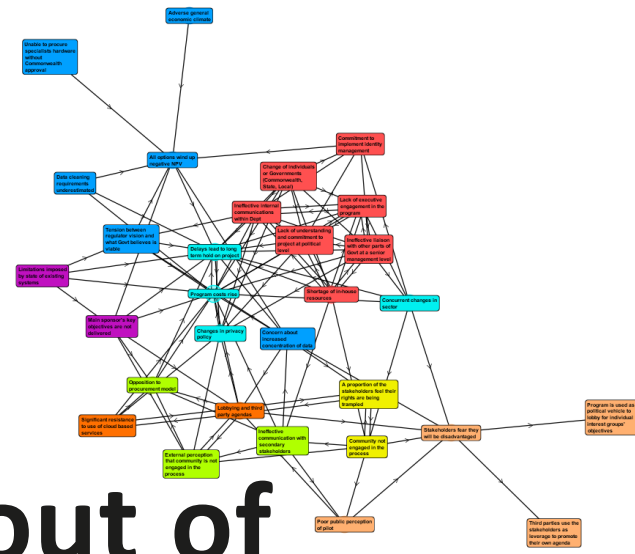


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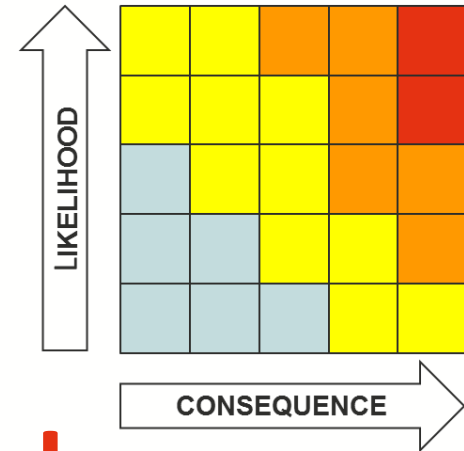
Creating value from uncertainty

[www.Broadleaf.com.au](http://www.Broadleaf.com.au)



