34th Annual INCOSE international symposium

hybrid event

Dublin, Ireland
July 2 - 6, 2024

Right Sized, Real-Time Risk Management

Using Lessons Learned and Best Practices from Public Sector Transportation

What are the RISKS of REPORTING RISKS?

AUDIENCE ALERT

- The following presentation uses definitions from ISO 31000:2018 and ISO 15288:2023

- That means: RISK = OPPORTUNITIES AND THREATS

Key topics

- Impact of organizational culture

- Right sized solutions

- Real time reporting

- Tying it all together

Risk management in a VUCA world

- **V**olatility
- **U**ncertainty
- **C**omplexity
- **A**mbiguity

VUCA demands you develop *competencies* to identify and understand risks and learn how to develop mastery in managing those.

Sengupta, Goutam. "Art of Managing Risk in the VUCA World". PMI, 6 February 2024. Webinar.

Risk, commitment, and culture

- 11 key leadership activities in ISO 31000 section 5.2

- Point 2 focuses on culture

- Ensuring that alignment may require changing the organization's culture

5 Establish clear roles and accountability

3,9 Be risk management "champions"

7 Establish and communicate risk strategy

2 Align risk management and culture

Leadership and Commitment

4 Provide sufficient staffing

10 Measure and track performance

11 Continuous review and improvement

1,6,8 Align w/strategy, objectives, and metrics

Organizational culture

- What: shared norms, values, attitudes, and behaviors
- How: perpetuated and rewarded by leaders

Management attitudes → **Management behaviors** → **Employee attitudes** → **Employee behaviors** → **Organizational performance**

Connecting it all

- **Competencies**: skills and knowledge that enable people to work effectively together

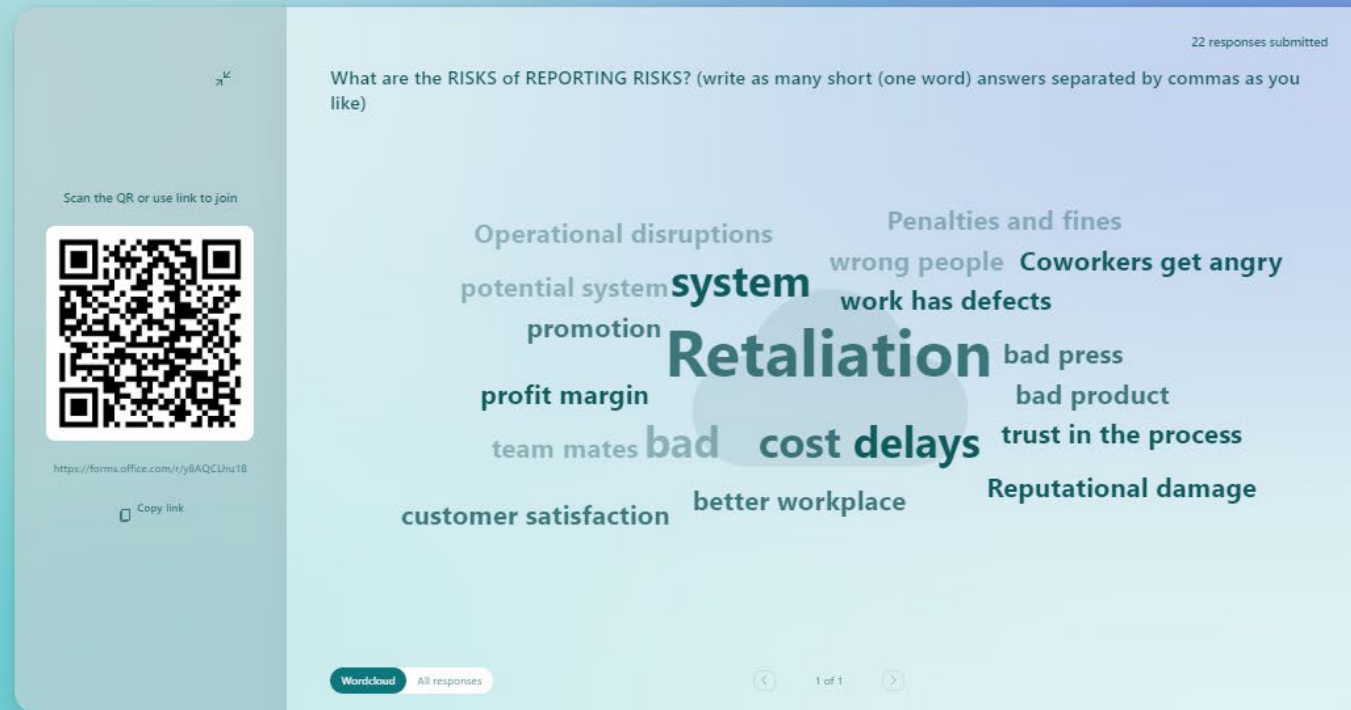- **Commitment**: demonstration by leaders (through words and actions) of their priorities

