



Risk to Performance

Joint APM IRM Meeting

9 July 2009

United Utilities

Sandon Dock, Liverpool

Programme

- 10.30 Introduction - Andy Garlick
- 11.00 Performance baseline reviews and project risk -
David Chard
- 11.40 Performance measurement of risk management -
John Knott
- 12.20 Lunch**
- 13.20 Measuring performance - Peter Campbell
- 14.00 Risk admiration or risk performance? - Val Jonas
- 14.40 Tea**
- 15.00 What happens when you integrate risk and
performance management? - Matthew Leitch
- 15.40 Workshop and wrap-up
- 16.30 Finish**



Risk to Performance

Peter Campbell and Andy Garlick

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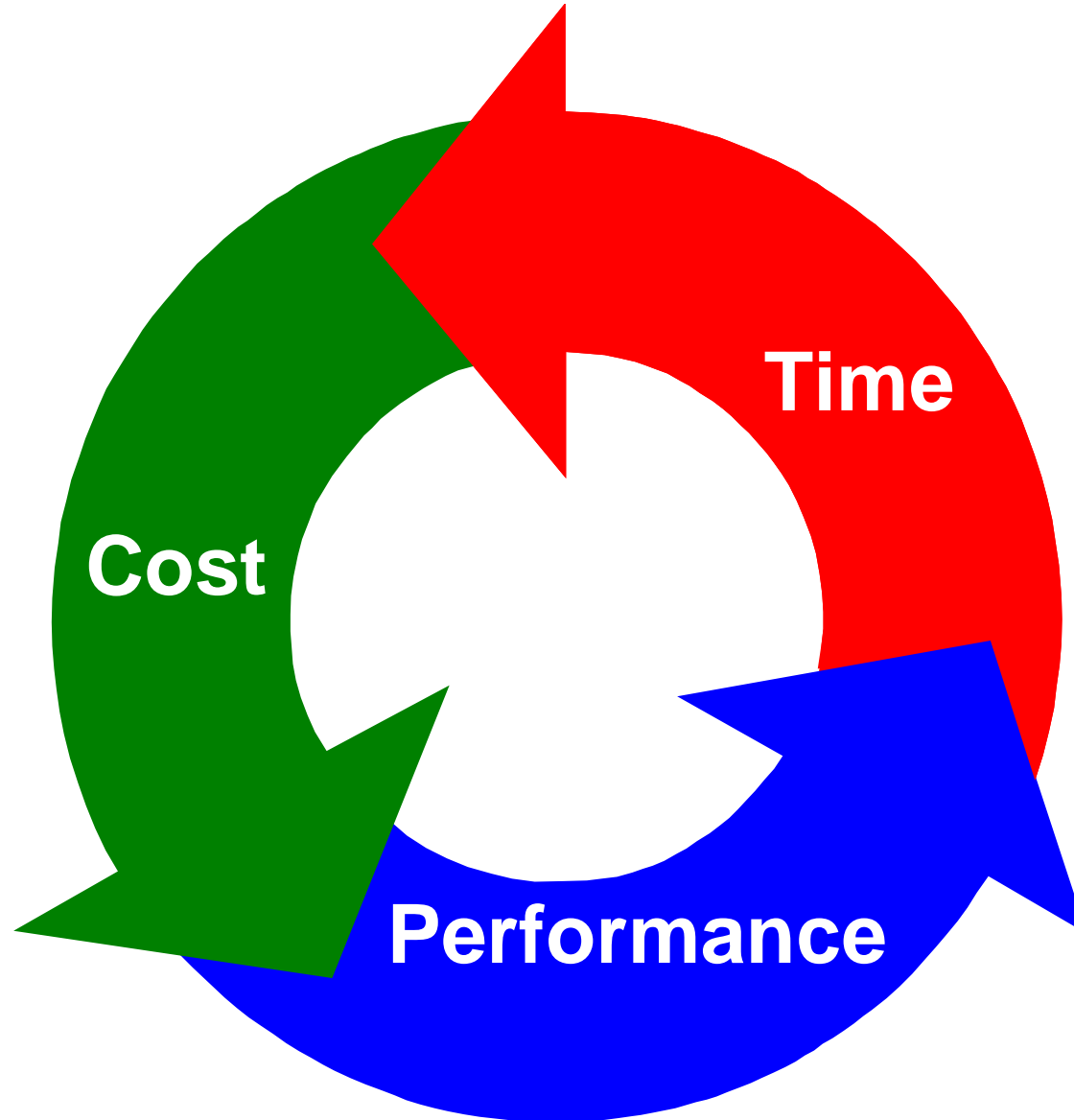
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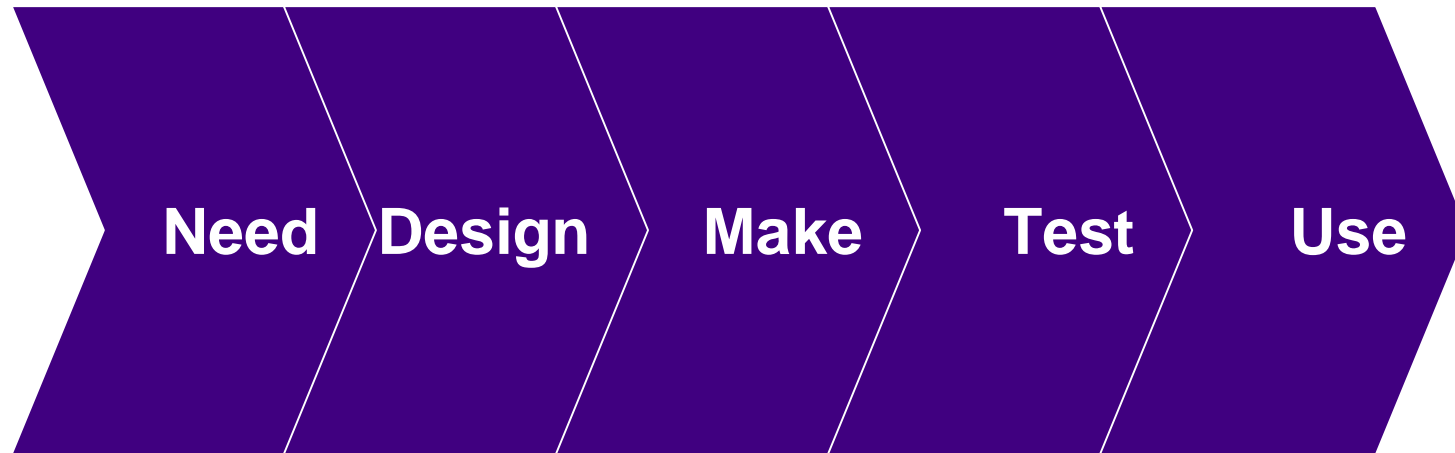
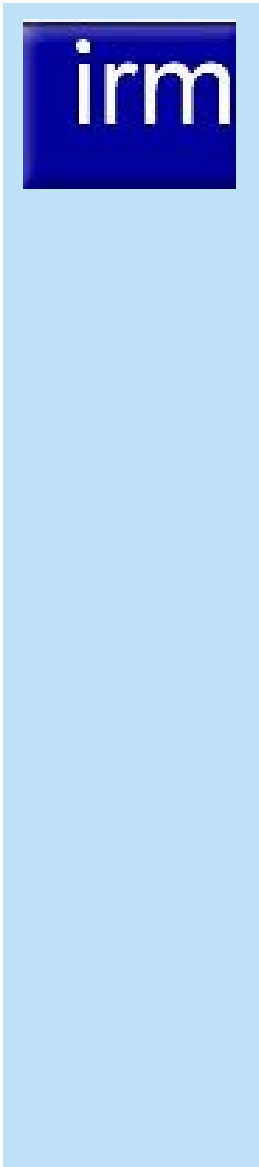
Risk defined