## Getting the most out of a risk assessment

## Priority setting and understanding your risks



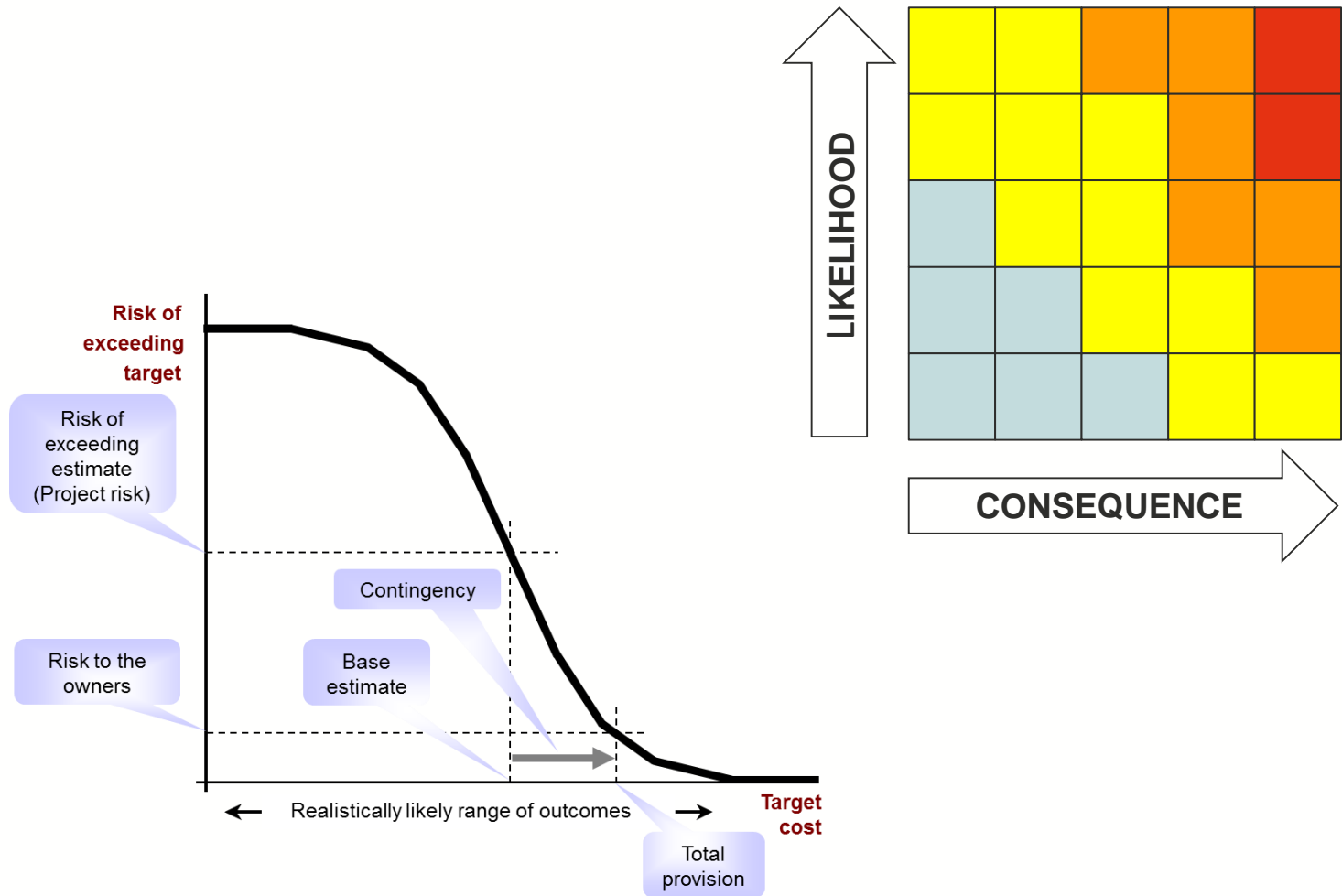
# **Project risk assessment**

**Risk management priority setting**

**Using risk assessment for other purposes**

**Finding strategic insights**

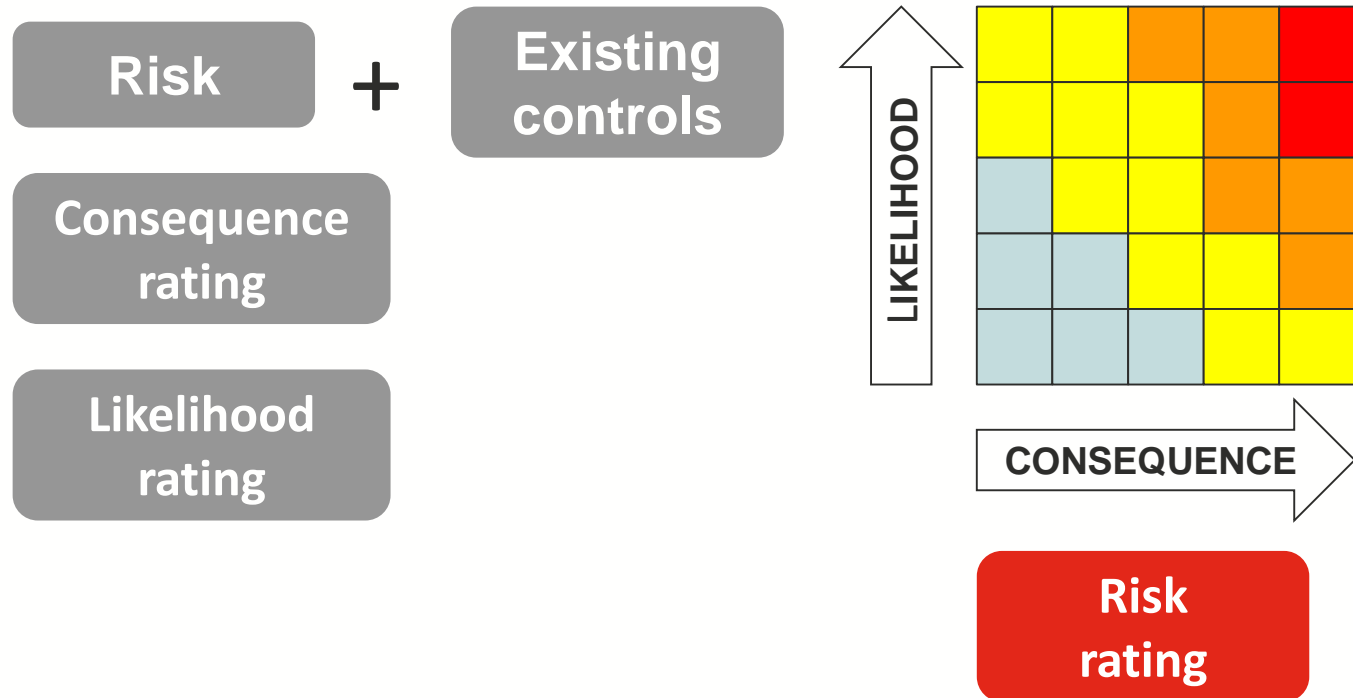
## Context



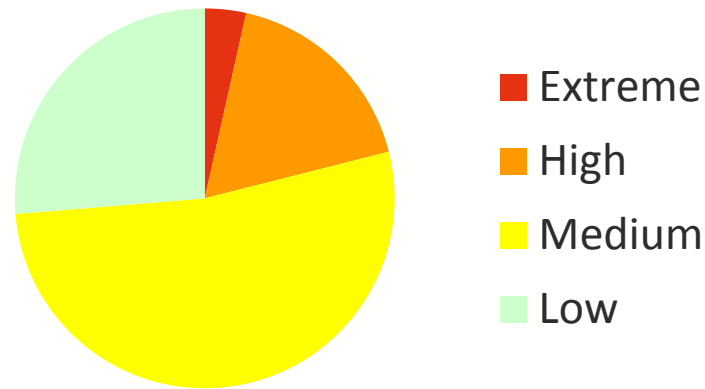
Getting the most out of a risk assessment