Culture

Culture that encourages learning

Competencies

Ability to prioritize and strategize

Commitment

Leadership attitudes and behaviors

Culture impacts risk management activities

1. Idea or Issue Identification and Reporting
2. Validation (right use of resources at the right time)
3. Analysis, Evaluation and Treatment Planning
4. Action Implementation and Tracking
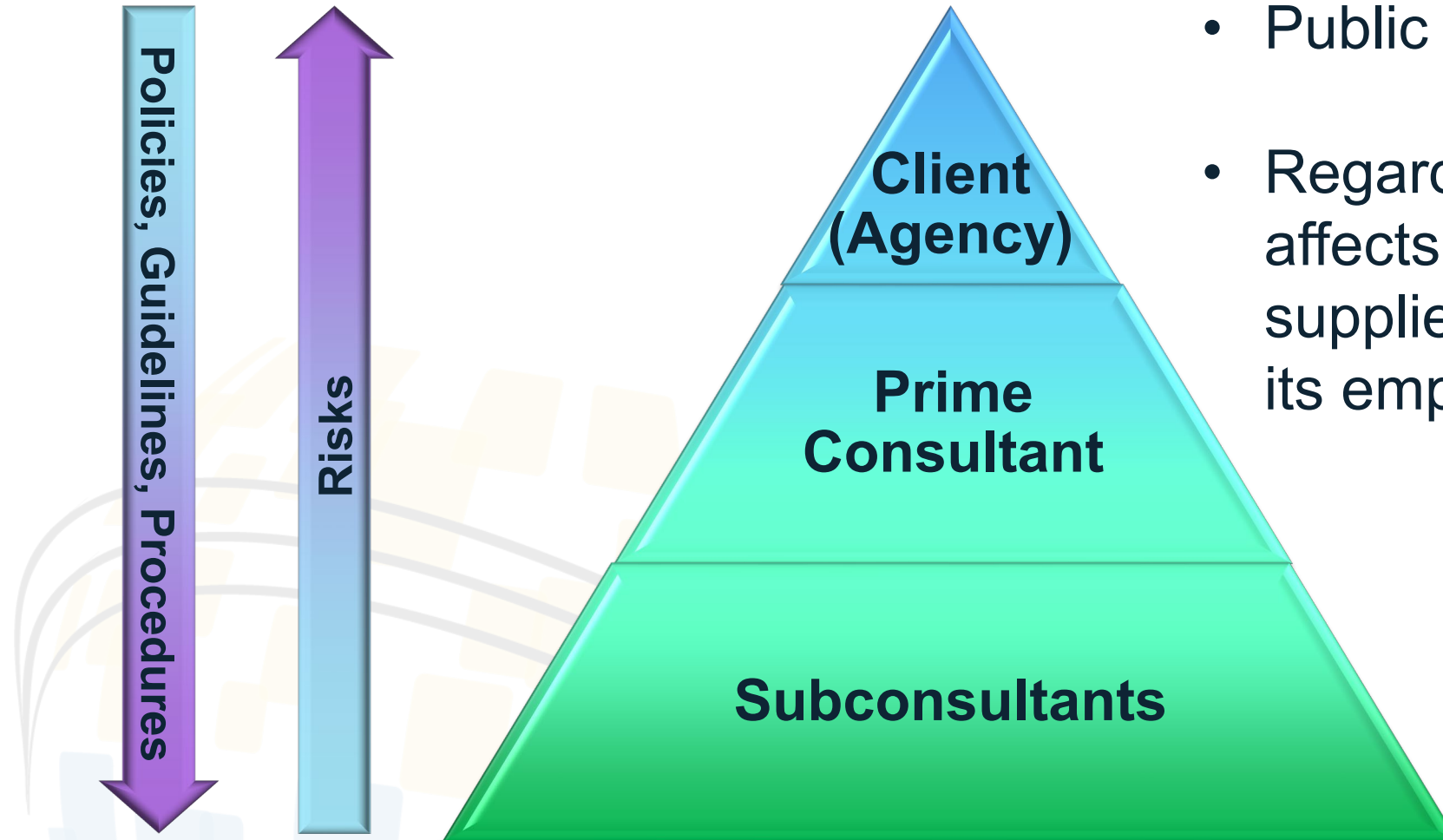
Ongoing support for the Risk Management System