- “effect of uncertainty on objectives” - BS 31100
- positive or negative effect
- financial, HSE, performance, reputational objectives, applying at different levels
- often characterised by reference to potential events and how they affect the achievement of objectives
- often expressed as combination of consequences and associated likelihood of occurrence
- effect of ‘responses’ is to change consequences or likelihoods

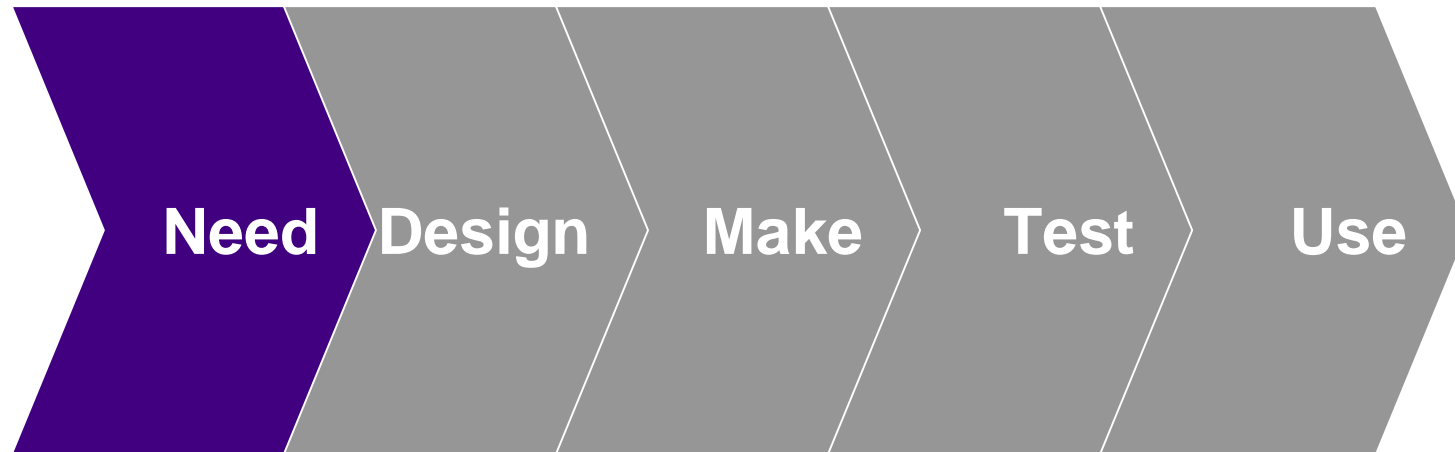
(Project) objectives



(Project) lifecycle

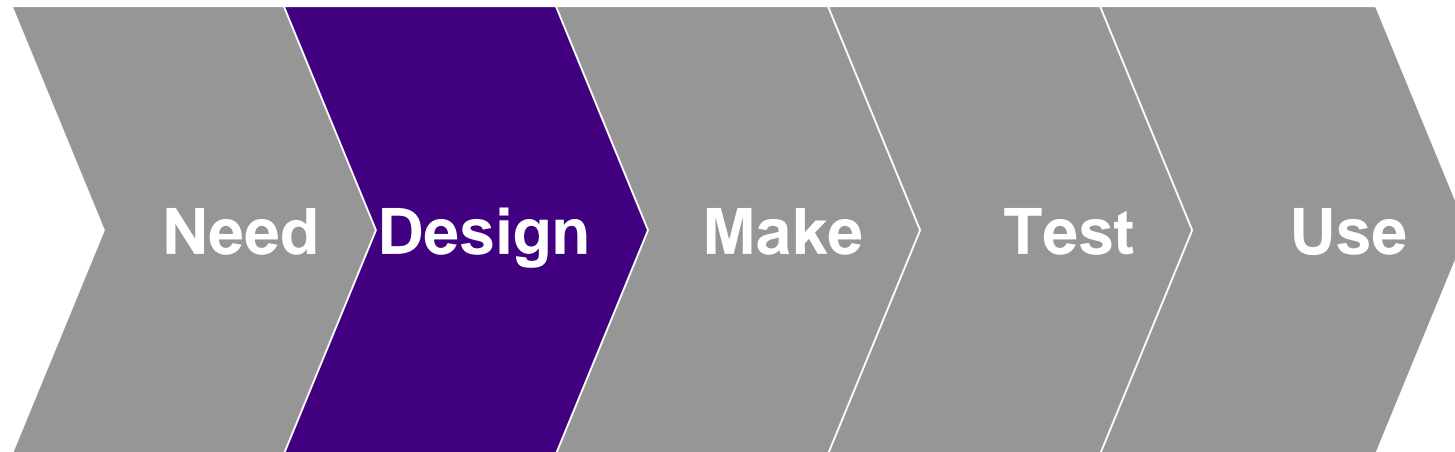


(Project) lifecycle



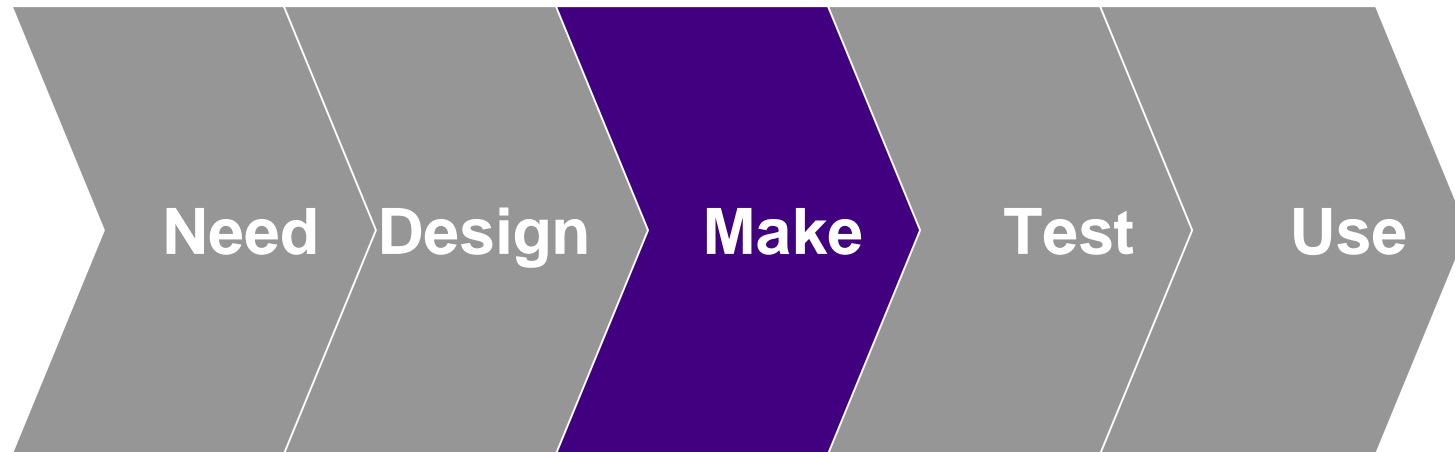
- Business case
 - risk aware, including benefits
 - eg Green Book and optimism bias

