




Risk vs Issue: Master Uncertainty



Kimi Vu

2025/01/01





CONTENTS



01

Foundation

02

Risk
Management

03

Issue
Management

04

Improvement

Projects Are Journeys into Uncertainty



01

Uncertainty in Projects

Projects are inherently uncertain journeys. Risks represent potential future problems, while issues are problems that have already occurred. Managing uncertainty is crucial to prevent risks from becoming crises.

02

Managing Uncertainty

The goal of project management is not to eliminate uncertainty, but to manage it effectively. Proactive risk management helps prevent potential problems from becoming current crises, forming the bedrock of project control.

03

Proactive vs. Reactive

Proactive risk management involves identifying and mitigating potential problems before they occur. Reactive issue management deals with problems that have already materialized, requiring immediate action to minimize impact.

Risk: A Future Threat or Opportunity

Definition of Risk

A risk is an uncertain event or condition that may have a positive or negative effect on project objectives such as scope, schedule, cost, or quality. Risks exist in the future tense and may or may not happen.

Example of Risk

For example, there is a risk that a key supplier might go bankrupt. This potential problem requires proactive planning to mitigate its impact on the project. Risks must be identified and managed to prevent them from becoming issues.

Issue: A Present Problem Demanding Action

Definition of Issue

An issue is a problem or event that has already happened or is occurring now. It is a real and present problem that requires immediate attention and action to minimize its impact.

Characteristics of Issues

Issues exist in the present tense and have a 100% probability of occurrence. They always have a negative impact on the project and demand urgent resolution.



Example of Issue

For example, a key supplier has gone bankrupt, and the project is shut down. This issue requires immediate action to address the problem and prevent further damage to the project.

Immediate Action Required

When an issue arises, it is crucial to act quickly and methodically. Issue management focuses on resolving the problem and restoring stability to the project as soon as possible.

Time, Probability, Impact, Action Compared

Comparison of Risk and Issue

Risks are future-oriented with a probability less than 100%, while issues are present-oriented with a 100% probability. Risks have potential impacts, while issues have actual negative impacts. Risk management is proactive planning, while issue management is reactive problem-solving.



The Risk-Issue Continuum Explained

Risk-Issue Continuum

The risk-issue continuum illustrates the progression from identified risk through risk trigger to actual issue. Effective risk management aims to intercept risks before they reach the trigger point and become issues.

Risk Trigger

A risk trigger is an event or condition that indicates a risk is about to occur or has occurred. Recognizing triggers is essential for timely intervention and preventing risks from materializing into issues.

Four-Step Cyclical Risk Process

01

Introduction to Risk Management

Risk management is a structured, cyclical process that begins at project initiation and continues until closure. It involves identifying, analyzing, planning responses, and monitoring and controlling risks.

02

Step 1: Identify Risks

The first step in risk management is to identify all potential risks that could affect the project. This involves gathering information and understanding the project's vulnerabilities.

03

Step 2: Analyze Risks

The second step is to analyze the identified risks to determine their probability and impact. This helps prioritize risks and focus efforts on those that pose the greatest threat or opportunity.

04

Step 3: Plan Responses

The third step is to develop response strategies for high-priority risks. This includes defining actions to mitigate threats and capitalize on opportunities.

Step 1: Collaborative Risk Identification

Team-Based Techniques

Risk identification is a collaborative effort involving the project team. Techniques such as brainstorming, checklist analysis, and assumption analysis help surface potential risks.

Brainstorming

Brainstorming is a fast and effective way to gather a wide range of potential risks. It encourages team members to share their insights and identify risks that may not be immediately obvious.

Categorizing Risks

Risks can be categorized into technical, schedule, and financial domains. This helps in organizing and prioritizing risks for further analysis and response planning.



Step 2: Qualitative Prioritization Matrix



Qualitative Analysis

Qualitative risk analysis assesses the probability and impact of each risk. By multiplying these two factors, a risk score is generated, which helps prioritize risks for further action.

Probability-Impact Matrix

The probability-impact matrix is a useful tool for visualizing risk scores. It categorizes risks into high, medium, and low zones, allowing project managers to focus on high-priority risks.



Step 3: Four T Strategies for Threats



Mitigate

Mitigation focuses on reducing the probability or impact of the risk. This can be achieved through measures such as improving processes or implementing safeguards.

Avoid

Avoidance involves eliminating the cause of the risk. This strategy aims to prevent the risk from occurring by addressing its root causes.

Transfer

Transfer involves shifting the risk to a third party, such as through insurance or contracts. This strategy helps manage the financial impact of the risk.

Accept

Acceptance means acknowledging the risk and preparing a contingency plan. This strategy is used when the risk is deemed acceptable or unavoidable.

Step 3: Four E Strategies for Opportunities

01

Exploit

Exploitation aims to ensure that the opportunity occurs. This strategy involves taking proactive steps to capitalize on the opportunity and maximize its benefits.

02

Enhance

Enhancement focuses on increasing the probability or impact of the opportunity. This can be achieved through measures such as improving processes or leveraging resources.

