How to Use a Project Go/No Go Risk Management Matrix

I knew it from the beginning…

Our Claims professionals at RLI hear that time and time again. Unfortunately, by the time those words are uttered, it's often too late for the insured who's uttering them.

Is it possible to predict the future of every project? Not exactly. But with experience, it's certainly possible to see problems coming before they actually arise. And that's the point of a Project Go/No Go Risk Management Matrix.

This Matrix, designed by RLI's Risk Management team, is intended to help guide you through the four steps of risk management—Identification, Assessment, Mitigation, and Control. Here's an explanation of how we've designed the Matrix to work for you.

Step 1: Review the list of risk issues that we've identified in the first column. You'll notice that there are twenty issues in all, and we've broken them down into four categories: Project, Place, People, and Process. Most of these will sound familiar to you, but if you're unclear as to our intent, look over to the third column, which provides a brief explanation for each of the issues. An item in the Explanation column that has a ◥ symbol after it offers additional detail or clarity if you hover over the explanation.

Step 2: Once you think that the risks have been properly identified (and you can feel free to modify the matrix to suit your own circumstances), it's time to move on to the assessment part of the process. For this Matrix, we've suggested that in the second column, you score each issue on a scale of 1 (low risk) to 5 (high risk). When you've completed this part of the process (and as we've designed it, the Matrix calculates the sums for you), you can step back and think about:

- how risky the project is overall (the bottom line of the Matrix provides some guidance)
- within the categories of Project, Place, People, and Process, where the riskier issues lie
- whether or not this project is starting to look like a "go" or a "no go."

Step 3: As you form your opinions and approach, the next step is to define a risk mitigation strategy. In the fourth column, you can detail a strategy for each of the issues or just focus on the higher risk issues. Again, the additional details provided in the "Explanation" column may also give you some thoughts about mitigating the risks associated with a particular issue.

Step 4: The last step in our Matrix approach is Control. Even the best risk managers will miss a detail or two in their preliminary assessment of a project, but risk management is a dynamic process. Go back — especially to those higher risk aspects of the project that you've identified — and see if your risk mitigation strategies are working as the project progresses. If they are, keep doing what you're doing! If they're not, modify them, or add any newly-identified risks — not just for the benefit of this project, but for the benefit of the lessons learned that you apply to future projects.

Final Analysis

Why do firms take on projects that they think are destined to fail? The question is somewhat rhetorical, but the answers might include: a perceived (or real) need to take on more projects, inadequate tools to help with the evaluation, or difficulty in standing up to a client and saying no. This Matrix is designed to help identify, assess, manage, and control the risks in your projects. You may decide that this Matrix isn't the right fit for your firm, and that's okay. The key is to use it to develop a matrix that works for your firm. And if you can't get to an appropriate comfort level on a particular project? That's the project where you want to consider saying "No go!"

RLI
DIFFERENT WORKS