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Risk Management & Innovation

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Risk Management & Innovation

“One’s ability to generate innovative ideas is not merely a function of the mind, but also a function of behaviors.”

**Matthew L. Breault, Special Projects Director for PMI Space Coast
2016 Space Congress**

Intro



**PMI Space
Coast**

AECOM

**Florida
Tech**

About PMI



Professional Development

Community Involvement

Leadership Conferences

Grants and Scholarships

420+ Members

Interactive

I Know What I'm Talking About



"Ann, you can see by the number of books I have behind me that I know what I'm talking about."

FROM HARVARD BUSINESS REVIEW, SEPTEMBER 2013. CARTOON BY P.C. VEY.

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We learn from experiences so share your insights and perspective.

Why This?

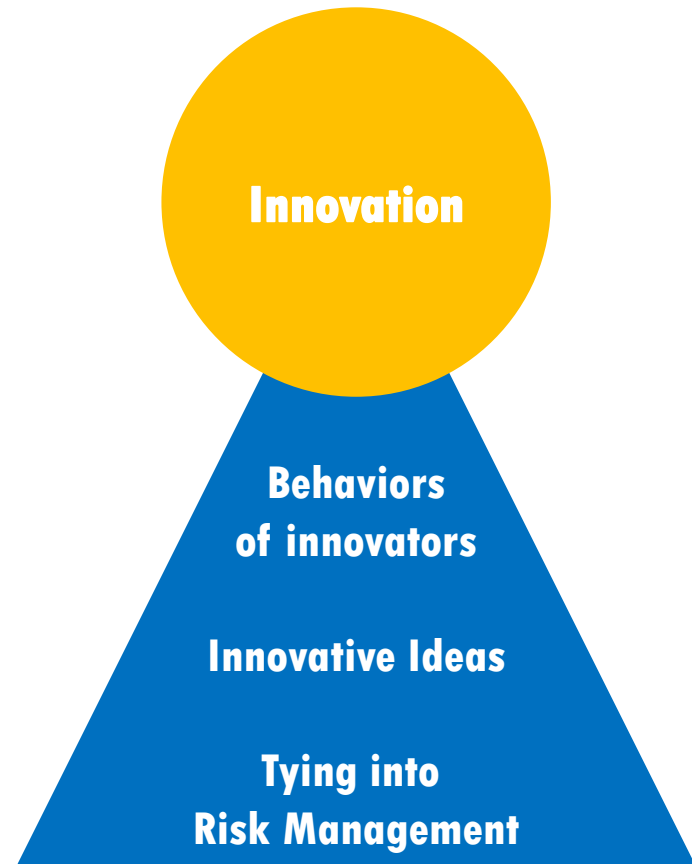
Projects' complexity is increasing.

There is more pressure for companies to innovate.

The PMBOK establishes Risk Management as increasing the likelihood of positive events and decreasing the chances of negative events.

Project managers are in one of the best positions to recognize opportunities for businesses.

What we're going to talk about



Risk Oversight



Over by \$600 Million



14X Budget

Where do we see it?

