Introduction	When do you use this guide
Risks can make or break a project or a programme. The failure to take a broad or detailed view of risk is often the root cause of failure in programmes or projects, large or small. The M_o_R guidance for Risk Management Practitioners defines risk as: An uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives. Risk management is basically the management of uncertainty and ambiguity that surrounds any form of change. In simple terms we are trying to avoid things that COULD go wrong, and manage things that ARE going wrong. Remember, there is no such thing as an Assumption; it is merely a badly phrased risk.	The Risk management cycle has 4 steps in it, the first of which is "Identify", which is undertaken at the very start of the programme or project. It is very important to gain an understanding of the threats and opportunities that may occur. An organisation will decide what level of risk it deems acceptable and what is not. Decisions on how to proceed will be based on this determination of 'risk appetite'. If the risks are above the determined acceptable level, then it may be that it is better not to continue with the initiative. If they are acceptable, then the early analysis will show how much focus needs to be paid to monitoring and managing the risks that are being faced. It is important to remember risk is about uncertainty, so it could be positive or negative. Most successful programmes and projects get lucky at some stage; it is often their awareness of opportunities and decisions to take them that makes them successful, or lucky.

What is the starting point?

At the outset of a project, there are often things the project team:

a. know about
b. don't know that they know about, and they will need to investigate
c. don't know that they will need to know about

The challenge in the early stages of the project is to find out as much about the unknowns as possible and identify any areas that they have not thought of yet. There are a number of ways of doing this, but a checklist of ways of researching the risks that could be faced could include:

Risk workshops	Benefit workshops	Visit to reference sites	Visit to other peer organisations
Speaking to stakeholders	Speak to other projects and programmes	Review lessons learned from earlier projects or similar examples	Research the internet or press for similar initiatives

What is a risk?

Most programmes and projects face similar risks, although the events that trigger them may be different. There is no need to start with a blank sheet of paper and try to imagine the things that could go wrong or go well.

It is important to understand that a risk is made up of 3 elements:

- **Threat** (or opportunity) (sometimes called a "cause") is the underlying cause or danger, for example, if you live in a valley with a river there is always a threat of flooding.
- **Event** (sometimes called a "Trigger") is what activates the threat, which would be rainfall. Some rainfall would be normal so the event would be excessive rainfall, either sudden or over a prolonged period.
- **Effect** is the consequence to the event so it will vary upon the severity of the rainfall. Normal levels can be tolerated but above certain thresholds the effect will be bigger, ranging from minor overspill into drains to whole scale flooding of properties.

It is difficult to remove a threat, for example, terrorism at the Olympics, but it is possible to focus on reducing the events that cause it and the knock on effect as a result.

Internal factors

These headings (FASTBORIS) give a good starting point for identifying the potential risks (mainly threats) that the programme or project will face. These focus on the internal factors that relate to the organisation and the project/programme management itself. The following headings are not exhaustive and in many cases, the same risk may come under a number of the headings.

Finance	Assets	Stakeholders
The true costs of a project or programme are often hard to determine. Volatility in internal budgets and market trends are significant factors which have increasing impact, the larger the initiatives.	In this context Assets are the things you are going create. They could be physical documents or large chunks of infrastructure. Expectations about their potential, functionality and features are often sources of failure.	Stakeholder support or resistance are one of the defining factors for success. They can be the sources of significant resistance which can cause delays, cost over runs and changes of direction.
Timescales	**Benefits**	**Outcomes**
Optimism bias in planning is the cause for most failure to achieve timescales. This is usually linked to a failure to	Many benefits are over estimated to enable a business case to be approved or are simply not based on facts.	Outcomes are the result of a change, so risks relating to outcomes are principally those relating

deploy formal estimation and have plans that are based on the best guess and hoping that everything that can go right does.	Performance improvements, financial savings and market changes are all very difficult to leverage. Consequently, failure to achieve benefits is a major threat to most initiatives, particularly as this is the major criteria for assessing success.	to making the change happen rather than the technical challenges of building something. Links between outcomes and benefits are strong, so similar risks may apply to both headings.
Resources	**Issues**	**Scope**
All programmes and projects will be challenged to find the right resources. This applies at all levels, whether it is the competence and experience of the SRO, the availability of specific skills or the productivity and competency of the staff who are dedicated or assigned to the project.	There may be issues (thing that are happening rather than things which might occur) that have been identified at the outset of the project or programme that may actually be risks, or the manifestation of a threat that will remain throughout the lifecycle. Known issues and constraints should be reviewed for longer term impacts.	The scope of the programme and project, and expectations about what will be included and excluded will significantly affect the viability. As such, testing the clarity and ambiguity around business requirements in this area should be part of the risk identification.

