RUACH™
BUSINESS MANAGEMENT CONSULTING

The Omnipresence of Risk in Project, Program & Portfolio Management

The world is constantly changing, and competition is fiercer than ever, requiring organizations to be on top of their games. With the advance of technology, more and more organizations are feeling the pressure of delivering products or services at the speed of light, facing disruptions as well as local and global competition. Ruach™ Business Management Consulting prides itself in offering project, program, and portfolio management with a sound risk-conscious approach to achieving your organization' strategic goals in challenging environments.

How can you stay competitive in this digital age?

By taking a fresh look at your projects, programs, or portfolios performances and how they tie back to your strategy.

Note that the strategy you had yesterday may not apply today as there is only one constant: **CHANGE**. Very few organizations can survive in the global market today without creating and embracing a culture of change that is based on sound risk-conscious project management practices and appropriate technologies. There is hope for project, program, and portfolio managers. In its 2017 Pulse of the Profession, PMI reported that for the first time in five years, more projects are meeting original goals and business intent and are completed within budget.

Ruach™ Business Management Consulting can help you review:

- Risk Management Practices
- Requirements
- Expectations
- Performances
- Lessons Learned
- Processes, SOPs, &
- Organizational Policies

within your projects, programs, and portfolios to assess how they relate to your strategic goals while analyzing ways in which your organizational culture helps or hinders the execution of those goals.

Do you want your organization to be among the "lagers" or "innovators"?

Although Executives frown upon spending time and money on risk management, it is not an option. Why? Think of the classic example of Kodak who invented the digital camera in 1975 but failed to analyze the strategic risk of innovation properly. They saw digitization as a threat rather than as an opportunity. They missed seeing the connection between the lack of implementation of risk management practices and the failure rate of their projects, programs, or portfolios.

Questions that you should ask yourself are:

- **Does my organization understand and value risk management?** Risk management should be implemented in all projects, programs, and portfolios. It is not a cumbersome activity that is cutting down on your bottom line. The opposite is quite true as it will save your organization money and re-work. PMI reports in its 2017 Pulse of the Profession that “organizations are wasting an average of $97 million for every $1 billion invested, due to poor project performance.” That waste today remains high as “organizations wasted almost 12% of their investment in project spend” in 2018 due to poor performance—a number that’s barely budged over the past five years.” According to Pulse of the Profession 2019, “That is a rather costly risk to take in order to remain competitive”.
- **Is my organization instilling a culture of responsibility for risk management?** If the example of Kodak did not convince you to think otherwise, think again! A risk management culture will help your organization mitigate or even prevent potential problems from occurring. Everyone in your organization should feel responsible for managing risks. What are the benefits to your organization? A significantly increased chance of project success as demonstrated in the Deming’s, Plan, Do, Check, Act theory.
- **Does every stakeholder in my organization feel free to discuss or participate in risk activities as well as identify or report known and unknown risks?** If not, it is time to encourage honesty without fear of retribution. The more your staff or contractors feel free to report or identify risks, the less re-work or project failure you will have in your organization. In order to encourage the creative process, organizations must expect a certain percentage of failure. This may sound counterproductive, but it is not. Think about all the discoveries that were made by mistakes. Innovation does involve risks and each organization must determine the acceptable level of failure. There must be a balance between their risk tolerance and risk of major revenue loss.

> Most projects go over their budgeted original plan by 27%[2].
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> [2] Harvard Business Review

- **Do my executives understand and support risk management?** Although risk management should be tailored to the size and complexity of the project, it does make a difference when your teams know that they can escalate risks to upper management and count on their support. If your teams feel that they cannot count on your support, they will either neglect to report risks or cut corners. **Why should management care?** According to the National Highway Traffic Safety Administration, there were 859 recalls in 2018 affecting a population of 21,179,854 compared to 761 recalls in 2017 affecting 23,986,162. While the cost of the recall varies, there is one cost that organizations must not overlook: the cost of a damaged or tarnished reputation. Carolyn Heneghan states in her article "*More than money: What a recall truly costs*", that a "Harris Interactive poll found that 55% of consumers would switch brands temporarily following a recall. About 15% would never buy the recalled product, and 21% would go one step further and never buy any brand made by the recalled product's manufacturer. "Is it worth putting the reputation of your organization at stake? To put that in perspective, the top 10 U.S. manufacturers averaged about $95 billion revenues in 2018. Any of them could potentially lose $3-$50 billion of future revenue in one year because of the loss of customers following a recall. Can you see how cumulative losses could be devastating to the bottom line? Risk management should also help quantify the aftermath of such events in the long run to measure their true impact.

- **Does my organization integrate risk activities with other project management activities?** For your projects to be successful, you must include risk management in all your processes as it is not a stand-alone activity. Proper and continuous training is necessary so that your teams understand why risk management must be included in the lifecycle of your project and how it is relevant to your strategic goals. Integrated risk management incites your teams to understand that they need to be proactive in managing risks if they want to produce results. They can then see the correlation between the strategic vision of your organization and the project deliverables.
- **Is my organization able to quantify and qualify the opportunity cost, customer satisfaction and suppliers' impact of not identifying and mitigating risks?** If your answer is no, Ruach™ Business Management Consulting can help you gain a better insight into your unique risk profile and achieve success by balancing your risk strategies and growth.

Ruach™ Business Management Consulting can help you implement the right tools to mitigate your risks, reduce your threats and enhance your opportunities. **Contact us**