What are the risks of reporting risks? Your Responses!

Bi-directional risk flow

Policies, Guidelines, Procedures

Risks

Client (Agency)

Prime Consultant

Subconsultants

- Public project example

- Regardless of industry, culture affects the organization, its suppliers and customers, and its employees

Real world examples of how culture matters

- Impact of culture on risk management
  - Avoiding identification of issues in general ("head in the sand" approach)
  - Fear of reporting risks implicating the agency (potential of future lawsuits)
  - Unclear roles/responsibilities, territorial issues

- Impact of poor risk management system on overall project/program outcomes

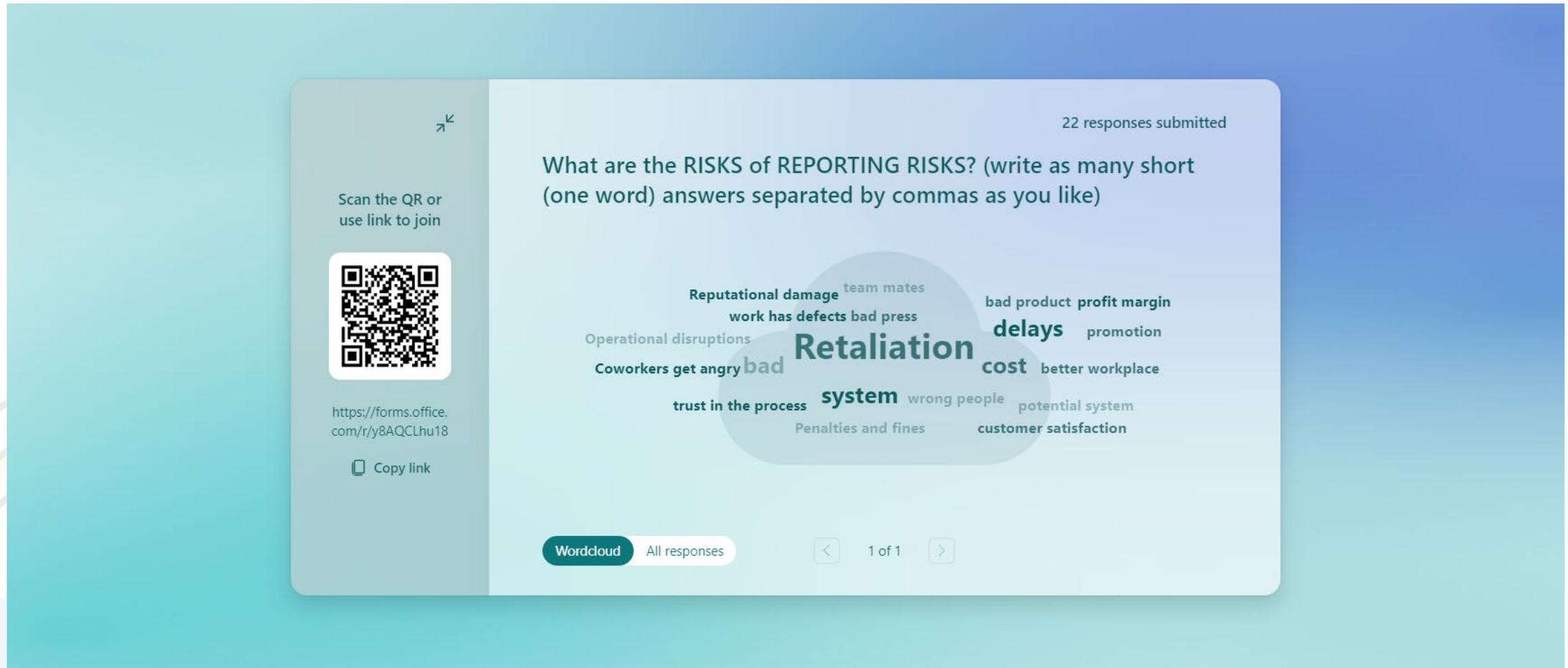# What if your culture isn't where it needs to be?