(Project) lifecycle



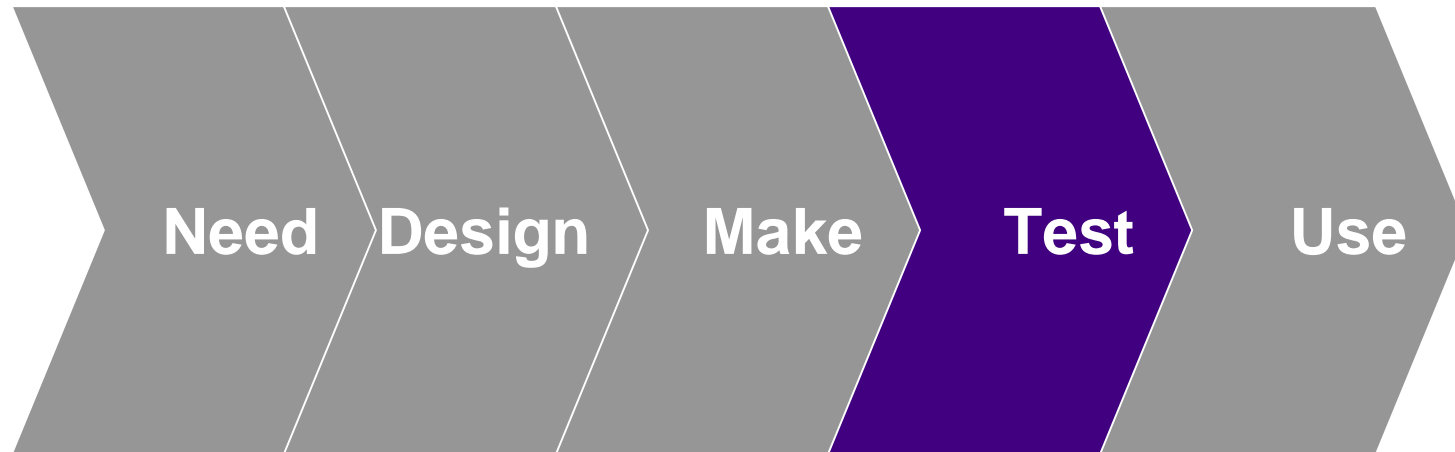
- Fitness for purpose
 - so it will deliver the benefits
 - who takes the risk?
 - how is it managed?

(Project) lifecycle



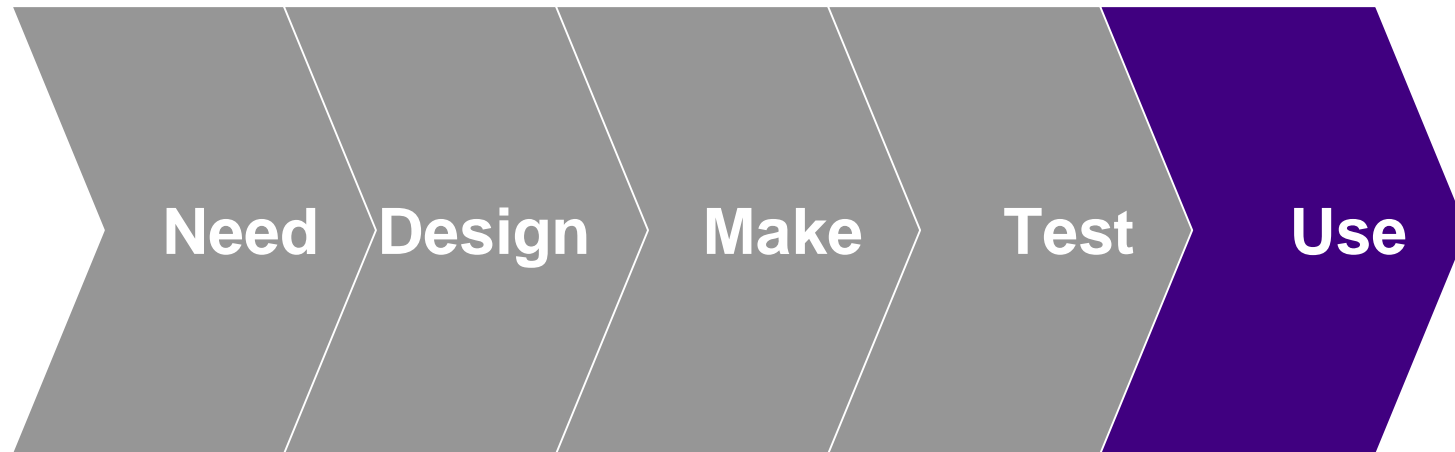
- Construction quality
 - so we build what we need
 - at risk from cost/time?
 - key impact on performance

(Project) lifecycle



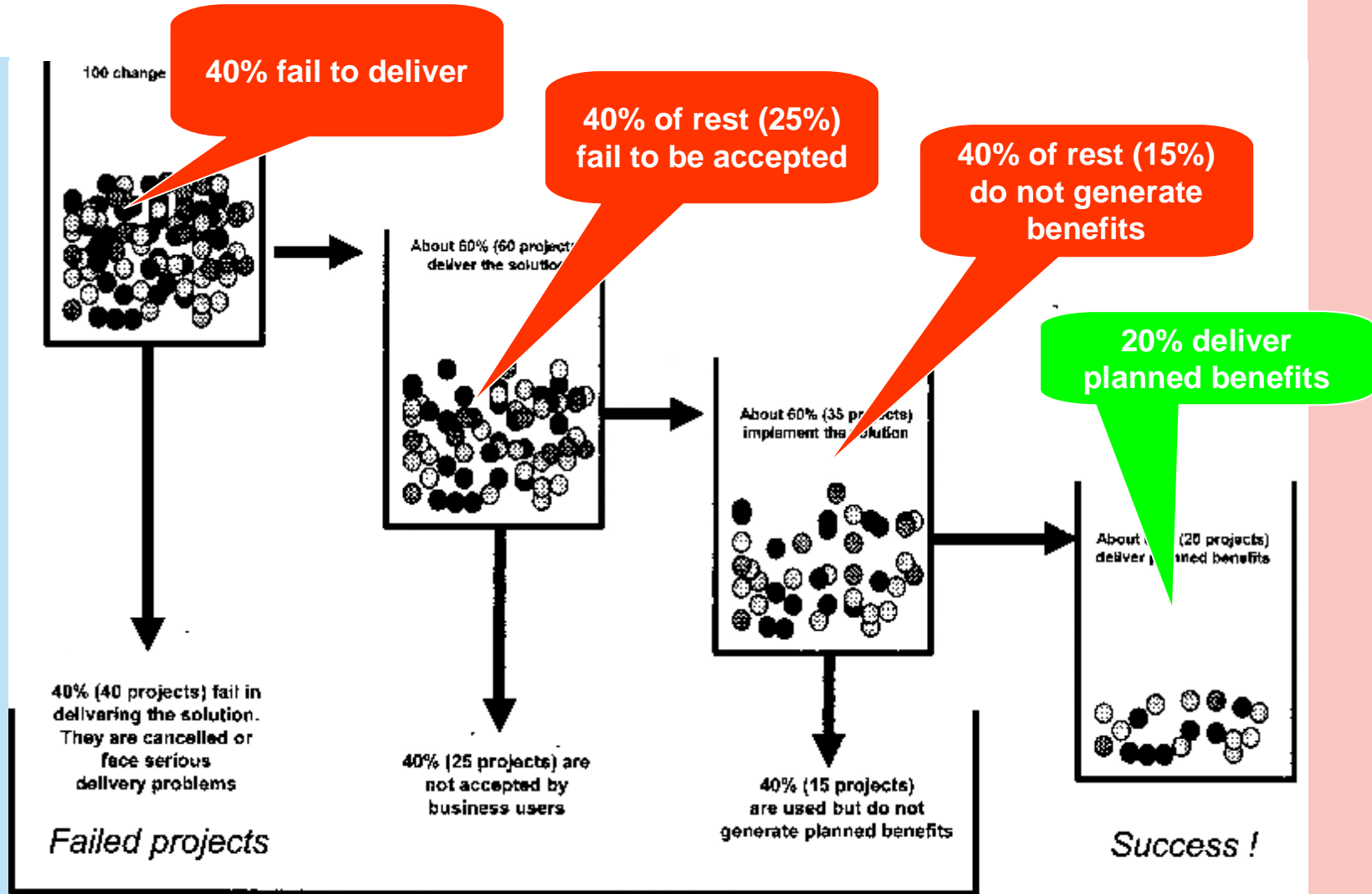
- Key risk control measure for performance
 - is it focussed on delivering the benefits?