## Part 1 – priority setting

## Common approach



## What does this tell us?

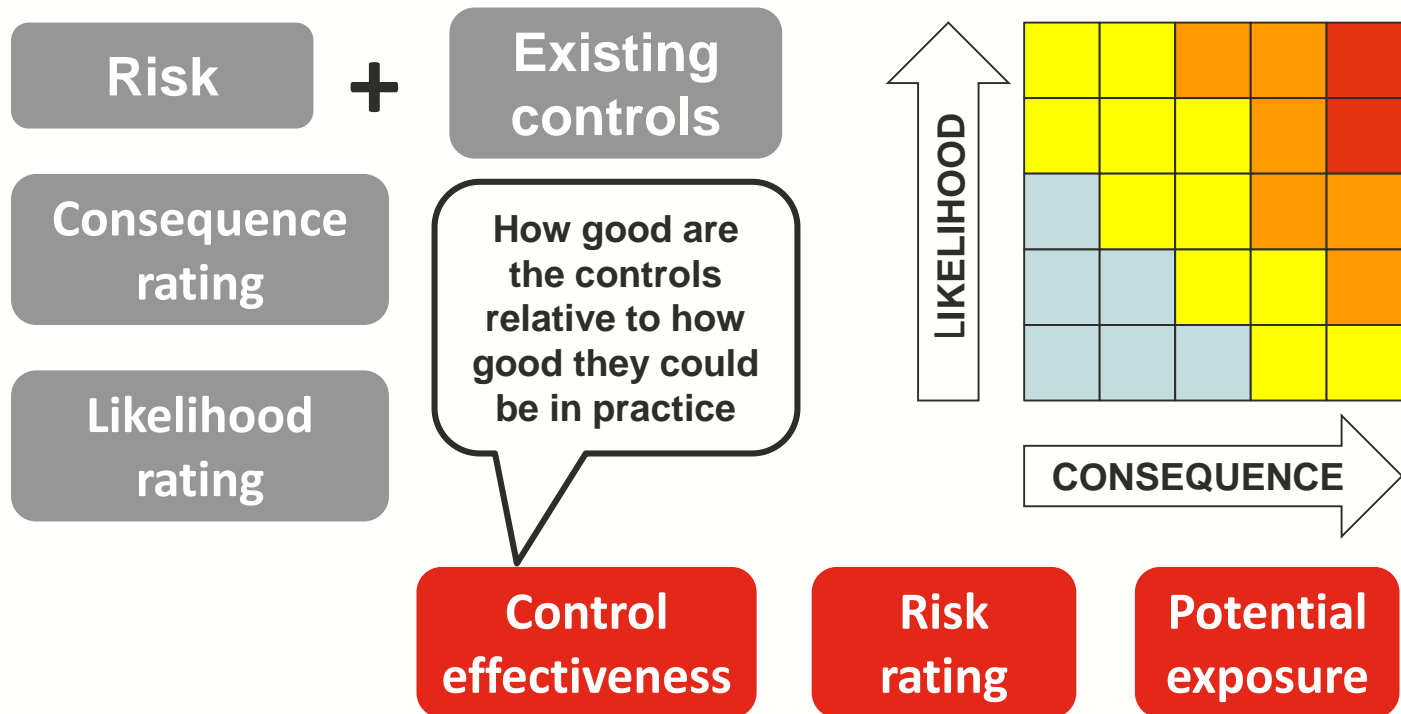


**Attack the High and Extreme risks**

**There might be nothing you can do**

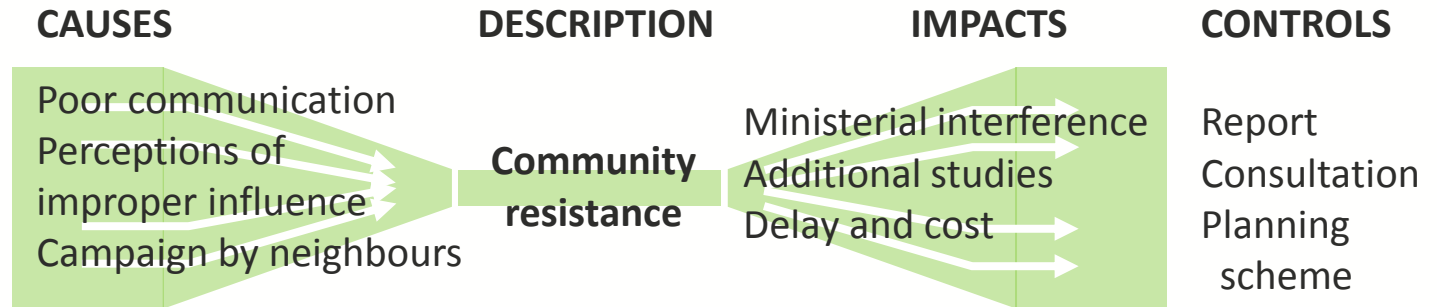
**Which ones first?**

## Augmented approach



ISO 31000 Risk management and IEC 62198 Managing risk in projects

