

Risk Response Planning

What to do when "it" happens

Prepared by Don Ardiel
BArch, MDE, OAA, PMP

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Risk Response Planning

This presentation provides a general overview of risk response planning but with a focus on project political risks. It was developed for the Ontario Association of Architects Annual Conference in Sudbury Ontario, 2023. The workshop was titled Project Risk Management – Political Risks.

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Learning Outcomes

At the completion of this presentation, the participant will be able to:

- Describe the seven tactics for responding to a risk event.
- Mitigate a risk event through escalation
- Apply the stakeholder engagement matrix to describe a desired change of state in a stakeholder's attitude toward project objectives.

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Risk Response Planning

"Risk Response Planning is the process of developing options and determining actions to enhance opportunities and reduce threats to the project's objectives."

(PMBOKGuide® 6th edition, p.260).

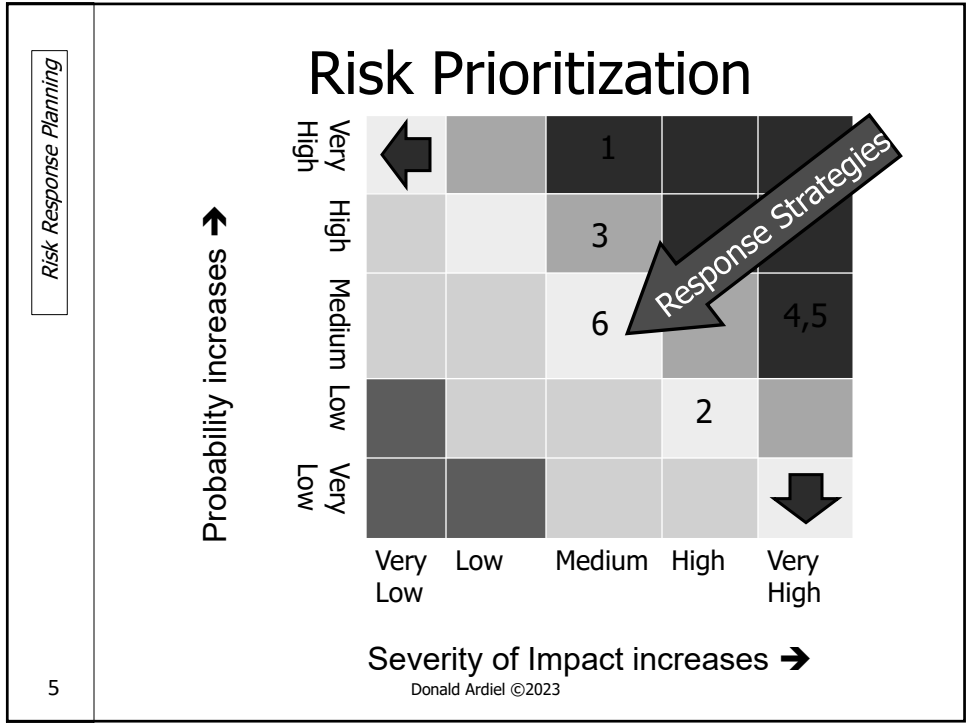
For each risk, in priority order:

1. Develop options and select best option
2. Ensure option does not conflict with project objectives
3. Integrate the resulting tasks into the project plan

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Risk Response Planning

Risk Response process

“Risk Response planning must be:

- Appropriate to the severity of the risk
- Cost effective in meeting the challenge
- Timely to be successful
- Realistic within the project context
- Agreed upon by all parties involved
- Owned by a responsible person”

PMBOK, pp. 260

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Risk Response Planning

Risk Response Strategies

Threats	Opportunities
Avoid	Exploit
Mitigate	Enhance
Transfer	Share or Partner
Accept	


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Avoidance

- Alter the project to avoid the risk
- May involve eliminating condition which results in the risk
- These options are usually easy to identify however they may be difficult to agree to.
- Examples:
 - Cutting or deferring scope
 - Significantly changing your approach