(Project) lifecycle



- Project has finished!
- Use it effectively
 - not just what we've always done
- Is it still what we want?
 - obsolete before finished

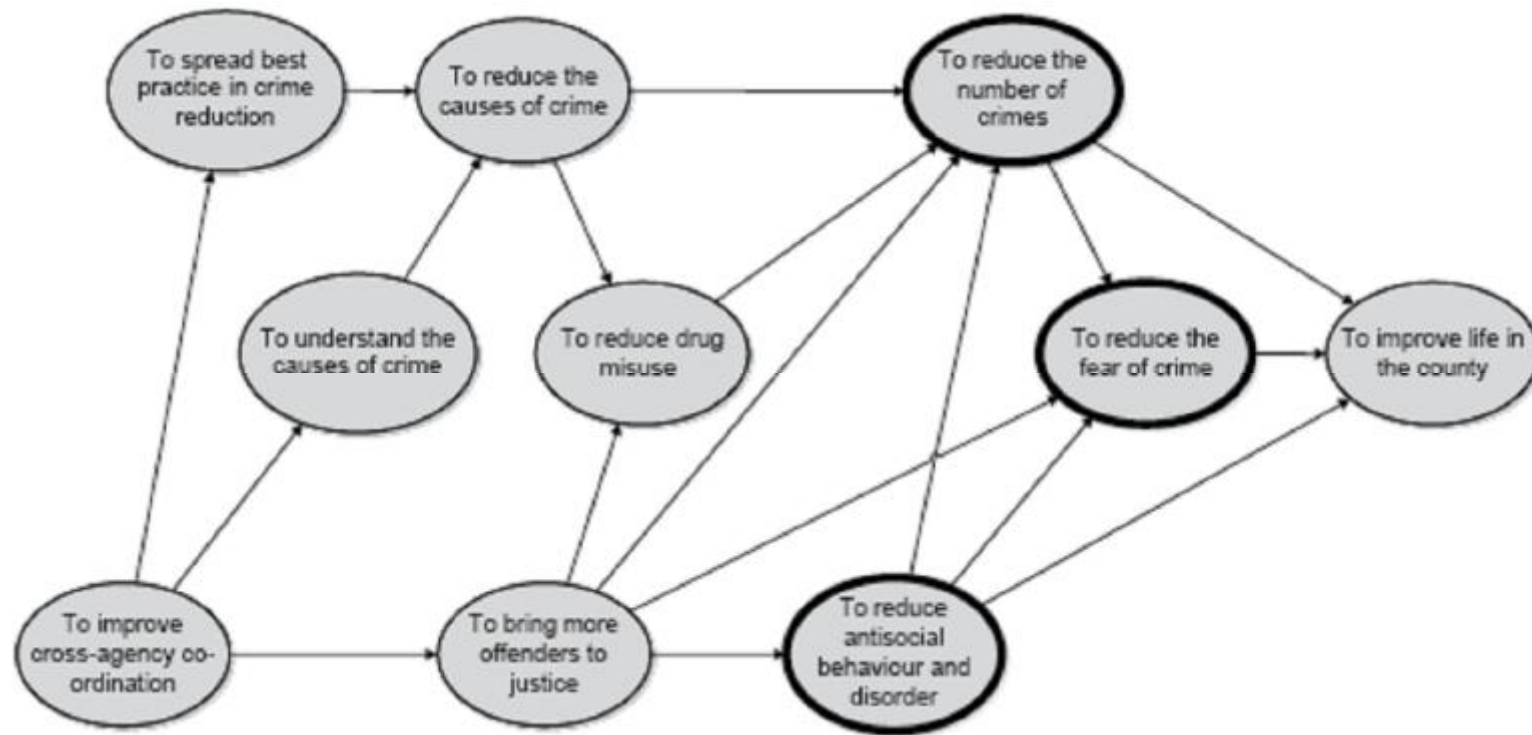
Where projects fail



Benefits realisation management

- Programme level discipline
- Multiplies benefits actually realised x3
 - eg 25% to 75% of potential
- Cyclic approach
 - set vision and objectives
 - identify benefits and changes
 - define initiatives
 - optimise initiatives
 - manage initiatives
 - manage performance