Complimentary Assessment: Click Here!

- Impact of a non-learning culture

- Examples on transit projects

- Role of change management

- Understanding "as is"

Capabilities Assessment

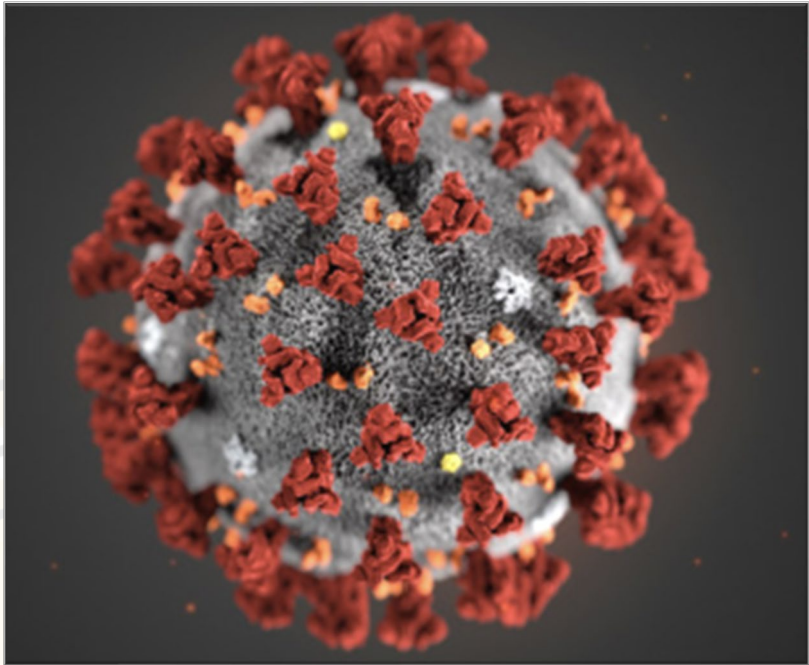# How do we leverage the RISKs behind your RISK MANAGEMENT SYSTEM?

Why aren't risks reported?

- Fear of Retaliation (Culture)
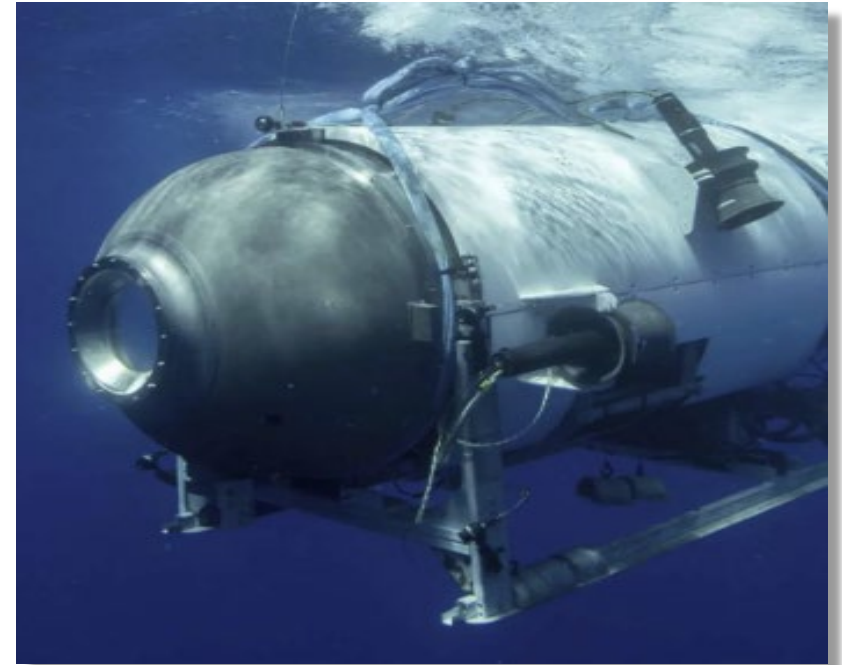
- Management won't act