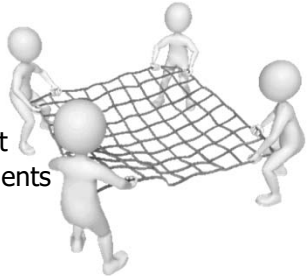
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Mitigation

- Actions which reduce the probability of the risk, or reduce the impact of the risk, or reduce both
- Risk is not eliminated but rather reduced to an acceptable threshold
- Ensure that project objectives are respected
- Examples:
 - Walkthrough deliverable results
 - Consult with an expert
 - Incorporate a pilot into your project
 - Designing redundancy into components



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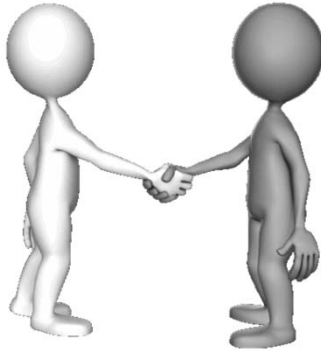
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Transference

- Shifting the consequences of a risk to a third party
- Transferring liability for financial risk exposure
- Examples:
 - Insurance
 - Subcontracting (depending on contract type)



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Strategies for Positive Risks or Opportunities

- **Exploit:** realize benefit through uncertainty by making the risk event happen
- **Share:** allocating ownership or partner with another party to ensure the benefit of the risk is realized
- **Enhance:** modify the opportunity by increasing the size of the positive impact

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Exploit

- Ensure that the opportunity of an uncertain event is realized
- Seeks to eliminate the uncertainty by making the opportunity happen
- Example include:
 - Increasing quality beyond customer expectations to realize a marketing opportunity



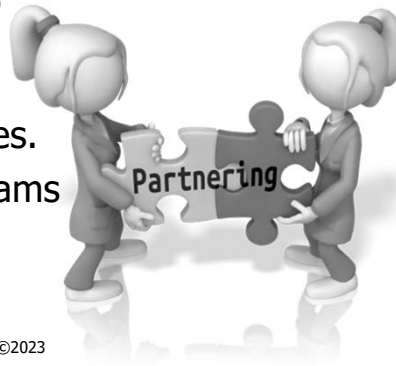
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Share

- Allocating ownership to a third party to realize the risk benefit
- Partner with others to share in benefits; you own the opportunity, they own the resources.
- Joint Ventures and teams



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Enhance

- Increase the size of the opportunity by increasing the impact and probability of the risk event
- Maximize benefit
- Reinforcing the trigger of the event
- Enhancing influencing factors of the risk event



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Strategies for Both Threat and Opportunities

- **Acceptance**
 - Seldom possible to eliminate all risk
- **Residual Risk:**
 - After avoidance, mitigation, transfer, enhancement, exploitation and sharing strategies have been put into place, the residual risk is often accepted,



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Risk Response Planning

Risk Response Plans

- **For each risk:**
 - Provide all risk data gathered to date
 - Identify strategies considered
 - Articulate the best strategy
 - Include contingency plans if identified
 - Incorporate actions into the project plan with responsibilities
- **Include contingency reserve amount and justification**
- **Ensure the Response Plan is communicated to the team and the Sponsor**

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Review of the Risk Management Process

- Develop a risk management plan
- Identify risks
- Qualify risks
- Quantify risk
- Develop a risk response plan
- Manage the risk response

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Risk Response Planning – Political Risks

- Identified Risk:

Opposition to proposed site plan results in schedule delay of three to five months and resulting incremental project delay and additional design costs of \$180k.




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Risk Response Planning – Political Risks

- Trigger:**
 At initial site plan review of conceptual approach Planning Official raises view that project design conflicts with other accepted proposals in the area and your projects needs to “align” with others.