External Factors

It is quite often the case that a project or a programme is initiated as a result of an external change of events or circumstances. It is easy to forget that the external environment that caused the need for the project or a programme may also be the source of the dangers that cause it to fail as well. Therefore the external environment is full of risks. These may be very difficult to manage or are beyond your control; however, they should be included in the initial identification and monitored going forward using early warning indicators.

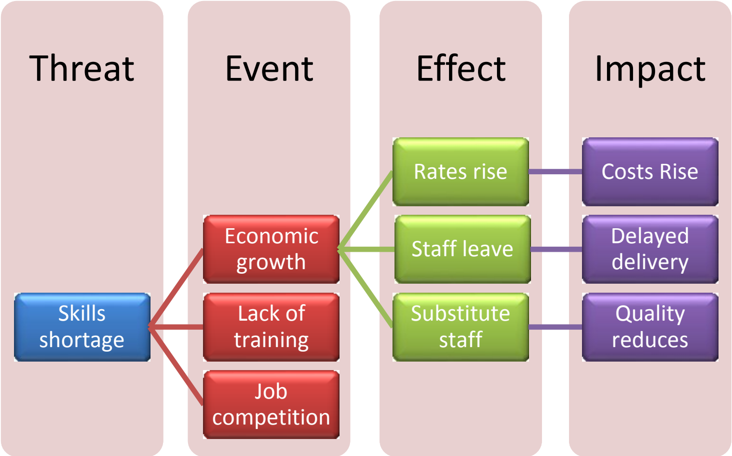
The following headings (PESTLE) provide a good starting for identifying external risks.

Political	Economic	Social or Market
The term "political" should be seen in the widest context. It isn't just about elected bodies. Changes to the organisations hierarchy and leadership will threaten or provide opportunities.	The external economic environment will have a major impact on the availability of funds for the programme and project. This could also affect the availability of suppliers for a procurement or their behaviour	If the change is intended to impact on a societal or market behaviour then this will mean the outcomes are likely to be highly volatile and there could be other changes that impact on the effect of your programme or project.

Technological	Legal	Environment
The main impact is likely to be linked to the creation of assets. Technology could bring unexpected opportunities to take alternative approaches whilst failure of a particular line of anticipated development could significantly undermine aspirations.	This could cover legislative changes that force a change of direction or scope for the project or programme and it could also include legal challenges to the planned approach or outcomes.	This is a broad category that includes the environmental issues relating to emissions and supply of fuel. It can also relate to major natural events which could have a significant impact, ranging from abnormal weather patterns to a major phenomenon like an earthquake or storm.

The Technique – Risk Mapping

Technique Overview	Concept
Whilst identifying risks it is very easy to identify lots of stuff and capture many statements that outline what could go wrong. This can lead to an inflated list of risks that is very quickly out of control and impossible to manage. The main focus should be on ensuring that there is an understanding of what has actually been identified, what can be managed and which risks are actually duplicates of the same thing.	The chances are that many of the risks that have been identified are a mix of a. A threat b. An opportunity c. An issue d. An event to that triggers a threat or opportunity e. A consequence of a threat or opportunity This is a simple test to clarify which you are trying to manage. It will also help to reduce the size of your risk register and improve your control.



By mapping the different elements together it is possible to differentiate the elements of the risk.

In this example the threat is a skills shortage; it could be triggered by economic growth, lack of training or competition from other employers.

The effect will be either an increase in rates or lack of staff. Each will impact the project by increasing costs, delaying delivery or reducing the quality of the outcomes delivered. Using this risk model will reduce the size of the risk register and improve the focus of the management of risks.