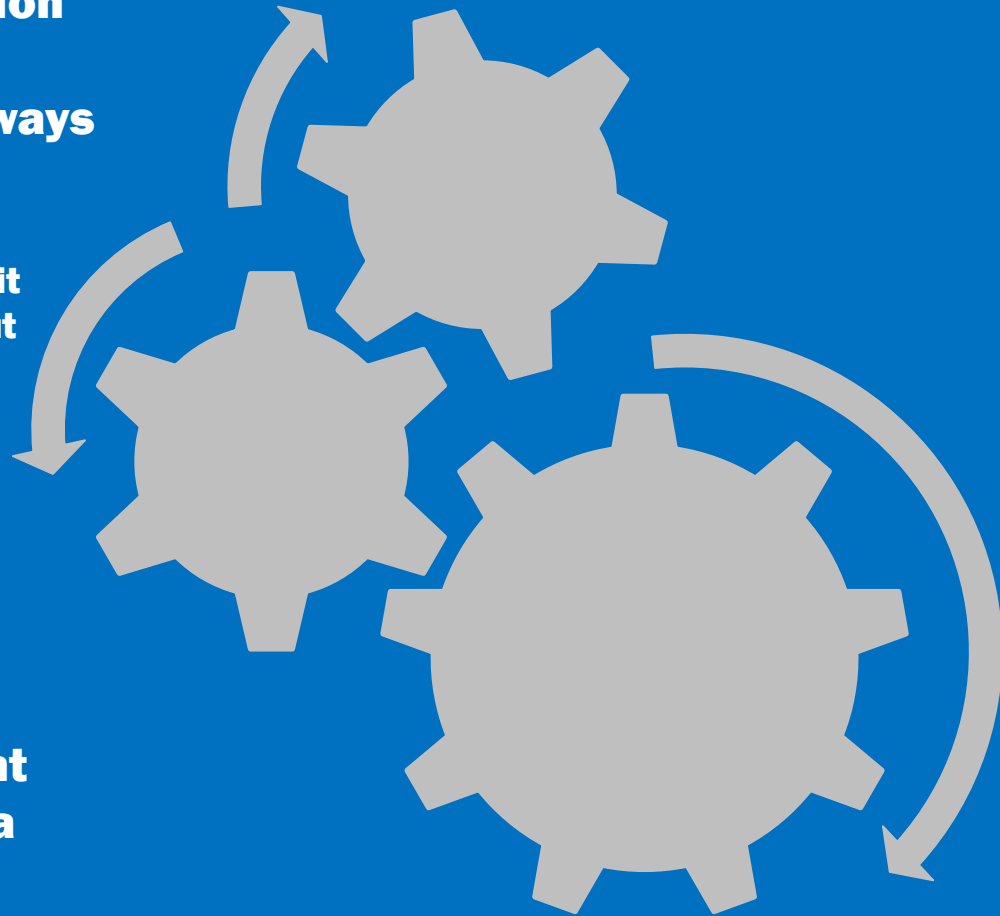
- Finance
- IT
- Infrastructure
- Aerospace
- Automotive
- Buildings
- Supply Chain
- Residential
- Retail