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Qualitative Risk Analysis Risk Prioritization

Probability increases ↑

Very High					
High					
Medium	4		1		
Low			2		
Very Low				5	3
	Very Low	Low	Medium	High	Very High

Severity of Impact increases →

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Quantitative Risk Analysis Expected Monetary Values

Risk	Probability	Impact	EMV
1	20%	\$180k	\$24k
2			
3	1%	\$5.0m	\$50k
4			
5			
Total			\$74k

Sum of the Expected Monetary Values = Contingency

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Risk Response Planning

Develop Risk Response Tactics

- Develop three risk response strategies for this identified risk. Try and use as many of the generic strategies as you can think of.

“Opposition to proposed site plan results in schedule delay of three to five months and resulting incremental project delay and additional design costs of \$180k.”



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Risk Response Planning

Risk Response -Project

- **Avoidance**
 - Delays can be avoided by making requested design changes without delay costing \$180,000.

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Risk Response Planning

Risk Response - Project

- **Mitigation**
 - Escalate of the concern

Approval		Project
Elected Councillor	↔	Client/Lawyer
Department Head	↔	Client/Architect
Supervisor/Manager	↔	Architect
Planning Official	↔	Architect

Note 1: Retaliation may be risk of escalation.
 Note 2: Always ask for explicit reference to code or regulation for objection.

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Risk Response - Architect

■ Mitigation Strategies

- Transparent and honest communication
- Joint shared drive or project extranet where client can see both progress and actions
- Invest in client *education*
- Stakeholder Analysis exercise to identify what will move Planning Official to become support or at least neutral to project objectives

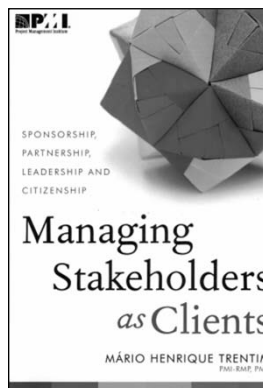
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Stakeholder Engagement

- Do not wait for Stakeholders to come forward ... seek them out
- Identify them, their interest in your project and their ability to influence its outcome
- Develop a strategy to engage them in the most appropriate way



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Stakeholder Engagement

- Identify Stakeholders
 - Build the Stakeholder Register
- Develop a Stakeholder engagement plan
 - Interests of each stakeholder
 - Influence/power of each stakeholder
 - What is their current state towards project objectives?
 - Where do you need to move them to?

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Stakeholder Engagement

- Manage Stakeholder Engagement
 - Communicate with Stakeholders based on your planned strategy
- Monitor Stakeholder Engagement
 - Measure the changed state of Stakeholder engagement

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Stakeholder Engagement Assessment Matrix

Stakeholder	Unaware	Resistant	Neutral	Supportive	Leading
Stakeholder 1		✓	→		
Stakeholder 2	✓	→			
Stakeholder 3			✓	→	

Use engagement strategies to move Stakeholders from present state to the desired state.

Source: A Guide to the Project Management Body of Knowledge, Sixth Edition, Newtown, PN: Project Management Institute, 2017

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Stakeholder Engagement

The diagram is a 2x2 matrix with 'Interest' on the vertical axis (pointing up) and 'Influence/Power' on the horizontal axis (pointing right). Each quadrant contains an oval with specific text:

- Top-Left (Low Influence – High Interest):** Strategy – Consult
- Top-Right (High Influence – High Interest):** Strategy – Collaborate
- Bottom-Left (Low Influence – Low Interest):** Strategy – Inform
- Bottom-Right (High Influence – Low Interest):** Strategy – Involve

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Stakeholder Management

RAIC | IRAC
Royal Architectural Institute of Canada
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About CHOP Contents

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Stakeholder Management

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Chapter 5.2 : Stakeholder Management

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- Project Stakeholders
- Stakeholder Management Processes
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- Project Politics and Political Awareness
- References

Definitions

Communication: The science and practice of transmitting information; the act of imparting news; information given; social dealings.

