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Project Reporting – Risks vs. Problems

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Reporting of project risks to management and project stakeholders should occur at a predetermined frequency based on priority, time to impact, and potential influence on the project should they transition to problems. Effective reporting results in timely mitigation of high priority risks. Project risks must be reported so that appropriate action can be taken. An effective reporting structure should focus on reporting problems so that they can be effectively resolved. The reporting structure should be actively maintained and regularly reviewed to allow the project staff to focus on the risks with the highest impacts.

Reporting Problems versus Risks

It is important to understand the differences between risks and problems when defining a reporting structure so that management understands that not all information in a risk report requires immediate action or that the enterprise, organization, or program has been affected. Risks represent the potential for future problems that have not yet resulted in impacts. An impact will result only if a risk transitions to a problem and is not successfully mitigated. Problems are risks that were not successfully mitigated and thus impacted a project.

An organization should therefore have separate processes for both risk management and problem management. The risk officer should scan the risk database to identify risks that will produce problems based on the following criteria:

- Risk impact is 4 or 5
- Probability is 5
- Timeframe is near

Problems and risks require different reporting and management processes. It is important to report the two as distinct categories of events to ensure that project staff members understand that risks are not necessarily problems.

Risk Reporting by Exposure

In a typical project of any duration, an effective risk management process will identify many risks, often hundreds of them. This will drown management in risks unless the risk officer maintains the risk list based on priorities and utilizes a consistent and effective process to report risks.

The reporting levels are:

- Active level for highest priority risks — The risk officer reports a certain number of highest priority risks — typically no more than 12 — to the manager on a frequent basis, normally several times a week.
- Reporting level for medium priority risks — The risk officer actively tracks and reviews risks at reporting level and they may be evaluated by a risk review board regularly (normally weekly). The number of risks reported typically does not exceed 30.
- Archive level for lowest priority risks — These risks are evaluated regularly but not necessarily frequently (normally every three to four months).

The manager should work with the risk officer to determine how many risks on the active list should be reviewed and how frequently. In our experience, some managers have wanted the top three risks reported daily; others require weekly reports of the top twenty.



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Daniel D. Galorath. has over 35 years of experience in the software industry where he has solved a variety of management, costing, systems, and software problems, and performed all aspects of software development and management. Mr. Galorath is founder and president of Galorath Incorporated, maker of the SEER® suite of estimation tools. Mr. Galorath is one of the principal developers of the SEER-SEM™ Software Estimation Model. Mr. Galorath completed his undergraduate work and MBA from California State Universities. He is a member of the International Society of Parametric Analysis (ISPA), Society of Cost Estimation and Analysis (SCEA), IEEE, the International Function Point Users Group (IFPUG), and the Association of Computing Machinery (ACM). He was honored with the Freiman Award, recognizing his long-term contributions to the field of parametric analysis. Mr. Galorath teaches courses in software cost, schedule, and risk analysis; software project management; software engineering; systems architecture, and other related topics. He has lectured internationally and is the author of many papers about software project management.

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