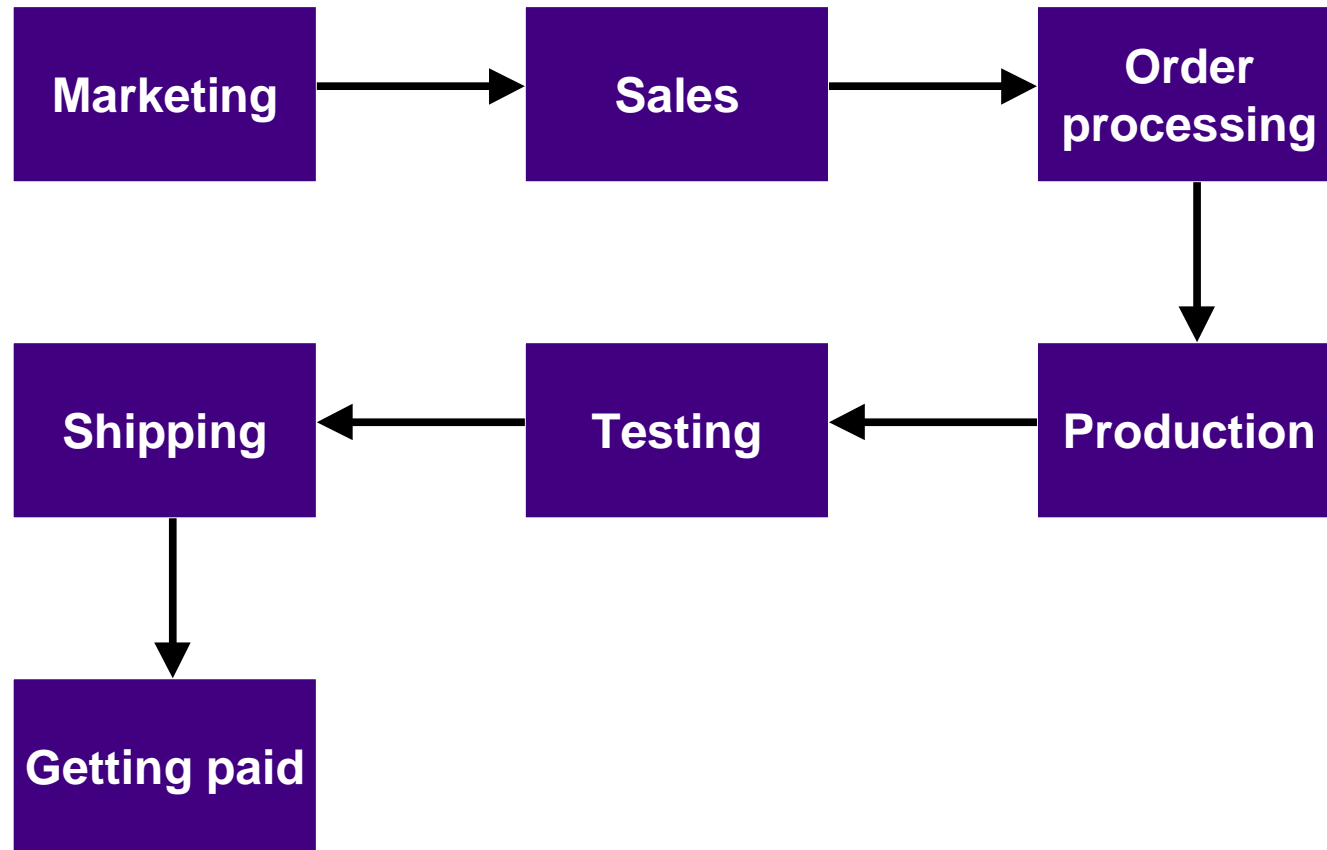
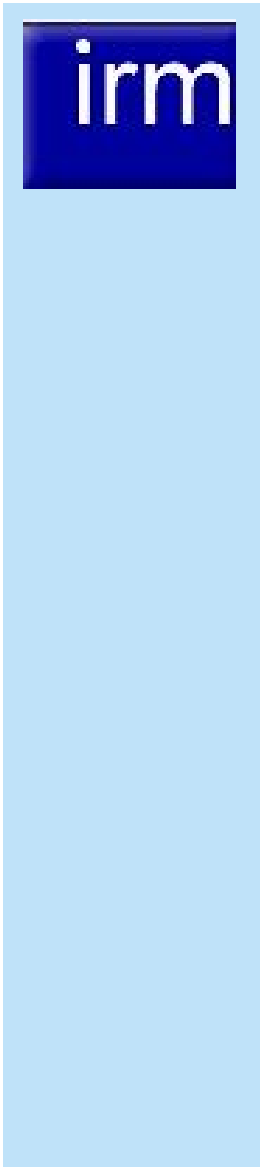
Set vision and objectives



‘Lifting the fog’

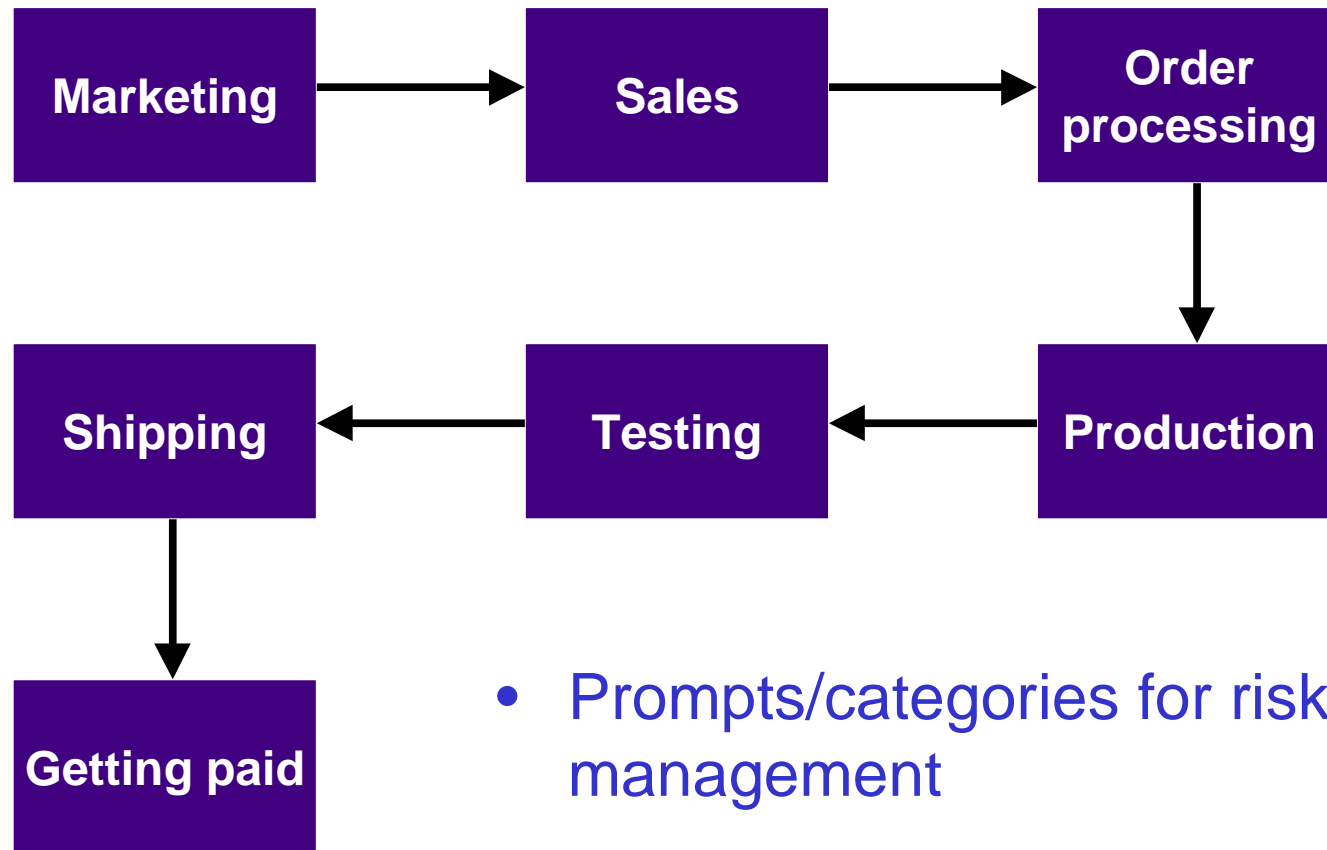
- OGC initiative on benefits management
- Research project over summer/autumn
- “plenty of guidance ... little definitive information on how widely practices have been adopted, with what results, or what lessons ... have been learned.”
- Contact:
 - steven.jenner@cabinet-office.x.gsi.gov.uk

