

The Three "C"s of Unanticipated Risk

Effective project management involves acknowledging that despite careful planning, unforeseen risks may arise. It is important to remain vigilant and promptly incorporate new risks into the risk management plan. Unforeseen risks can typically be attributed to one of three factors, referred to as the 3 "Cs" of Unanticipated Risk.

1. **Change** is frequent and requires a response, which can increase project risk and result in unknown outcomes. Responding to change carries higher risk in a project. Change can occur at inconvenient times and impact all project monitors. When dealing with change, evaluate the impact and new risks, and incorporate them into backup planning. The Managing Change Worksheet facilitates communication with the project team to develop an "early warning" change system.

2. Not being prepared for a **capability** gap can be a dangerous risk. Capability risk is typically linked to project personnel who are expected to have specific skills and knowledge but are not proficient. This creates an unanticipated risk. Additionally, a system or process that is supposed to support the project but lacks the expected capability is another source of risk. To identify and address the most likely capability risks, use the Managing Capability Worksheet.

MANAGING CHANGE WORKSHEET

To manage change, create an "early-warning" system. Ask the project team questions to identify potential change factors and proactively manage them. This limits risk factors. The first column has a question for the team to identify change factors, noted in the second column. In the third column, a plan for managing change factors is identified. For example, to manage a new technological advancement, align with a group for specifications and adjust plans accordingly.

No.	Question	Identified Change Factor	Plan for Managing Change
1	What factors are the most likely to initiate a change for this project: internal factors like the departure of a project manager or a significant specification alteration, or external factors like the emergence of new technology or a shift in the product market?		
2	What are the strategies for networking with individuals outside of your team to stay informed about changes that may affect the project?		
3	Identify the areas of the project plan that are subject to change and those that have less flexibility. What strategies		

	can you deploy to effectively manage changes within the project timeline.		
4	What role can your stakeholders play in facilitating project change management?		
5	What can you do to minimize the impact of changes in a project plan? Reengineering techniques include mapping change, predicting side-effects, and predicting the characteristics of project change.		

MANAGING CAPABILITY WORKSHEET

To manage capability risk, anticipate and overcome it. Use a provided question or probe to identify potential risk factors and note them. For example, lacking critical capability like technological expertise and product knowledge should be noted. A plan to overcome the deficits should be identified, like adding team members or providing education.

No.	Question	Identified Capability Factor	Plan for Overcoming Capability Deficit
1	What is the key capability that the team is currently missing, which poses the highest risk of project failure?		
2	Are the necessary resources available to successfully execute the project?		
3	Which areas of the project plan are likely to require a greater level of expertise?		
4	What strategies can be implemented to improve the management of capability risk for the project, such as scheduling adjustments and resource allocation?		
5	Which project dependencies are reliant on the capability factor?		

3. **Capacity** is the third "C", and it refers to the size of available resources. Resources include time, money, and scope of the project. Managing capacity risk means having enough resources to meet objectives within the required timeframe. The Managing Capacity Worksheet helps identify potential risks to the project's capacity.

RISK MANAGEMENT PLANNING ACTIVITIES

Identifying and controlling risk is key to managing it. But how can you put together a risk management plan? What activities are critical for managing risk for your projects? Based on our project and risk management consulting work with organizations in a variety of

industries, we have identified five key activities that, when engaged in and used proactively, will result in lowering overall project risk.

Activity 1: Identifying the Most Likely and Most Damaging Risks

During this activity, the project manager evaluates the project's key outcomes in comparison to the project plan and identifies potential risks.

1. Resources
2. Cost
3. Time frame
4. Outcomes

Which risk is the most detrimental? What level of assurance does the manager (or team) have in mitigating the risk and achieving the project's objectives?

Activity 2: Determining the Risk Control Factors

During the second activity, the team establishes their risk control strategy by deciding how to assess the value of a risk and how to decide to proceed or not. They also determine the criteria for evaluating risks and the type of analysis to be used in forecasting potential outcomes.

MANAGING CAPACITY WORKSHEET

To manage capacity risk, control it. Use the questions in the first column to identify potential capacity risk factors and note them in the second column. For example, if the most critical capacity is lacking, note that in the second column. In the third column, develop a plan to overcome the capacity deficits. For example, identify potential shortcuts in the project to create more time for time-consuming tasks.

No.	Question	Identified Capacity Factor	Plan for Overcoming Capacity Deficit
1	What capacity issues are anticipated for this project?		
2	What methods can be used to manage the resources, scope, and timeframe of the project?		
3	What is the most effective way to communicate capacity concerns before they reach a critical point?		
4	What external factors may contribute to capacity risk beyond the project or team dependencies?		

5	What factors might motivate individuals to manage elements that could potentially lead to capacity risk?		
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Activity 3: Analysing the Risk Control Plan

In activity 3, the team/project manager creates an analysis plan for the risk control plan. The plan should document resources, costs, and support needed for implementation. It's important to identify potential pitfalls of taking action now versus doing nothing. Testing actual outcomes is key to determine if controlling the risk is more cost-effective than taking no action.

Activity 4: Projecting Future Risks

Activity 4 entails examining the outcomes of the actions taken in activity 3 and forecasting any potential risks that may arise because of these actions.

Activity 5: Learning from Risk Management

During the postimplementation review of a project, it is essential to evaluate the risk management strategies implemented. The team, project manager, and evaluation manager should seek feedback from all individuals involved in executing the plan, in order to determine the success of the risk management approach and identify areas for improvement in future projects.

CONCLUSION

Risk is a part of daily life, from driving to competing globally. We try to control the chaos and reduce risks. Understanding risks helps us respond appropriately and avoid further risks. Overreacting creates new risks, while responding appropriately reduces exposure to risk.