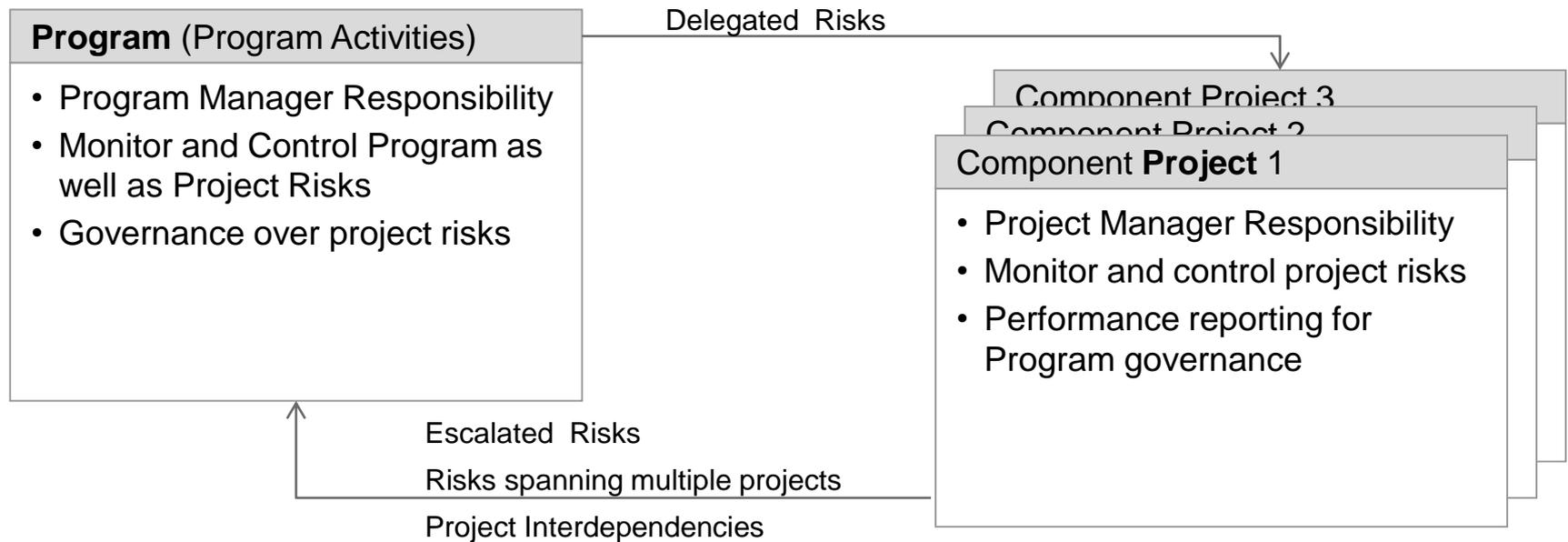
### Common Tools / Techniques

- 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

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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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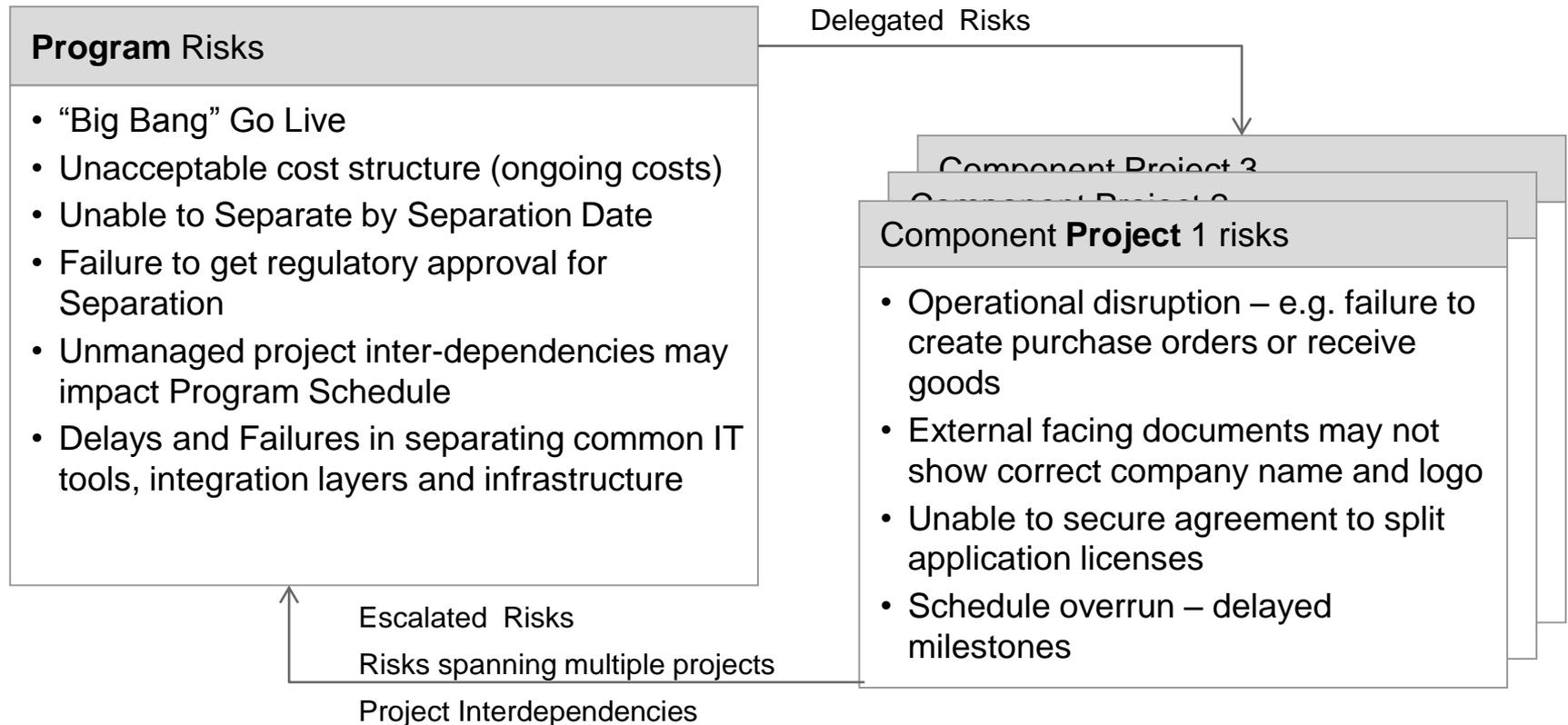
## Case Study: Company Separation (1)