Positive Perspective about Risk Management

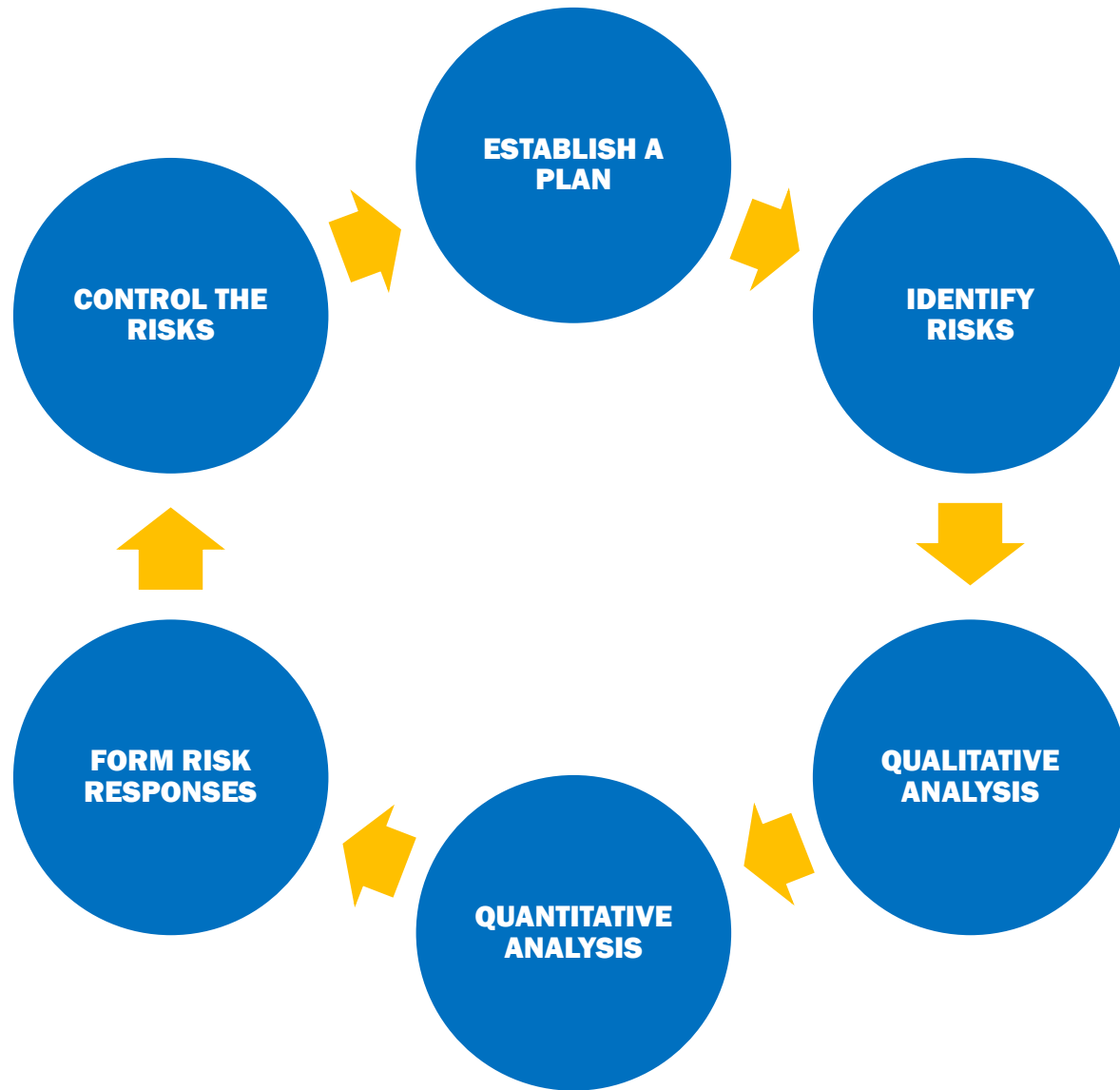
What are some common reasons why risk management isn't always used?

- **Too overwhelming**
- **PMs don't want to hear it**
- **Nothing we can do about it**
- **Could be taken as criticism**
- **We'll just make sure it doesn't become a problem**
- **Shoot the messenger mentality**

Can Risk Management be effective without a positive approach?



The Process



Risk Management Plan



**The who, what, when, where,
and how for Risk
Management for the project.**



Identify

- **Brainstorming**
 - **What is the risk?**
 - **Why would it occur?**
- **Delphi technique**
- **“The project failed! Why?”**
- **“The project was flawless! How did you do it?”**

**G
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- **Anonymity**
- **Phrase the question differently**
 - **What are your hopes and fears?**
 - **Where is this project vulnerable?**
 - **Where is the schedule the most stringent?**
 - **What could effect our critical path?**

Identify



Questions to Consider

Forward-Looking Risk Assessment	Risk Ownership	Risk-adjusted Processes	Risk Governance	Risk Culture
Which risks is the project facing? What is the potential cost of each risk? What are the potential consequences for the project's later stages as a result of design choices made now?	Which stakeholders own which risks? What risk-management issues do each of the stakeholders face, and what contribution to risk mitigation can each of them make?	What are the root causes? What adjustments can be made to mitigate the risks?	How can individual accountability and responsibility for risk assessment and management be established and strengthened across all lines of defense?	What are the specific desired mind-sets and behaviors of all stakeholders across the life cycle and how can these be ensured?