Business as usual - processes

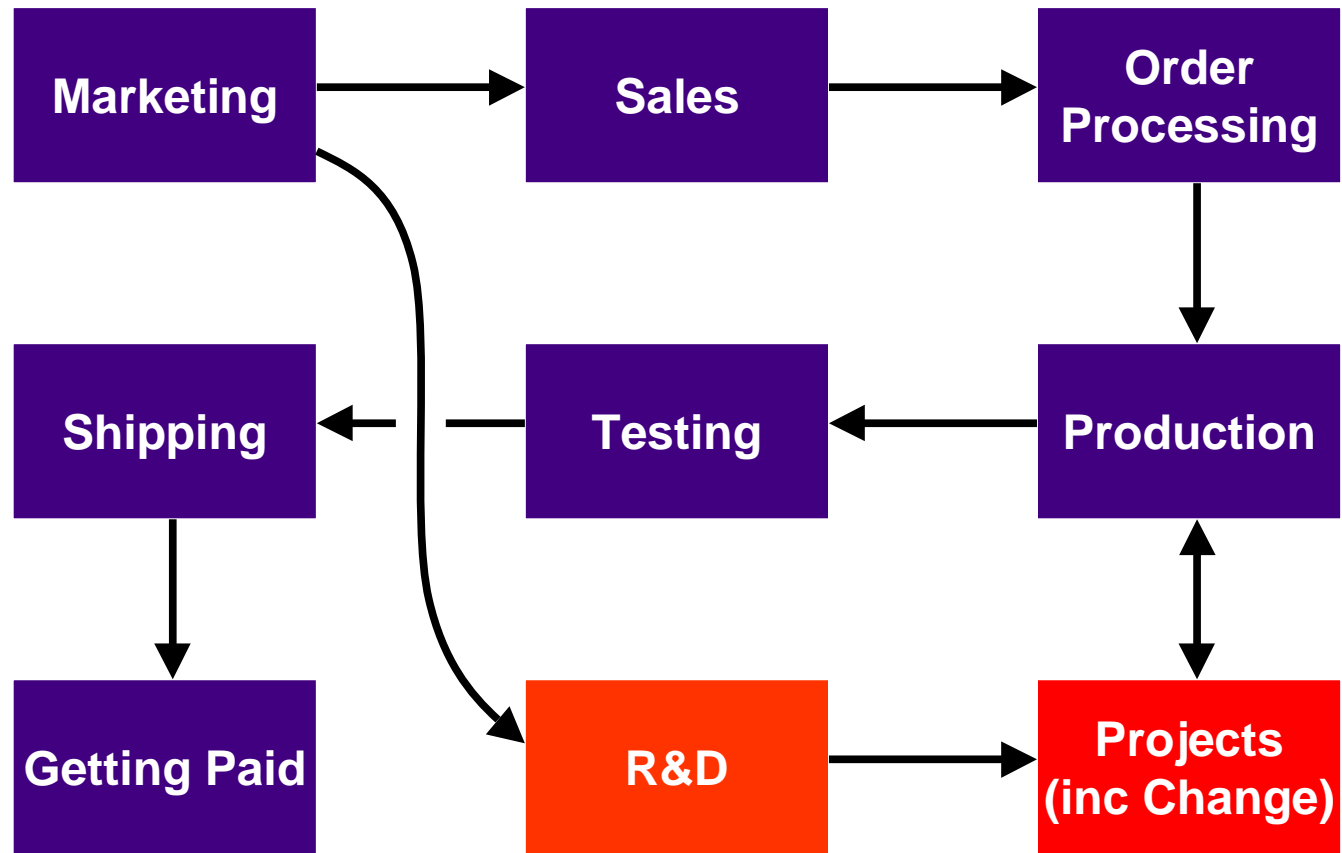
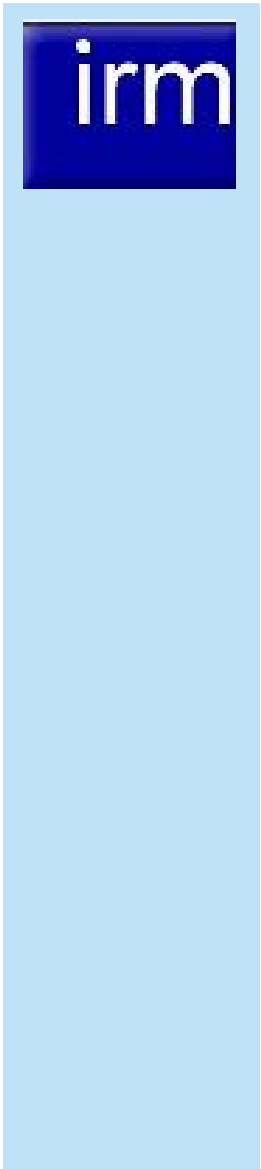


Business as usual - processes

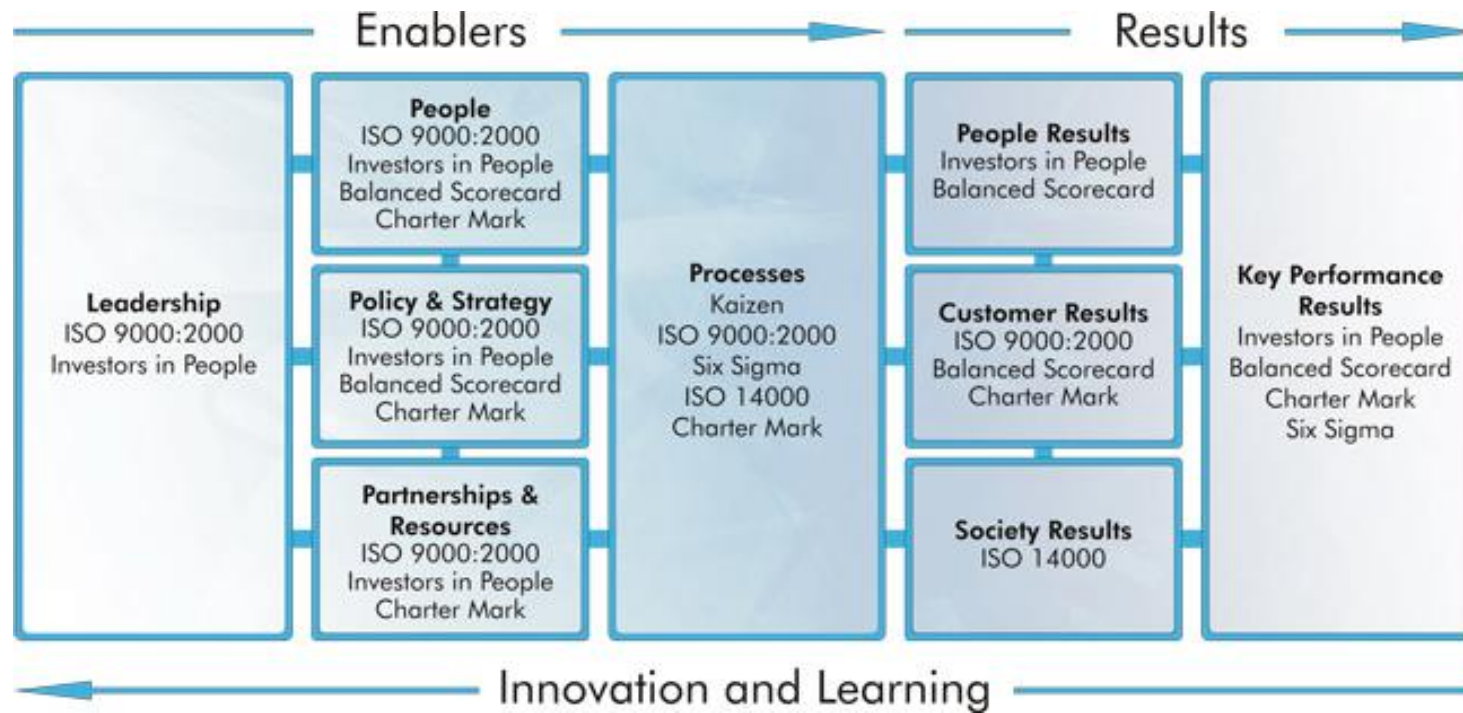
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Business as usual - change