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

Program Objectives	<ul style="list-style-type: none"><li>• Create two companies which are ready and able to succeed in their respective markets</li><li>• Position these companies to stand on their own by optimizing efficiencies and overall cost structure</li></ul>
Duration	<ul style="list-style-type: none"><li>• ~21 months</li></ul>
Component sub-Programs and Projects	<ul style="list-style-type: none"><li>• Two major sub-programs - Reorg and Spin</li><li>• ~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</li></ul>

## 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)

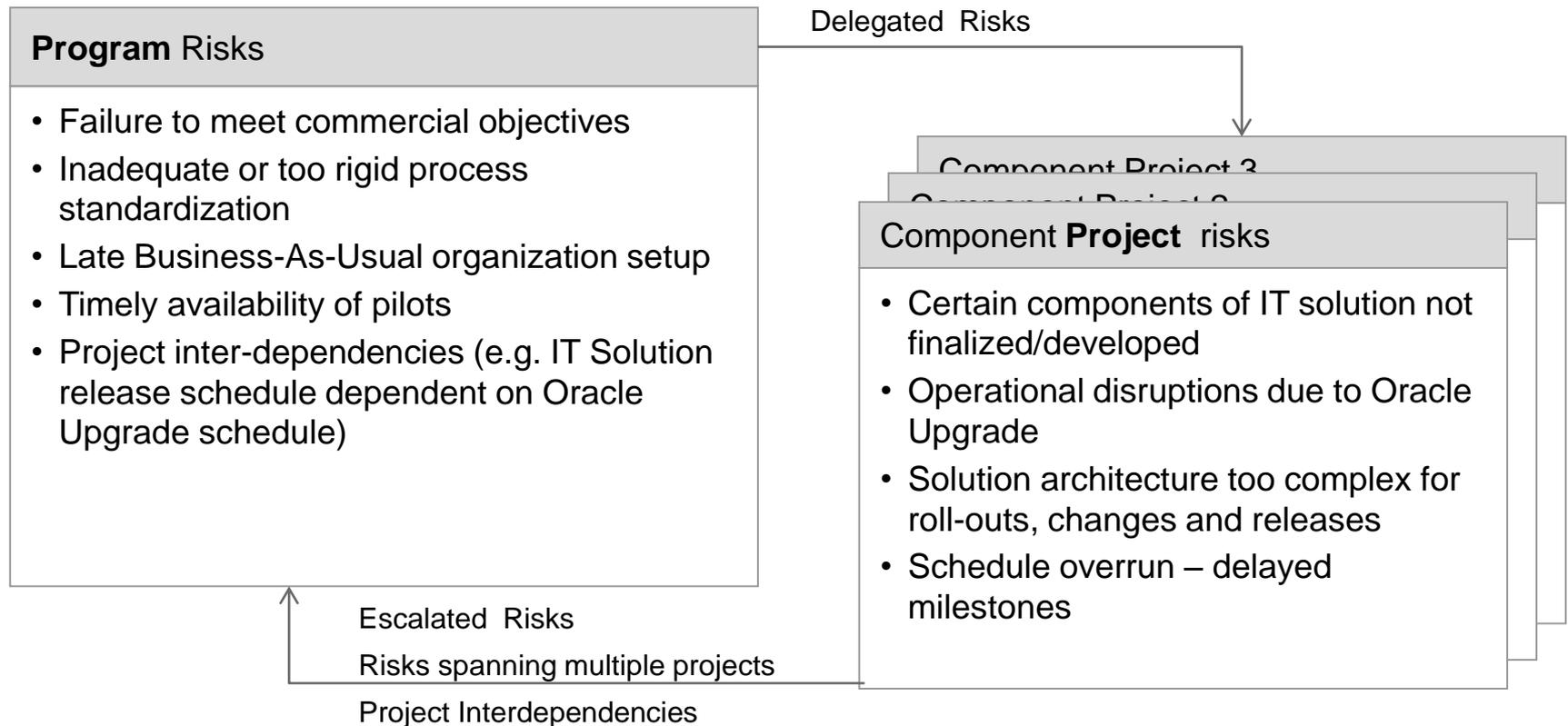
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### Develop a global template and solution for Order to Cash Solution services



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

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



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THANK YOU