Qualitative & Quantitative Analysis



Risk Register

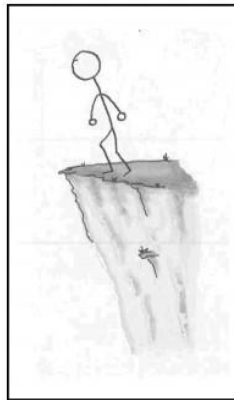
RISK REGISTER									
Deliverable Phase or Component	Risk Event	Impact	Probability	Risk Rating	Urgency	Reasons for Risk	Response	Person Assigned	Status / Solution

RISK EVENT CARD (VW Brazil)						
Strategic Objective	Risk Event	Outcomes	Risk Indicators	Likelihood / Consequences	Management Controls	Accountable Manager
Guarantee reliable and competitive supplier-to-manufacturer processes	Interruption of deliveries	Overtime Emergency freight Quality problems Production losses	Critical items report Late deliveries Incoming defects Incorrect component shipments	<p>5 4 3 2 1</p> <p>1 2 3 4 5</p>	<p>Hold daily supply chain meetings with logistics, purchasing, and QA</p> <p>Monitor suppliers' tooling to detect deterioration</p> <p>Risk mitigation initiative: Upgrade suppliers' tooling</p> <p>Risk mitigation initiative: Identify the key supply chain executive at each supplier</p>	Mr. O. Manuel

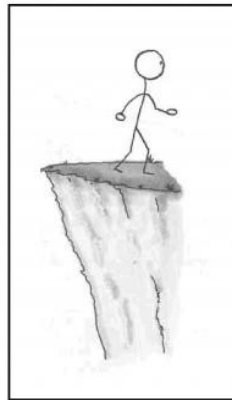
Risk Register

RISK REPORT CARD (VW Brazil)			
STRATEGIC OBJECTIVE	Assessed Risks	Critical Risks	Trend
Achieve market share growth	4	1	↔
Satisfy the customer's expectations	11	4	↑
Improve company image	13	1	↔
Develop dealer organization	4	2	↔
Guarantee customer-oriented innovations management	5	2	↓
Achieve launch management efficiency	1	0	↔
Increase direct processes efficiency	4	1	↔
Create and manage a robust production volume strategy	2	1	↓
Guarantee reliable and competitive supplier-to-manufacturer processes	9	3	↔
Develop an attractive and innovative product portfolio	4	2	↓

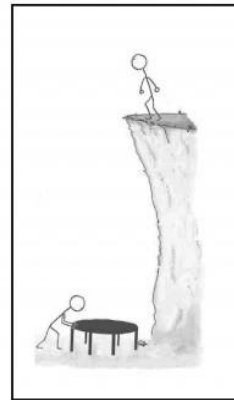
Plan Responses



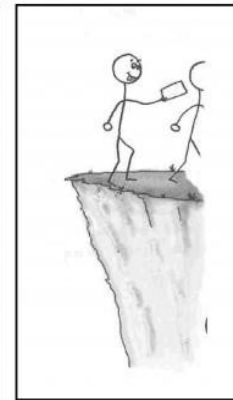
Your project



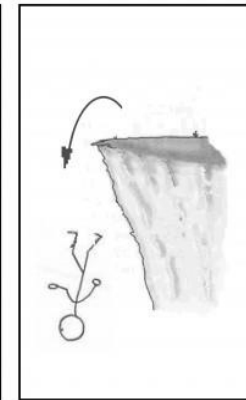
Avoid



Mitigate



Transfer



Accept



Threats

Avoid – Eliminate the threat or protect the project from its impact

Transfer – Move the impact, ownership, and response to another party

Mitigate – Team acts to reduce the probability or the impact

Accept – Acknowledge the risk and don't take any action unless the risk occurs (typically low probability and impact or can't do anything about it)