- "I'll get more work"

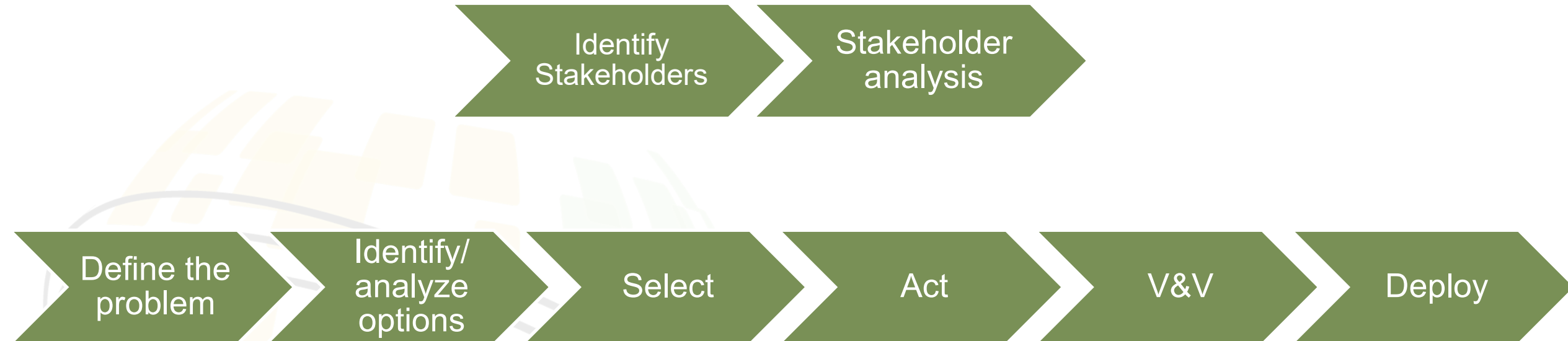# When Risks aren't reported or considered…

Opportunities are lost…

and bad things may happen…

So, how do build a better mousetrap?

- ## We DESIGN AND IMPLEMENT a better solution!

Identify Stakeholders → Stakeholder analysis

Define the problem → Identify/ analyze options → Select → Act → V&V → Deploy

Identifying Stakeholders (video)

Scope: Breadth and Depth

- Project Plan: Schedule/Cost

- Function, Features

- Design for (Ability)

- Degree of Employee Engagement

- Performance Reporting

- Decision Criteria

ISO
15288:2023
6.3.4.1

Options

- Buy

- Build

- Do nothing

The Evolving RMS

Criteria	Manual Procedures & Meeting Minutes	Lotus Notes to MS Excel	MS SharePoint List	The Future
Feedback loop?		☑	☑	?
Transparent Action Tracking?			☑	?
Interconnected Task Relationships?			☑	?
Integrates across the system?				?
Automated Analytics?				?

