

# PLANNING MEETINGS

## The Risk Management Plan

### Technique Description

Planning meetings are conducted to ensure the organization has a consistent vision in terms of the project's risk methodology, roles and responsibilities, timing, thresholds, reporting formats, and approaches to tracking. Planning meetings focus on bringing together key stakeholders on risk to determine the risk practices to be pursued and the approach to be used in pursuing them.

### When Applicable

This technique is recommended for all projects. Planning meetings ensure a general team acceptance of risk management as a practice. The technique is most effective in the initial risk-planning stages but will apply in other processes as well. When conducting risk reviews and evaluations, the basic risk management plan may be reconsidered.

### Inputs and Outputs

Planning meetings have a number of inputs. Foremost among them, the existing risk and project data should be researched and made available during planning meetings. In some organizations, such data will be scant; in others, they will be voluminous. Participants should come to the meeting with clear expectations that they will share their own perspectives on risk thresholds and organizational policy. Any risk templates or policies that exist organizationally must also be brought to the table for this process. When complete, the session(s) should close with a clear risk methodology for the project in question,

as well as the roles and responsibilities, timing, thresholds, reporting formats, and approaches to tracking. The information should be well documented and available to all key project stakeholders.

### Major Steps in Applying the Technique

Since planning meetings result in a project-specific version of what should be organizational practice, key concerns rest with the interpretation of the existing information. If, however, the existing information is misinterpreted, then the possibility exists that the risk management plan will not accurately reflect the organization's risk tolerances and thresholds. It is also possible for the project team to err excessively on the side of caution *or* instability. Some basic practices to ensure consistency are embedded in the following processes:

*Review the project charter.* The project team needs to ensure that there is unanimity of vision on the project objectives, as well as on the overall approach. In addition, the team must ensure that there is clarity on the duration and scope of the project manager's authority. The level of authority in part defines the capacity of the project team to manage risk effectively, whereas the project manager's ability to manage resources dictates the number and quality of the personnel responsible for risk management.

*Assess the existing organizational risk-handling policies.* Participants will save time if they take advantage of information that already exists on managing risk. Tools, techniques, and templates all work together to streamline the process. Predefined application of those tools expedites the decision-making process if team members are in a quandary as to how to ensure thorough identification, qualification, quantification, and response development. Limits on reserves, insurance, warranties, and other fundamental strategy issues may also be identified here. The project manager should make certain that all germane policy issues are clearly documented and noted in preparation for and during the meeting.

*Identify resource support.* In most organizations, some risk responsibilities have owners before the project ever gets under

way. For example, legal departments take responsibility for all contractual issues. Human resource departments assume responsibility for health, welfare, and compensation risks. Senior management assumes risks that fall into the area of management reserves, the unknown unknowns of the project universe. In different organizations, different players have predetermined roles and responsibilities for risk. These players should be noted for future reference so that their expertise may be tapped and they can be aware of their role in working with the specific risks relative to the project in question.

*Establish risk tolerances.* Perhaps, the single most daunting task of the planning meeting is that participants from a variety of organizations who support the project should clearly identify what their risk tolerances are in terms of cost, schedule, performance, and other mission-critical areas. In many cases, individuals will find it difficult to deal with this abstraction as they wrestle with the notion of “how much is too much.” To overcome this difficulty, the project manager may wish to identify a sample set of scenarios to test individual and organizational tolerance on various risk issues. A manager who cannot simply say “I won’t accept a cost overrun of greater than 20 percent” may be able to share the same information when it is posed as a scenario (such as, “If a team member came to you and reported a 10 percent overrun, would you shut down the project? A 20 percent overrun? A 30 percent overrun?”). Such scenarios are not limited to cost or schedule alone. It is important to know what thresholds are for performance issues and for other issues of importance (politics, customer satisfaction, and employee attrition, for example). Risk tolerances should be identified for all key stakeholders as wide variations in perceptions of risk that can potentially skew data analysis later in the risk qualification process.

*Establish risk thresholds and their triggers.* On the basis of the risk tolerances (the points beyond which we cannot go), the team can now identify thresholds at which organization behavior should change. As practicable, thresholds should be established at such a point that a tolerance is being approached, but can still be avoided. If there are visible identifiers that

clearly warn that a threshold has been breached, these triggers should be documented and communicated out to the broader set of project stakeholders to ensure the highest levels of visibility.

*Review the WBS.* As with most project management processes, the work breakdown structure is a key input to risk management. The WBS also clarifies the needs of the project at both the summary and detailed levels. The WBS generates insight on where and how the process will flow effectively and where temptation may exist to circumvent the best practice. Since any work associated with the project risk management plan will ultimately be incorporated into the WBS, a clear understanding of its content to date is appropriate here.