Business as usual - in more depth

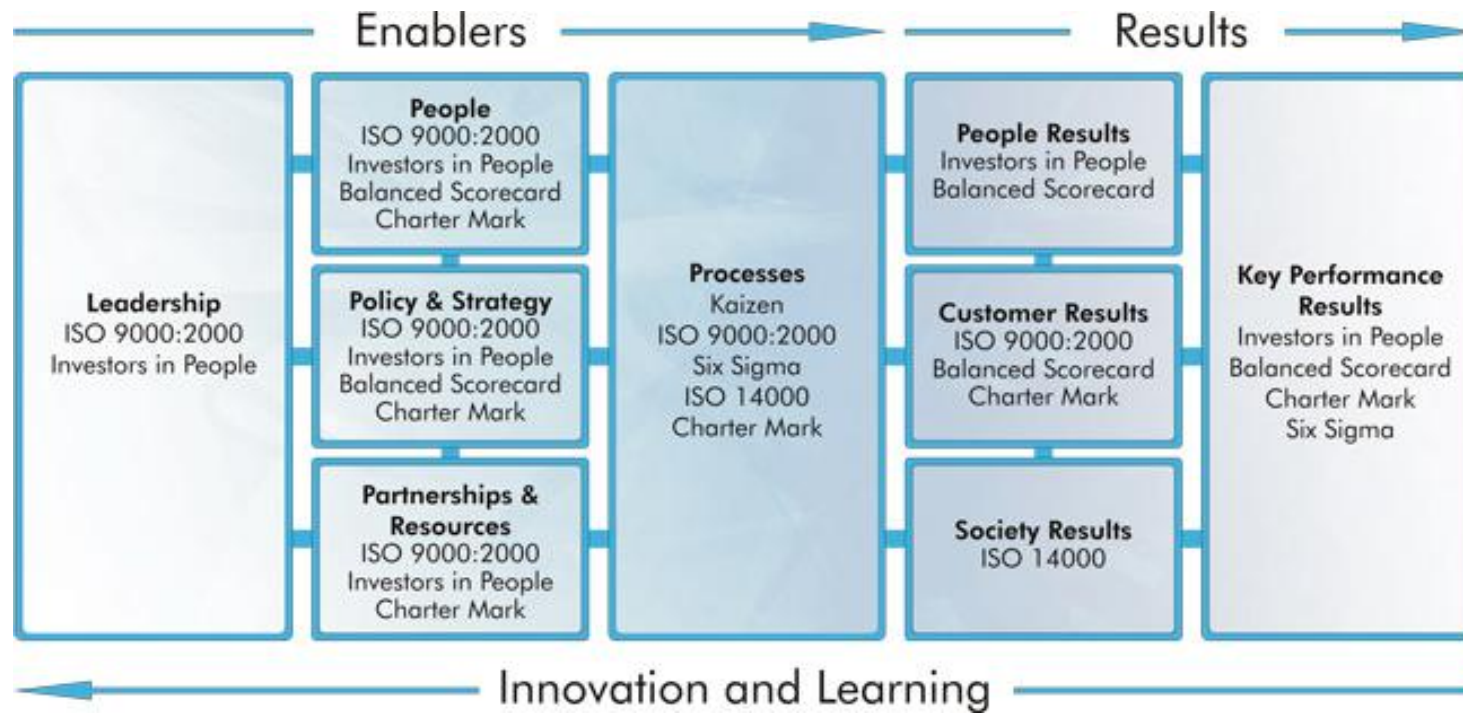


Business as usual - in more depth

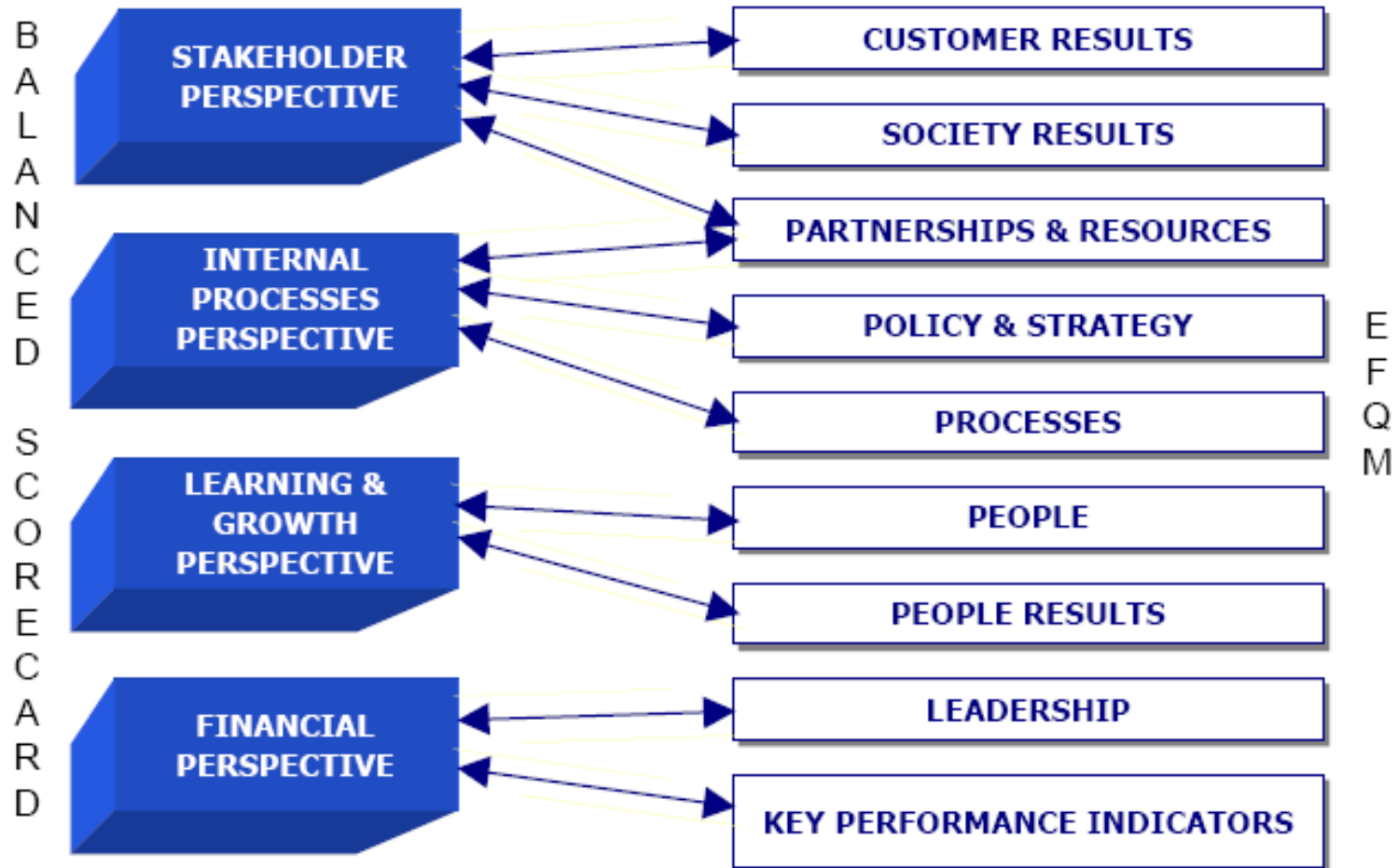


risk causes

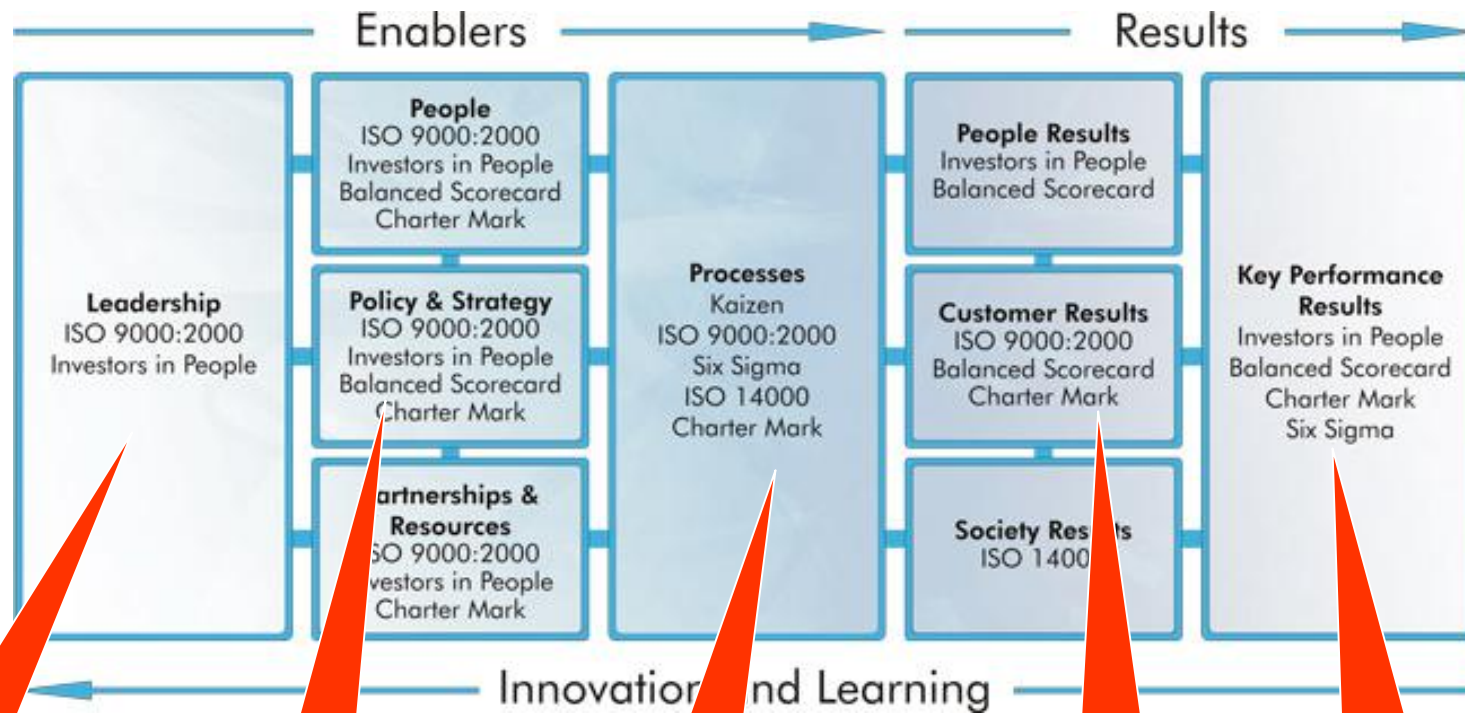
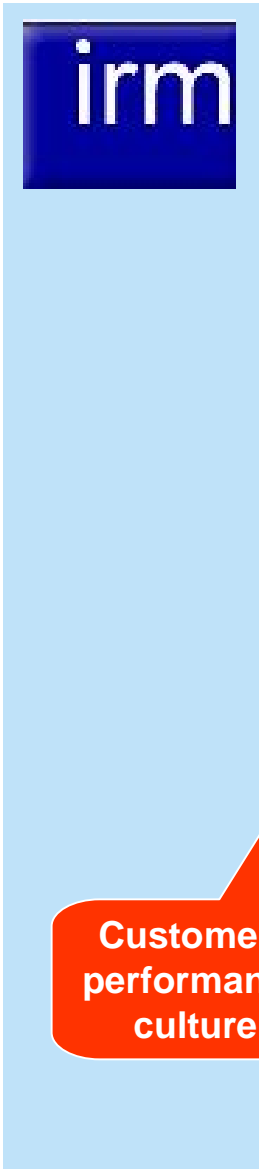
risk impacts



EQFM and balanced scorecard



More complex risk modelling



Customer /
performance
culture

Cost vs
performance

Maintenance
risk

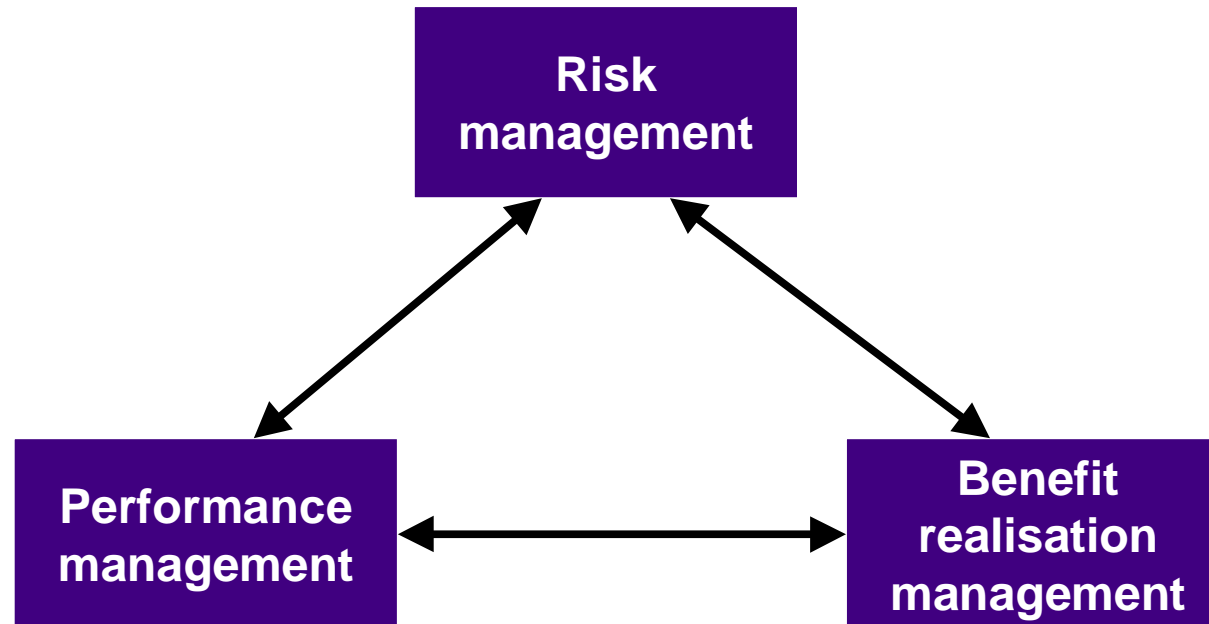
PFI
performance
scheme

Reputational
impact

Risk management performance

- How well do we deal with risk to performance?
- Is what we do worth the effort?
- Is there scope for improvement?

Objectives for today



- What's good practice in each of these areas?
- How do they differ? Why?
 - what bigger lessons can be drawn from each
- Can they be brought together? Should they?
 - techniques, jargon, ...

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