Opportunities

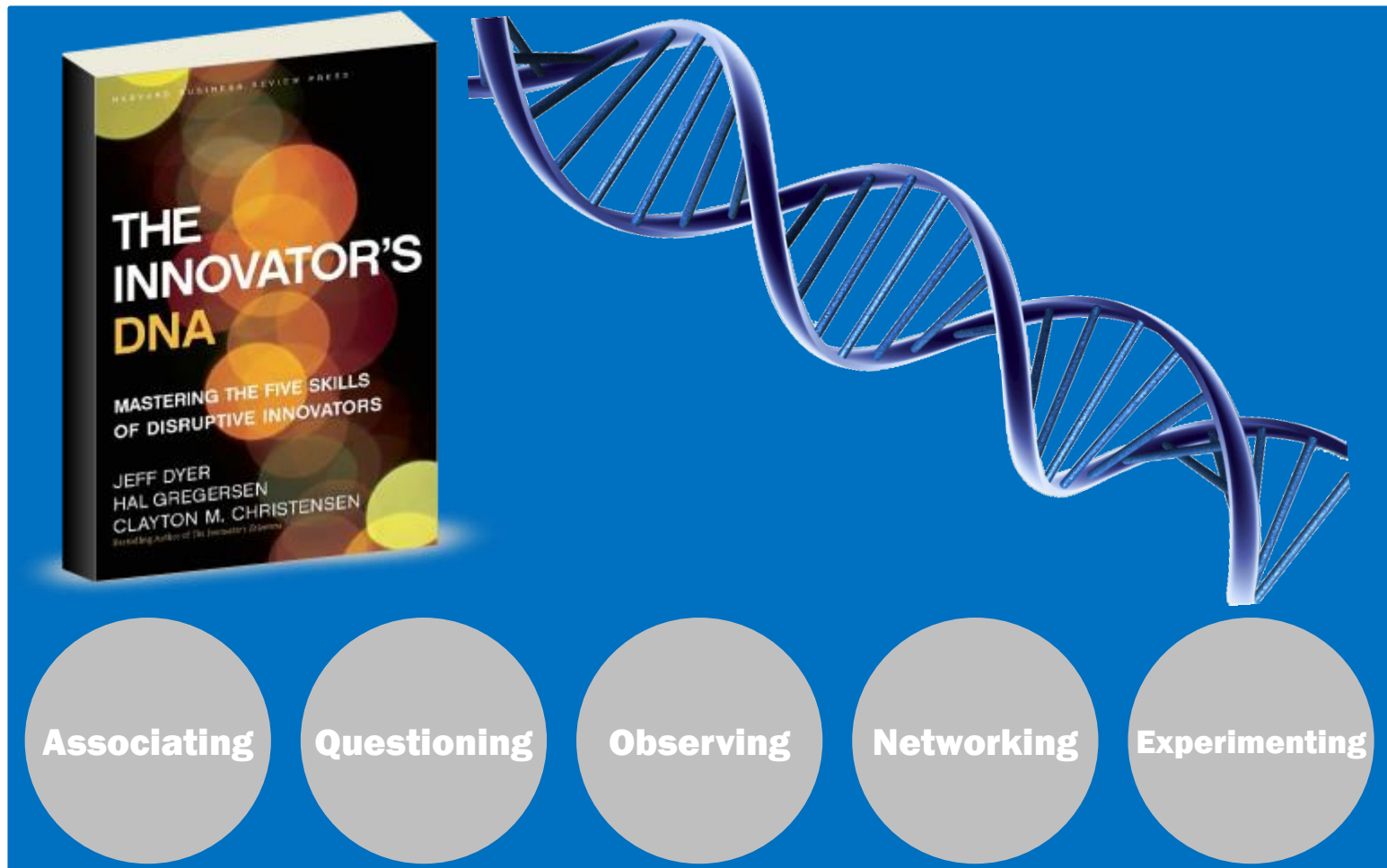
Exploit – Taking action to ensure the opportunity happens

Enhance – Acting to increase the probability of impact

Share – Teaming with a third party to also benefit from the opportunity

Accept – take no action to enhance the opportunity

The Innovators DNA, Why a project manager is setup for innovation success



“One’s ability to generate innovative ideas is not merely a function of the mind, but also a function of behaviors.”

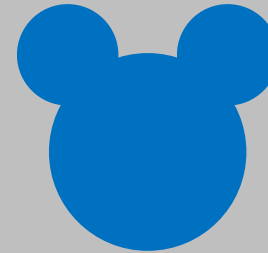
“I have not failed. I've just found 10,000 ways that do not work.”