Decide with the End in Mind

- Understand Key Objectives, ROI

- Recognize Organizational Culture & Capabilities

- Reconcile E^2 – Effectiveness vs Efficiency

- Use Selection Criteria

Act
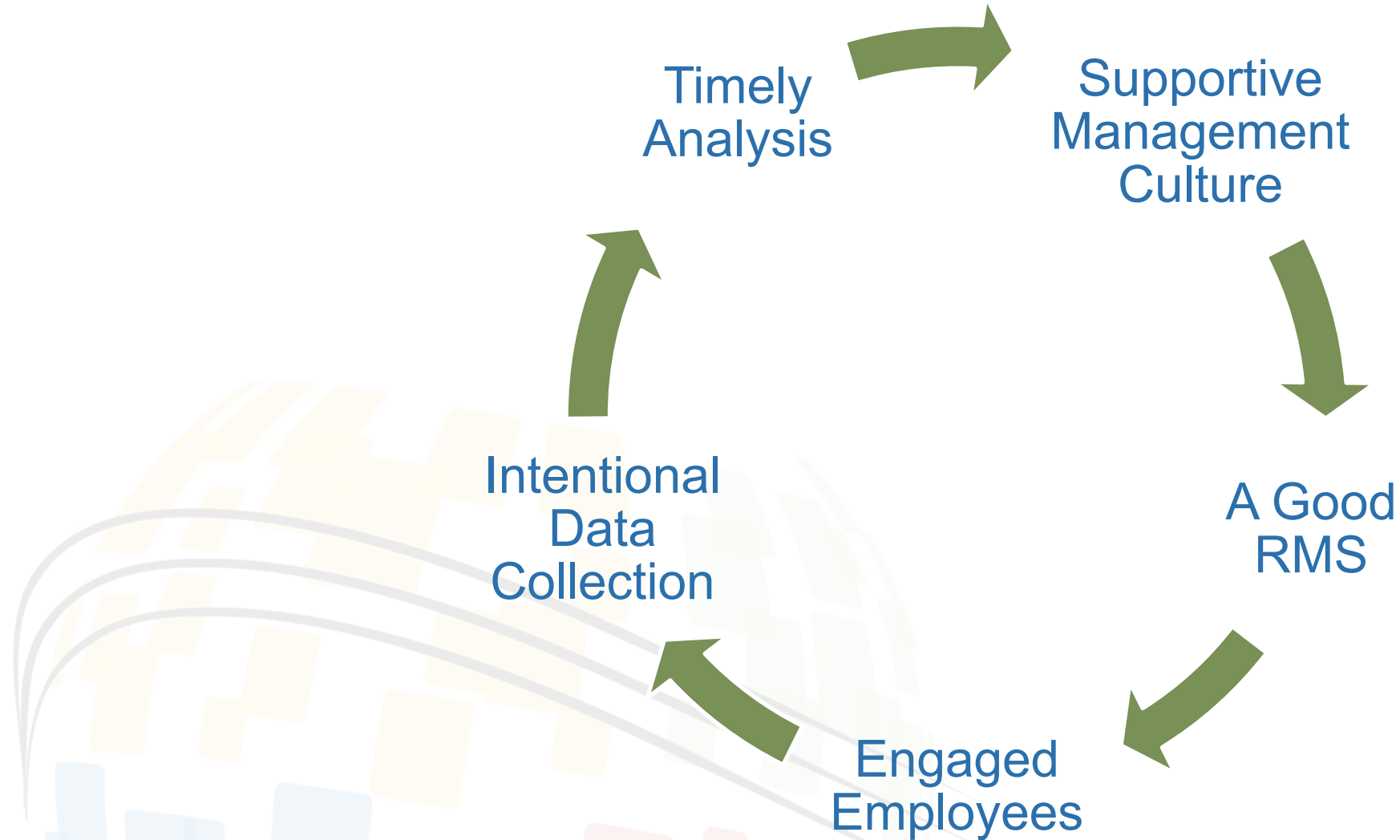
www.incose.org/symp2024 #INCOSEIS

What's important about reports

- <u>Clarity</u> – Universal understanding

- <u>Accuracy</u> – Automated data validation, integration, and cleansing

- <u>Transparency</u> – Available to the right people

- <u>Timeliness</u> – Enables swift data-driven decisions

- <u>Actionable</u> – Users can use the data to drive action

Organizational Culture to Report Generation

Timely Analysis

Supportive Management Culture

A Good RMS

Engaged Employees

Intentional Data Collection

Transit example

Early identification of risk in a large transit project with a right-sized, real-time risk management system helped the Prime Contractor:

- Develop proactive solutions accepted by the community
- Transverse sensitive, privately owned property avoiding multiple federal lawsuits
- Avoid significant project delays and cost overruns