*Apply organizational risk templates.* Not every organization has risk management templates. Some risk templates provide general guidance, whereas others explain each step of the process in excruciating detail. The general rule for risk templates is that if they exist, then use them because they normally reflect the best practice in the organization as well as lessons learned.

Outputs from these meetings should include a clear approach as to how risk management will be conducted. At both micro- and macro-levels, stakeholders should have a clear understanding of how the remaining steps in the process will be carried out and by whom. According to the *PMBOK® Guide* (2013), the following elements become components of the risk management plan:

The *methodology* for project risk management will include a basic outline of both the process and tools for the remainder of the risk management effort. This may be a rudimentary explanation that risk management will consist of a risk identification meeting, some quick qualification, and a response development discussion. It may also be a complex series of steps including plans for prequalification of risk data, reviews using Monte Carlo analysis, and integrated analyses of risk strategies. In any case, the methodology should clarify the timing of when various steps in the process are going to be applied and the individuals who will have *responsibility*.

- The risk management plan should incorporate detail on *roles and responsibilities* for risk practices throughout the project life cycle. The plan's roles and responsibilities section will include escalation practices (such as when it is time to notify the management that a particular risk event is imminent).
- The risk management plan should have indicators as to how the risk *budget* will be established for both contingency reserve (reserves for overruns within the project) and management reserve (reserves for issues outside the project purview). Although the final monetary figure may not yet be assigned, the approach to risk budgeting should be documented.
- The plan will include the *timing for risk practices*, including the frequency of risk identification, qualification, and response development and any organizationally specific triggers that may prompt an early recurrence of the cycle.
- The planning meeting should clarify what risk documentation approaches will be applied, including documentation *formats*. Any risk *tracking* requirements should also be clarified during the session.
- Although organizational risk *thresholds* are critical inputs to planning meetings, one of the outputs of the meetings should clearly be risk tolerances and thresholds at the project level. Project-specific risk thresholds give team members an indication of when differing levels of intervention are required.
- Either in line with the thresholds or as a separate issue, the planning meeting(s) may generate specific metrics for *scoring and interpretation*. Common values for concepts such as "high probability" or "moderate impact" ensure that risk qualification will run more smoothly. Similarly, the application of risk models, discussed in Chapter 28, may be described here. Definitions of probability and impact, displayed in a probability–impact matrix, are often among the outputs.
- Initial risk *categories* may also be generated during these planning meetings. These categories may be broken down into project areas, project-specific risk areas, or organizationally specific risk areas. These data can be displayed in a risk breakdown structure (see Chapter 15) to facilitate understanding of the relationships among the categories.

### Use of Results

After planning meetings have concluded, the information should be distilled and documented for easy retrieval by anyone responsible for project planning. Some information will be used immediately (as with the application of risk model assessments), whereas other information will be used throughout the risk management process (such as risk thresholds).

### Resource Requirements

Planning meetings require a panel of participants, which alone makes it a challenge. In many organizations, merely bringing together the key stakeholders early in a project can be the single greatest impediment to a well-run planning session. In addition, the planning session will require a facilitator with the capability to elude information on individual and organizational risk thresholds. That often requires the exploration of issues, scenario development, and analysis and interpretation of information. The facilitator should have the ability to build on the information and insights that the participants provide. In a perfect situation, the planning meeting will have a secretary or recorder responsible for capturing the risk plan information as it evolves. The recorder should be able to thoroughly document all planning meeting discussions.

### Reliability

The reliability of the process largely hinges on the ability of the facilitator to elicit information from a group of participants. Drawing out scoring metrics and interpretation, for example, requires patience and a clear understanding of the information and insight being extracted. The reliability of the information and the risk plan that the planning meeting generates also depend on the depth of information and infrastructure already in place in the organization.

### Selection Criteria

As with each chapter on techniques, planning meetings are assessed using selection criteria relating to resource requirements, applications,

and outputs for the technique. To compare planning meetings with other techniques, review Table II.1.

### *Resource Requirements*

Although the risk-planning meeting generally requires less than a half-day session, the assembled time is a critical resource, particularly given the number of participants involved. The time spent together is important for clarifying and resolving issues, as is *full* participation. Often, the challenge is ensuring that all participants are available and will be present at the same time.

The other key resource for a well-run session will be the facilitator. Although the project manager may assume this role at times, it is not uncommon to bring in an external facilitator familiar with the process and the organization. His or her chief skill is to ensure involvement by all participants and to facilitate group understanding of the process.

*Cost* for the risk-planning meeting will consist of the hourly wages for the participants and any fees associated with the facilitator.