## Sale of a small piece of unused public land



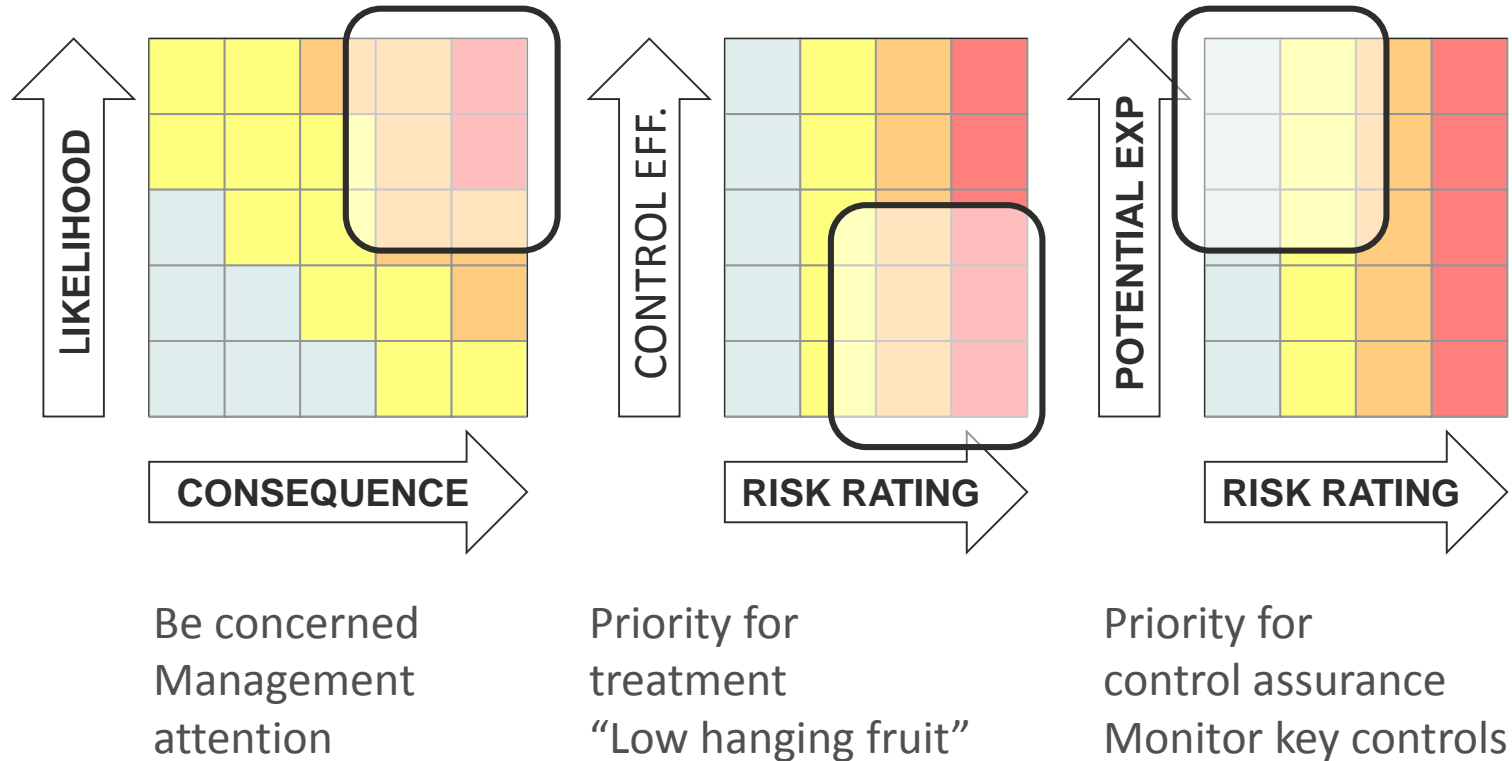
### Controls

- The report is conclusive and independent
- Community consultation has been limited and reactive
- Planning rules are not universally supported

<b>Control effectiveness</b>	Medium		Risk rating <b>High</b>
<b>Consequences</b>	High		
<b>Likelihood</b>	Medium		
<b>Potential exposure</b>	Catastrophic		