Stakeholders: Any person or group of people who may impact outcomes or be impacted by project outcomes.

Introduction

One of the greatest challenges in achieving successful project outcomes is managing the demands of project stakeholders while working to meet the owner's requirements of scope, quality, schedule, and budget. The management of a project's requirements and the management of its stakeholders are integrally linked. This is particularly true for complex projects that have an extensive and complicated functional program involving multiple stakeholder groups with competing interests.

As there are many stakeholders and stakeholder groups involved in projects, large and small, stakeholder engagement is best managed not solely by the client but collaboratively by all of those in a project leadership role. The client and the architect both play important and potentially different parts in engaging and communicating with stakeholders, and should discuss, in explicit terms, their desired outcomes and the role and responsibilities that each has in stakeholder management.

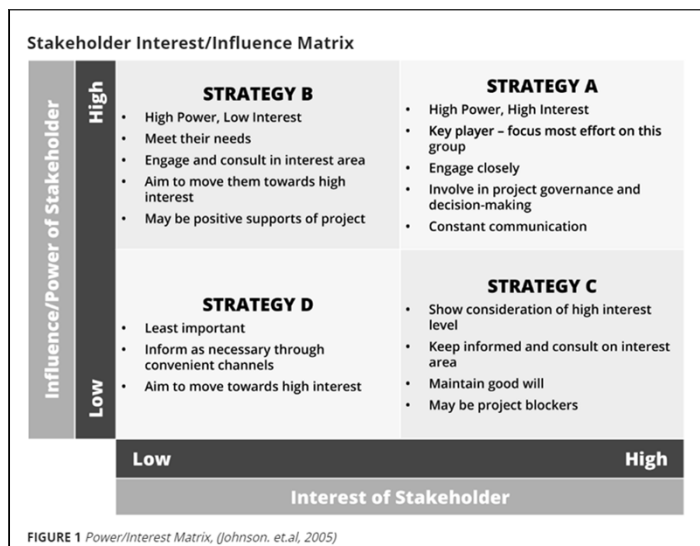
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<https://chop.raic.ca/chapter-5.2>

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Stakeholder Management



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Risk Mitigation

- Profile client
 - Experienced or inexperienced
- Be proactive - develop a risk strategy in advice and share it with the client upfront
- Know statutory time frames - monitor closely – document deviations

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Risk Response - Project

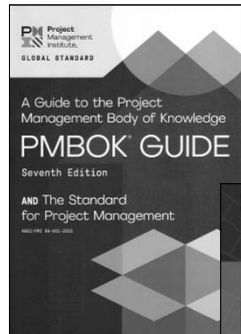
- Transfer
 - Retain services of Planner to marshal project through municipal approvals

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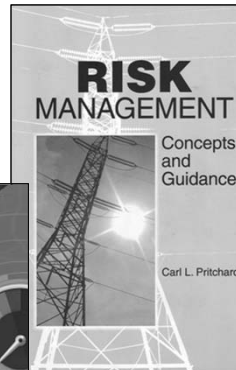
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Further Reading



<https://www.pmi.org/pmbok-guide-standards>



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Summary

In this presentation, we:

- Described the seven tactics for responding to a risk event.
- Mitigated a risk event through escalation
- Applied the stakeholder engagement matrix to describe a desired change of state in a stakeholder's attitude toward project objectives.

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Other Resources

- <https://chop.raic.ca/chapter-5.2>
- <https://education.ardiel.ca/risk>
- <https://raic.org/raic/project-risk-management>
- <https://oaa.on.ca/whats-on/coned-opportunities/conedopportunities/understanding-risk-a-pathway-to-resilience>
- <https://oaa.on.ca/whats-on/conference/conference-program/conference-program-detail/Managing-Risk-What-is-Covered-by-Professional-Liability-Insurance-and-What-is-Not>