*Malcolm Gladwell on the importance of stubbornness

Associating



Intersections



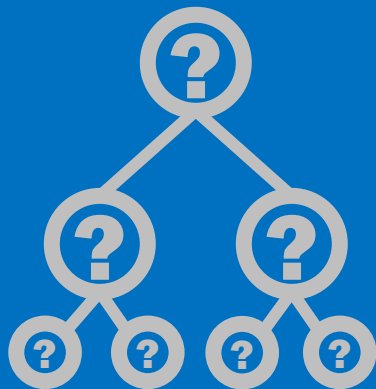
“When you ask creative people how they did something, they feel a little guilty because they didn’t really do it, they just saw something...they were able to connect experiences they’ve had and synthesize new things.”

“I think of myself as a little bee. I go from one area of the studio to another and gather pollen and sort of stimulate everybody.”

Questioning



**“You don’t invent the answers, you reveal them by finding the right questions.”
– Dr. Jonas Salk**

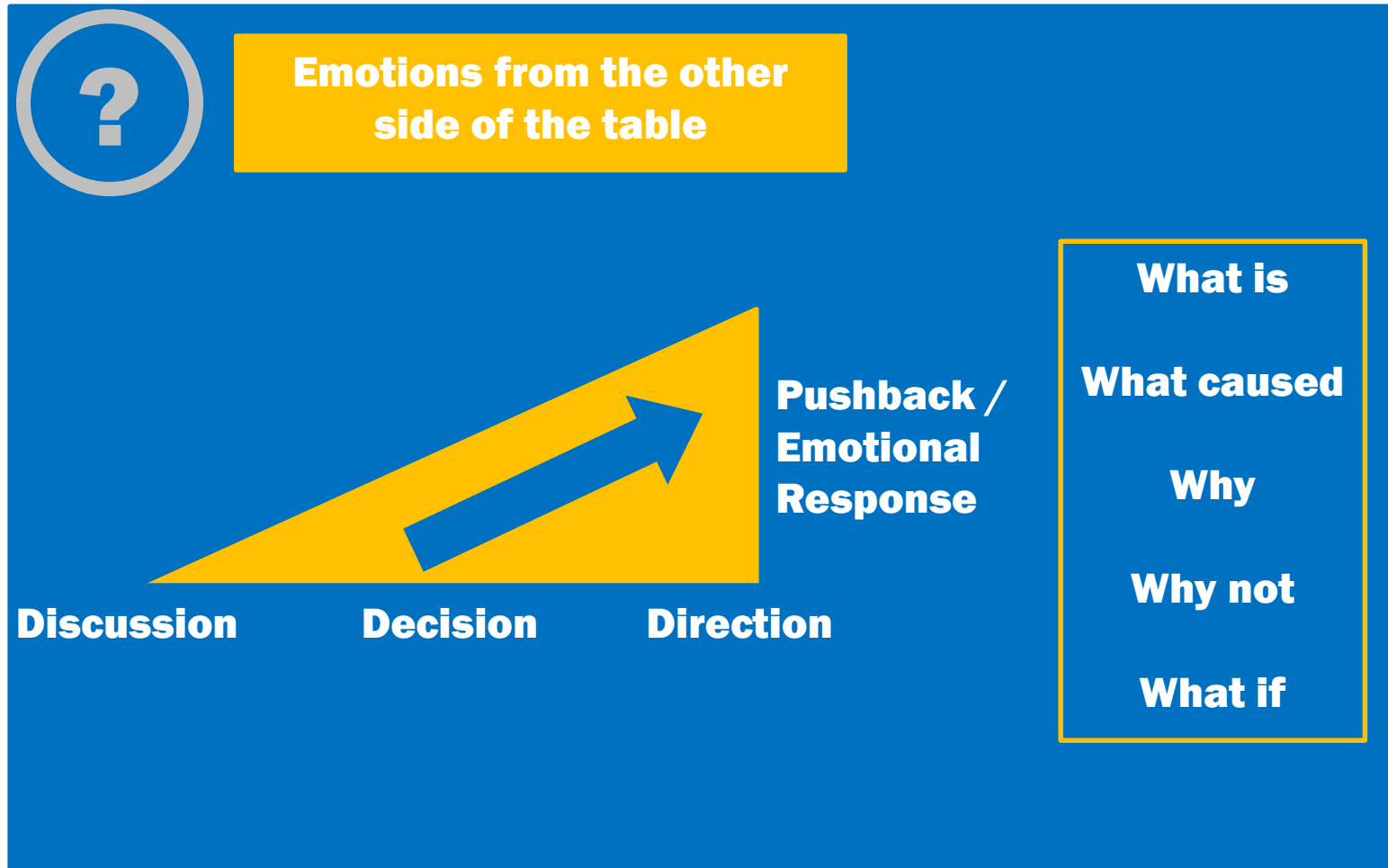


Wait I don’t get it. Why are we doing it like this?