03

Share

Sharing involves partnering with a third party to realize the opportunity. This strategy helps leverage the strengths of multiple stakeholders to achieve mutual benefits.

Living Risk Register Essentials

Risk Register

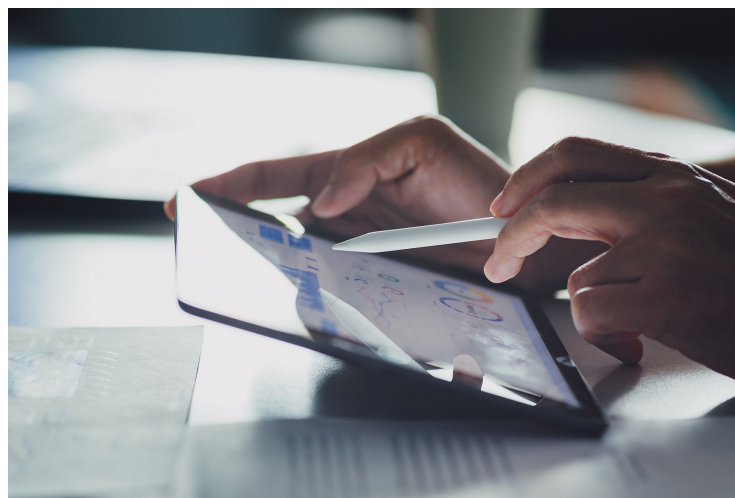


The risk register is a living document that records all identified risks, their severity, responsible owners, and planned responses. It serves as a central repository for risk management and must be regularly reviewed and updated.

Immediate Triage Stabilizes Project

Issue Management

When risks materialize or unexpected problems arise, project managers must shift to issue management. This involves immediate triage to stabilize the project and prevent further damage.



Rapid Response

Issue management requires a rapid and methodical approach. Panic is counterproductive; instead, focus on containment and damage limitation to restore project stability.



Documentation

Documenting issues is crucial for effective management. This helps in tracking progress, assigning responsibilities, and ensuring accountability throughout the resolution process.



Three-Step Linear Issue Workflow

Identify and Log

The first step in issue management is to identify and log the issue. This involves recording all relevant details, such as the date, description, and severity, to ensure a clear understanding of the problem.

Analyze and Escalate

The second step is to analyze the root cause of the issue and escalate it to the appropriate authority if necessary. This ensures that the issue is addressed at the right level and with the necessary resources.



Issue Log Tracks Active Problems



Severity and Priority

Assigning a severity rating to each issue helps prioritize resolution efforts. High-priority issues require immediate attention to minimize their impact on the project.

» Issue Log

The issue log is a critical tool for tracking active problems. It records all relevant details, including the issue ID, description, date raised, severity, owner, resolution actions, status, and date closed.

» Issue Owner

Assigning an issue owner ensures accountability for resolution. The owner is responsible for implementing and tracking resolution actions and ensuring the issue is resolved promptly.

» Resolution Actions

Recording resolution actions in the issue log provides a clear record of the steps taken to address the issue. This helps in tracking progress and ensuring that all necessary actions are completed.

Root Cause Analysis Prevents Recurrence

Root Cause Analysis

Root cause analysis is essential for preventing issues from recurring. Techniques such as the 5 Whys or Fishbone diagram help identify the underlying causes of issues, enabling effective and lasting solutions.



Escalation Is Process, Not Failure



When to Escalate

Escalation is necessary when issues exceed the project manager's authority or require significant changes, such as budget adjustments or stakeholder intervention.

Escalation Process

Escalation involves informing the appropriate stakeholders and seeking their input or approval. This ensures that issues are addressed at the right level and with the necessary resources.

Importance of Escalation

Escalation is not a sign of failure but a crucial part of the project management process. It ensures that issues are managed effectively and that the project remains on track.

Harvest Lessons from Risks and Issues



Lessons Learned

At the end of a project, review the risk register and issue log to identify lessons learned. This helps in evaluating the effectiveness of risk management strategies and identifying areas for improvement.

Continuous Improvement

Use lessons learned to refine risk management processes and checklists for future projects. This ensures that past experiences inform future planning and improve overall project management capabilities.



Transition from Planning to Execution



Execution Phase

With risk and issue management frameworks in place, the project team can transition from planning to execution. Effective management of uncertainty ensures smooth delivery and sets the stage for successful project completion.



Thank You

Content & Course Design by:

Amr Miqdadi, PMP

Follow my profile for daily professional insights, articles, and discussions:

<https://www.linkedin.com/in/amrmiqdadi>

Subscribe for practical, weekly project management video lessons:

https://www.youtube.com/@pm_in_5

PMLEAD.NET: Your ultimate project management & leadership hub

<https://www.pmlead.net>

PMLEAD.INFO: Leadership. & Growth

Download leadership and self-development eBooks and resources

<https://www.pmlead.info>

"Don't just manage projects—lead change. See you on the field."