## What does this tell us?



## Priorities - summary

**Add two small pieces of information**

### **Control effectiveness**

Improve flow of analysis

Clarify where to put treatment effort

### **Potential exposure**

Same scale as consequence rating

Identify key controls

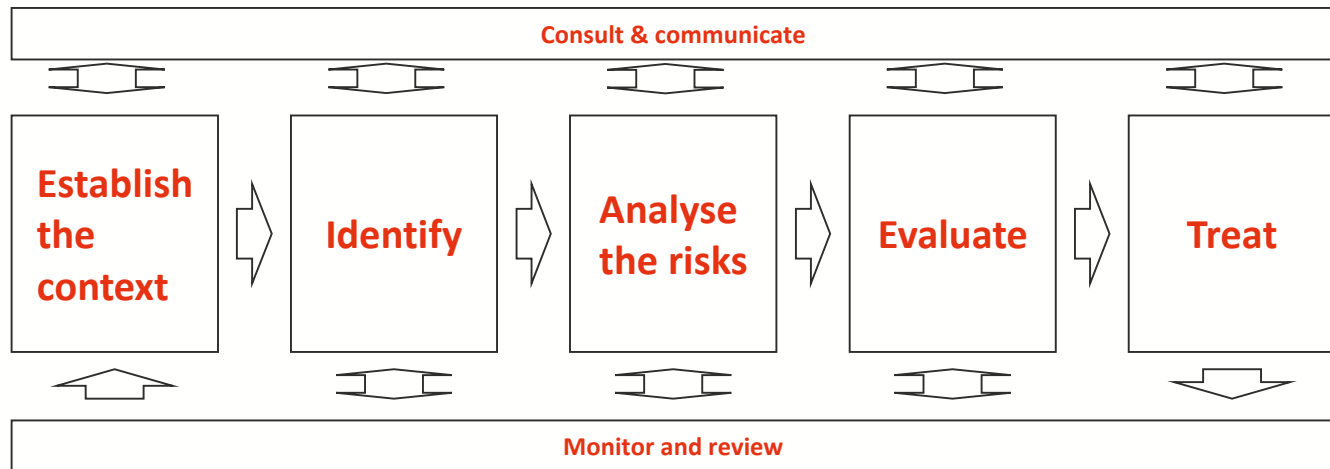
## Part 2- Other purposes

## An oblique approach to project challenges

Groups within project have different goals

Persistent problems are not being tackled

Key decisions not being made (paralysis)



## Unco-ordinated objectives

### Establish the context

Scope

Success

Risk rating mechanism (priorities)

### Structured framework

# Failure to deal with problems

## Risks and Control Effectiveness (CE)

We agree there is a risk

We agree on the controls

How well designed are they?

How effectively are they implemented?

**Need to treat high risks with poor CE**

## Decision paralysis

### Comparative risk assessment - Options

How many Extreme or High risks affect each option?

How hard will it be to treat each of them?

Is one all short term and the other long term?

Are some localised and others pervasive?

Would you rather live in this world or that world?

**Dispassionate basis for selecting preferred option**

## Other uses - summary

**Problems you might not want to tackle head on can be flushed out in a risk assessment**

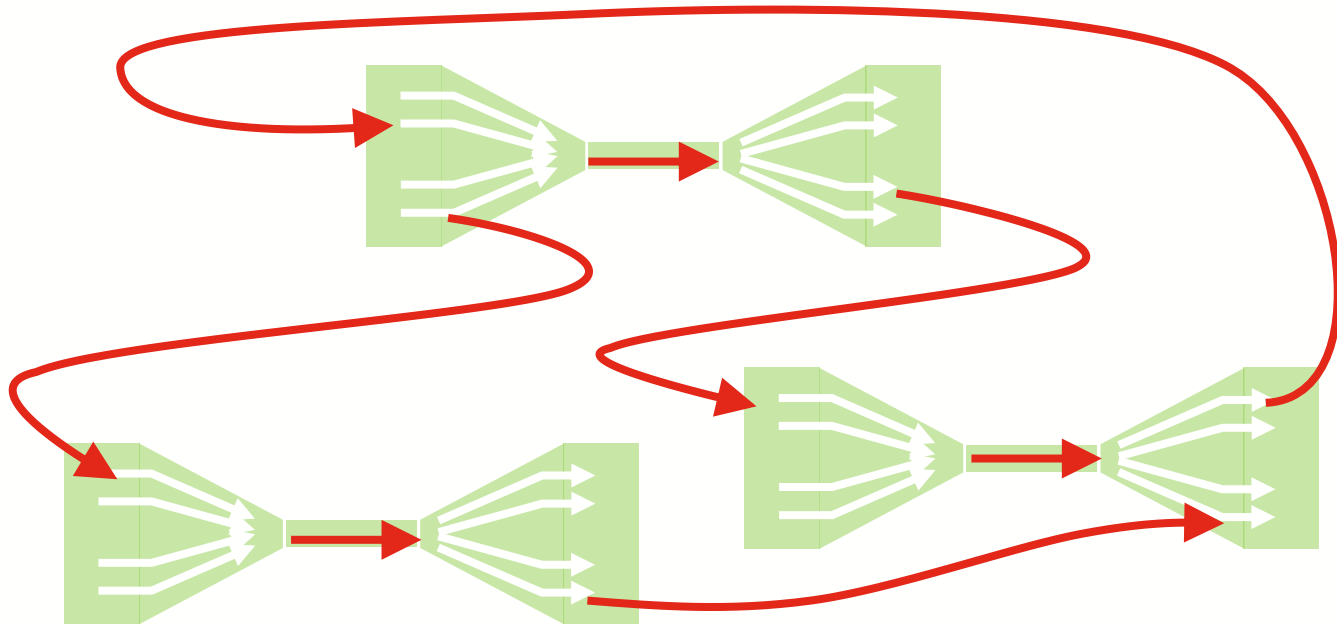
**Focus on risk assessment not personal performance or disputes**