*Proper facilities and equipment* for a planning meeting will ideally include an off-site meeting area (to minimize disruption) and the tools for recording the minutes of the meeting. Flip charts (or erasable boards) and a high-resolution digital camera will allow for inexpensive information capture from any group discussions.

The *time needed to implement* a planning meeting normally consists of a half-day of coordination to ensure all participants are aware of (and available for) the session and a half-day for implementation and postmeeting documentation capture.

*Ease of use* is high, as there are very few individuals who have not participated in meetings, which generate a relatively low-threat environment. As the goal of the planning meeting is not to critique but rather to gather and structure data, a skilled facilitator's presence makes the meetings relatively easy to run.

The project manager's *time commitment* is based in part on his or her role. If the project manager also serves as the facilitator

and recorder, then the level of commitment is more significant. If a consultant or internal facilitator is running the session, then the project manager's time commitment is slight, saving for postmeeting documentation capture.

### *Applications*

The planning meeting, as a component of building a sound project risk infrastructure, is primarily launched early in the project, ideally during the concept or ideation process.

*Project status reporting* refers to monitoring plans, costs, and schedules. This meeting will largely determine the structure of such status reports, particularly as they relate to risk. Levels of reporting and reporting requirements should be established during the planning meeting. The applicability here is high.

*Major planning decisions* are frequently based on the relative levels of risk involved in the project. They may also be rooted in the risk reviews, which are scheduled and structured during this process. The impact of planning meetings on planning decisions should be high.

*Contract strategy selection* does not heavily rely on planning meetings because procurement discussions in such meetings are normally extremely limited.

The planning meeting may establish review schedules for milestones, but otherwise, planning meetings do not have a significant role in *milestone preparation*.

*Design guidance* is an issue that can be and frequently is addressed in planning meetings because it often represents opportunities to bring together key players in an environment where they may freely exchange ideas.

*Source selection* is not a prime application for planning meetings as procurement representatives are rarely in attendance at such sessions. Although meetings are appropriate for source selection, planning meetings are not normally focused on the procurement process and thus have limited utility for source selection.

Planning meetings partially support *budget submittal*, but they are by no means the exclusive venue for preparing for such submittals. Planning meetings clarify the infrastructure essential to the project (and thus the base investment for the project as well). But planning meetings can rarely accomplish the in-depth research necessary to generate the quantifiable data associated with budgets. They may, however, generate information on risk budgets, such as the contingency reserve, which will become a component of the budget.

Planning meetings also serve other applications. They can be used to establish the organization's risk tolerances and thresholds, as well as the general culture for risk responses. The meetings can be used to explore specific risk events or general risk strategies. They present a wonderful opportunity to build the team and make team members risk aware.

#### *Outputs*

Outputs of the planning meeting are most often a set of minutes (or, in the extreme, a transcript of the meeting), as well as a draft of the risk management plan. Outputs can include qualitative data as well as group and individual perspectives on quantitative data.

*Accuracy* addresses the viability and soundness of planning meeting data. Accuracy in the planning meeting environment is generally a function of the levels of information and insight available to the team members in attendance. Although meetings are easy to hold, there are limits to their accuracy if the wrong attendees have been enlisted to participate. Accuracy can best be ensured with a diverse participant set, with all equally committed to a thorough analysis of project risk. Divergent viewpoints limit the planning meeting propensity for groupthink and encourage full discussion on issues such as risk probability and impact. The skill of the facilitator will directly influence accuracy inasmuch as he or she will largely be responsible for directing discussions toward issues that are germane to the risk analysis. Even though planning meetings are a common and appropriate technique, outputs are not purely quantifiable.

*Level of detail* is a strength of the planning meeting if adequate time is allowed to explore the project risk culture, language, and environment. As multiple perspectives are brought to bear, there are greater opportunities to investigate in depth the risks and their potential impacts. As with accuracy, the skill of the facilitator will be a determining factor as to whether a desirable level of detail is achieved. More than the planning meeting duration, facilitator skill determines the degree to which this technique will extract and distill the appropriate information.

*Utility* takes into account both the effort involved and the value of the information. Planning meetings have high utility because the team members who participated in the process will likely be the same individuals responsible for using the information. Since they generate the information, they are both more aware of it and more likely to be able to apply the outputs.

### Summary

The facilitator is one key to an effective planning meeting. However, a good facilitator will work specifically to identify risk issues in the organization and the potential impact of these issues with the team. A skilled facilitator will studiously avoid the desire of some team members to wallow in organizational issues, turning a healthy risk analysis into a “whine-fest.” Instead, a skilled facilitator will directly focus on the issues, symptoms, and triggers that the team members identify and will explore in depth all facets of the project’s risks. Those individuals without a visible stake will also achieve the best outcome.