IW2024 example

We had ~30 IW participants enter <u>ideas</u> and <u>worries</u> into a SharePoint Online (Dataverse) application they had never seen
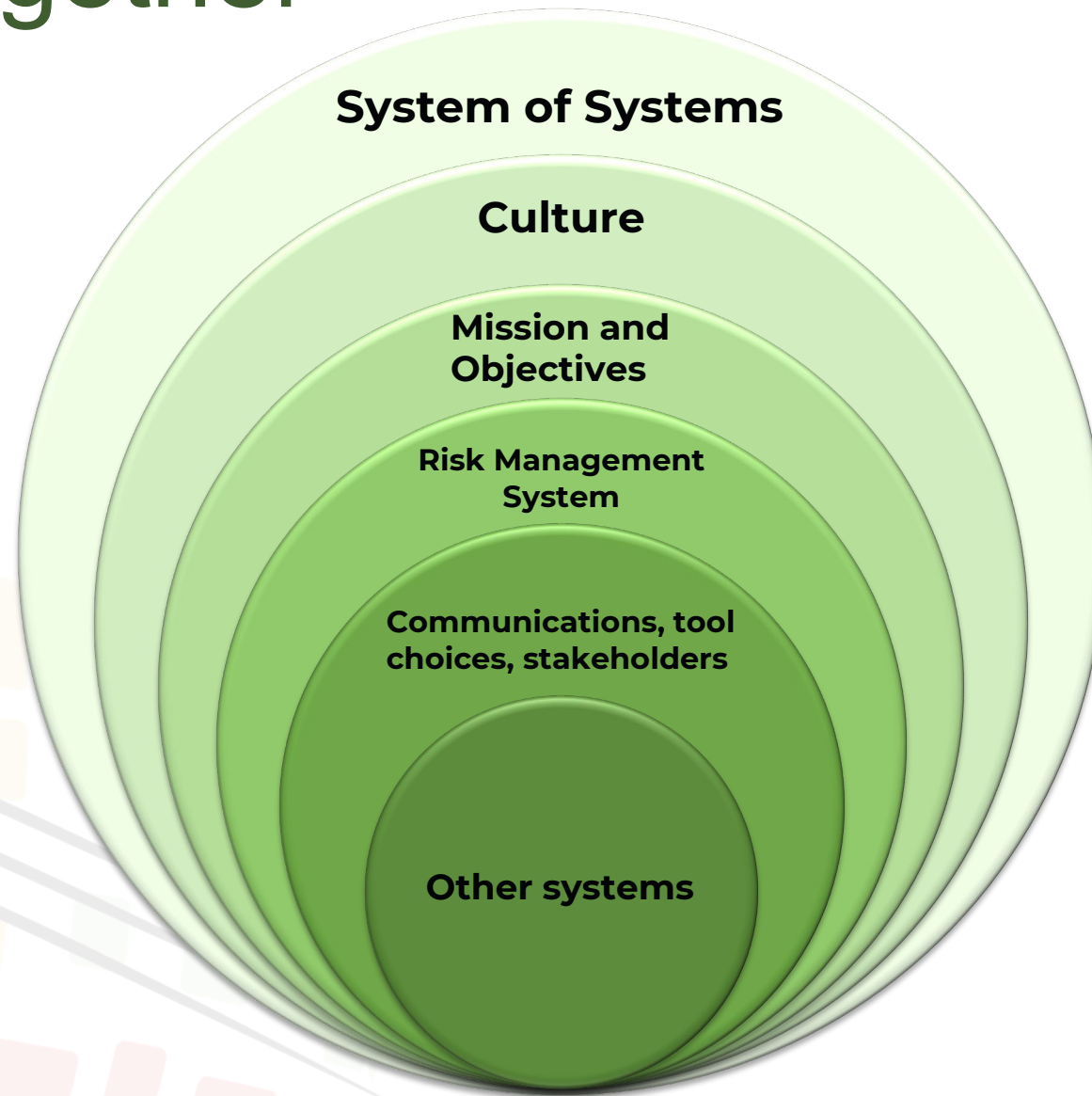
- Grouped people with strangers (mainly)
- Tasked them with entering complex information
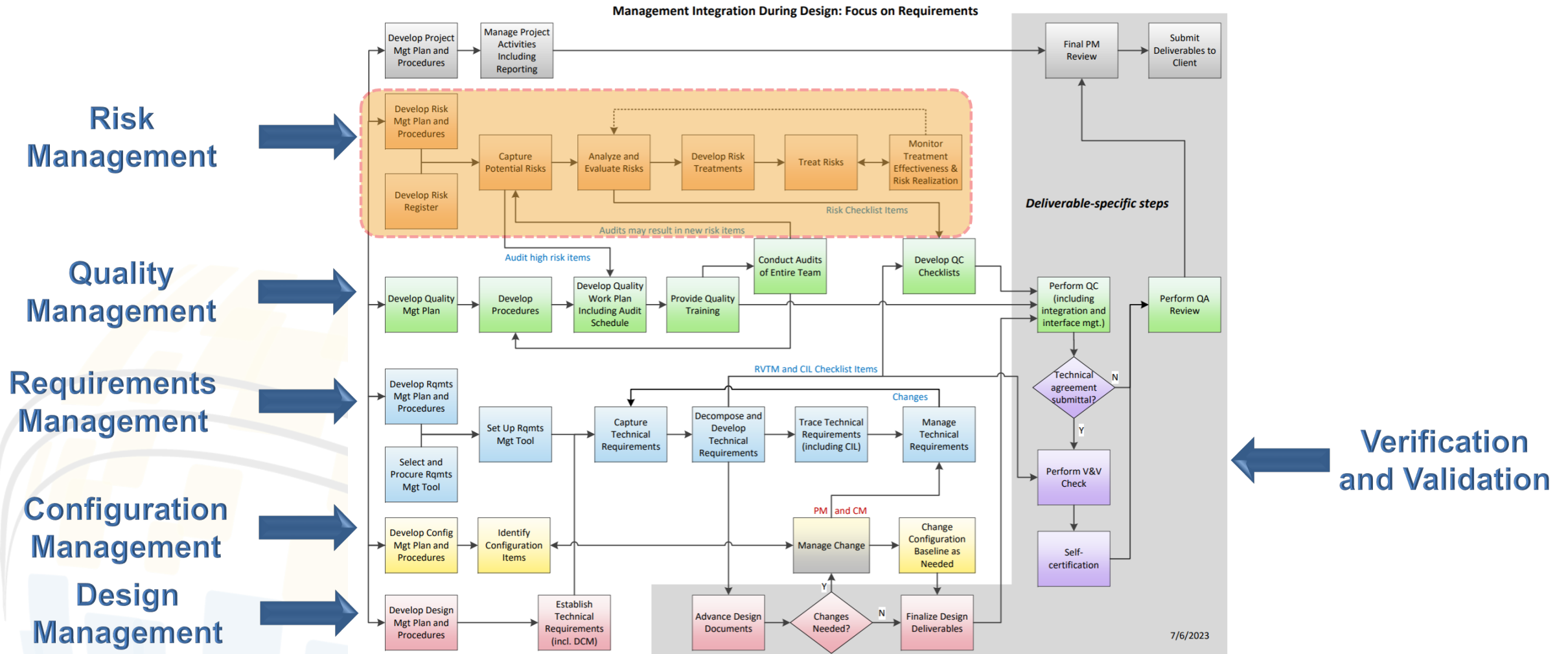- Showed graphed/charted **results** of their collaboration **<u>in less than an hour</u>**

Tying it all together

The Risk Management system and culture are integrated within a larger system of systems

System of Systems

Culture

Mission and Objectives

Risk Management System

Communications, tool choices, stakeholders

Other systems

System of systems

Management Integration During Design: Focus on Requirements

Risk Management

Quality Management

Requirements Management

Configuration Management

Design Management

Verification and Validation

Lessons Learned (LL) from the Public Sector

- Risk ownership is not always clear (bystander effect)

- Tools used are often cumbersome, unresponsive, difficult to access

- Opportunities are all talk, no action

- Agency engagement is reactive

Client (Agency)

Prime Consultant

Subconsultants

Risk Management Supply Chain

As you walk away, we hope you think about...

Culture Matters

Alignment with the company's culture and commitment to Risk Management principles

Intentional Design

Requires transparency, engagement, negotiated requirements, and timeliness

Real-Time Reporting

Must be aligned with objectives, accurate, timely, and actionable

System of Systems

From culture through processes/tools to deliverables, all is interconnected

For more information

Laura Uden   laura@nsieng.com

Carrie Cabak   carrie@nsieng.com

Russ Winchester russ.winchester@nsieng.com

Learn more about NSI here ➡

Questions?