**Explore and choose between options**

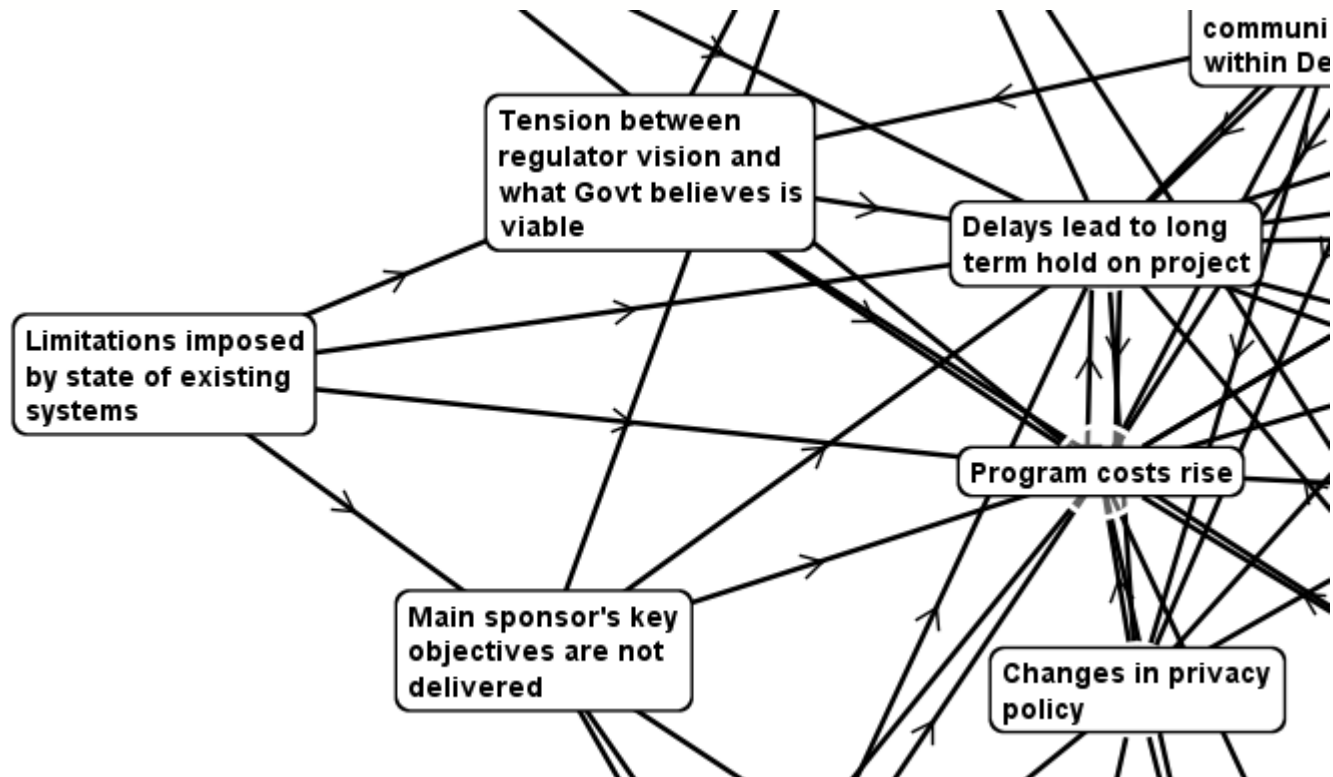


## Part 3 – strategic insight

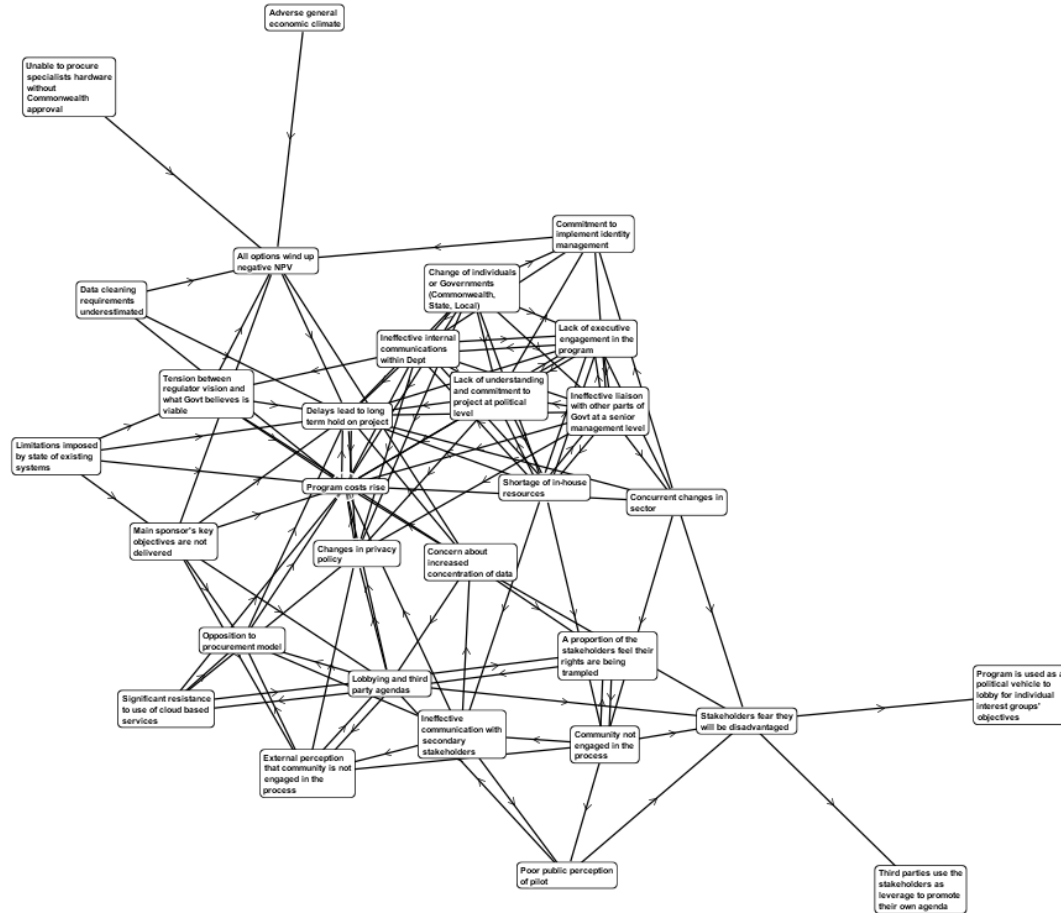
A lot of information we don't use



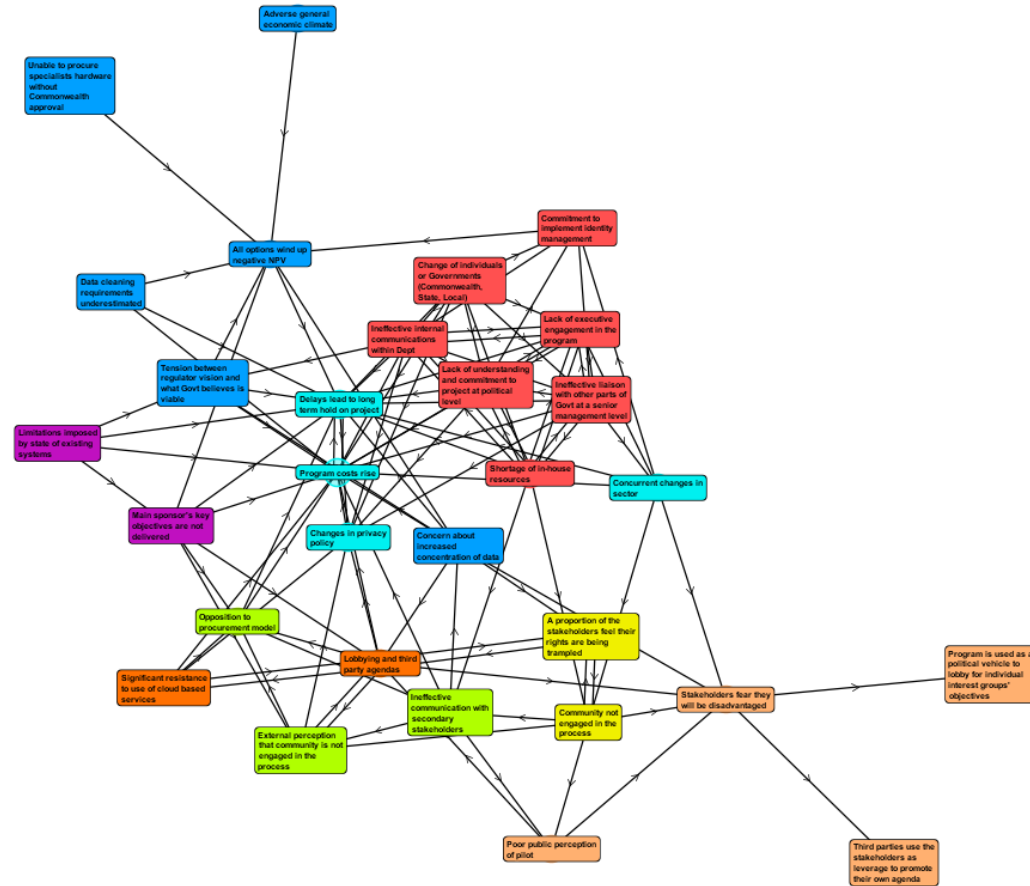
## Example - 28 risks



## Big picture



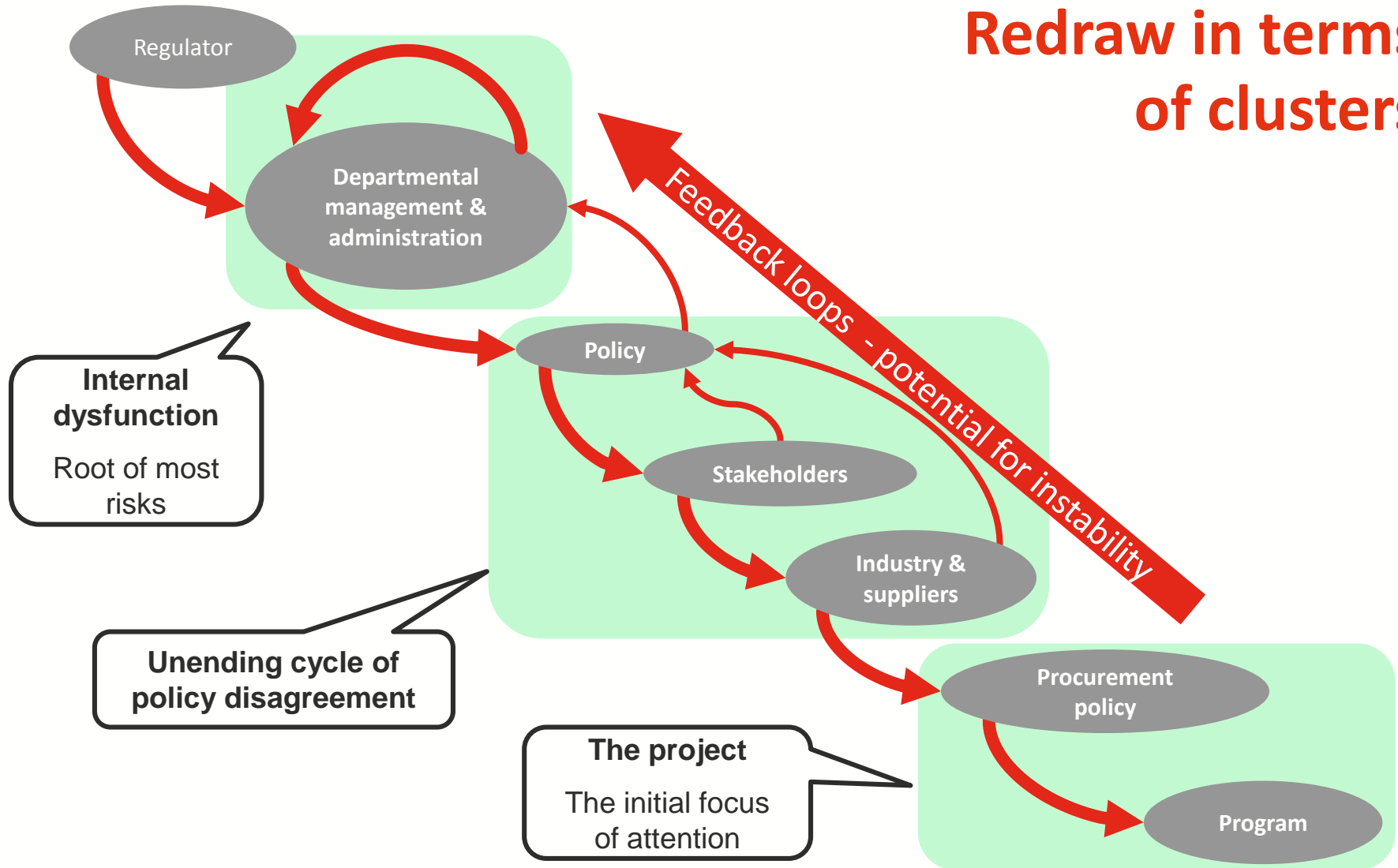
## Cluster analysis



Getting the most out of a risk assessment

# Broadleaf

**Redraw in terms  
of clusters**



## Strategic insight - summary

**A lot of cause-effect information**

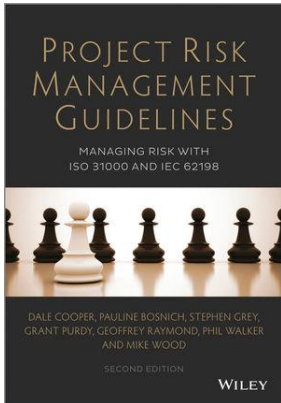
**Analysis can yield insights**

**Clusters of related risks (themes)**

**Relationships between clusters (dynamics)**

## References

### General project risk management



**Project Risk Management Guidelines:  
Managing Risk with ISO 31000 and IEC 62198**

### Cluster analysis

<http://www.touchgraph.com/navigator>



[lattix.com](http://lattix.com)

(Design Structure Matrix – DSM)



## Contact

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If you would like further information about this topic please contact us.  
We will endeavour to reply promptly.

For further information visit [www.Broadleaf.com.au](http://www.Broadleaf.com.au)