

Managing Risk

Growing a business is about managing and successfully executing new things. Some examples:

- Implement a new website
- Hire a new team member
- Install new technology
- Develop a new product

These initiatives have some common characteristics. They all have the word “new” in them. They will all result in change. They are usually called projects because they have a beginning, middle and end; they do not go on forever. They are also prone to many risks, for example:

- Cost overruns
- Scope creep
- Results not meeting expectations
- Late delivery
- Failure!

To name just a few!

The tool we use to manage risks is called the Strategic Focus Risk Assessment™. The purpose of a risk assessment is to identify the events that could cause failure so we can develop contingency plans to avoid the events and therefore failure happening.

The Strategic Focus Risk Assessment worksheet (see pages 3 & 4) has three columns with the following headings:

- Event
- Probability
- Impact

The first step is for the team to identify every **Event** that could cause the project to fail. Some examples:

- We run out of money
- Someone leaves the team
- The new product is not accepted by our clients
- We are unable to convert the data from the old to the new system
- A change in legislation causes a change in direction
- A vendor doesn't deliver on time

When you are satisfied that you have identified every event, determine the **PROBABILITY** of each one happening; rate it as a High, Medium or Low probability of happening.

And if the event does happen what does the team think will be the **IMPACT**? Will it be a High impact (i.e. putting the project at great risk), a Medium impact or a Low impact?

At the end of the process you have identified the events that have a High probability of happening and a High (BAD!) impact if they happen. These are called **High/High's**. These are the ones you focus your attention on. You can now strategically focus on avoiding events that will cause failure. What can your team do to prevent them from happening? Or what can you do to lessen the probability and/or the impact so it no longer rates a High/High?

This is a powerful tool but keep in mind it is a snapshot in time. As the project proceeds towards its completion things change. We revisit the Risk Assessment on a monthly basis so we can evaluate the risks as circumstances change.

Conducting a risk assessment does not guarantee success but executing the assessment diligently, AND acting on it, does allow the team to minimize risks that could cause project failure. That's a smart thing to do!

One final note: This exercise should be done with everyone involved in the project. If outside vendors are involved include them in the process.

Strategic Focus Tools™

Did you find this tool useful? Good or bad we'd love to hear your comments! We are always looking to improve. Share your thoughts with nick@yourplanningpartners.com

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It's all available at www.yourplanningpartners.com

Your Planning Partners Ltd works with small business owners who are ready to grow their business. How ready are you for your business growth?

Complete your Strategic Focus Scorecard™ at www.yourplanningpartners.com

Strategic Focus Risk Assessment™

Date: _____

Participants: _____

Event	Probability	Impact
	High Medium Low	High Medium Low