Are you willing to look stupid? Do you have the self-esteem to ask, and are you humble enough to learn from anyone.

COURAGE

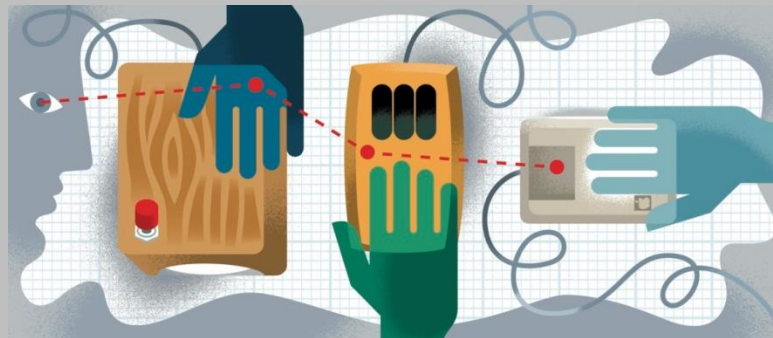
Questioning



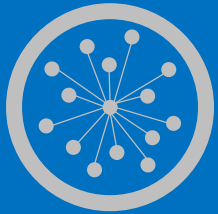
Observing



“All of us are watchers – of television, of time clocks, of traffic on the freeway – but few are observers. Everyone is looking, not many are seeing.” – Peter Leschak



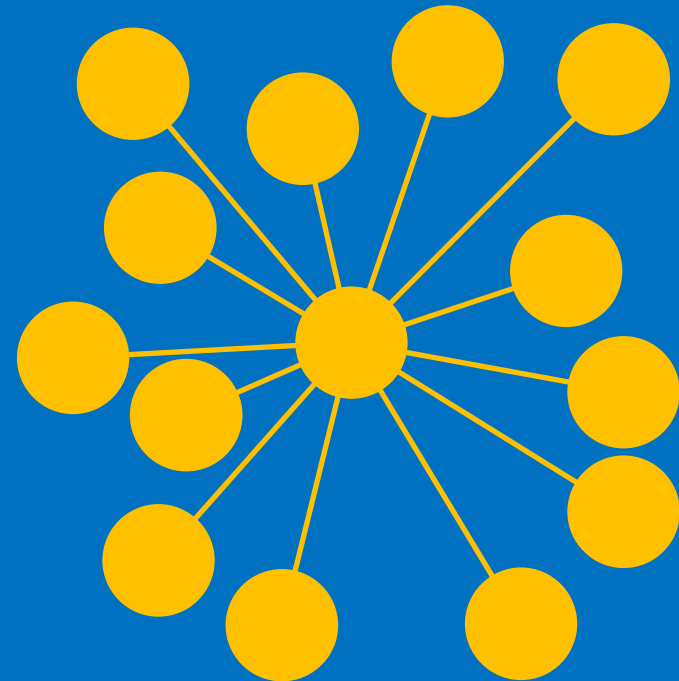
Networking



Expert Judgment

Outside Perspective

Network for ideas and ask yourself 'what other industries has solved problems like this?'



Experimenting



Variables

Project managers face experiments all the time and the success factor rely on measuring and managing the variables.



Recap



The End

Questions?

