Five Things to Consider When Managing Risks in a Complex Project

Risk management is a critical aspect of any project, yet it becomes even more important in complex projects where the stakes are high and the potential for failure is significant.

Indeed, The Project Management Institute's 'Pulse of the Profession 2021' study found that

- 28 % of projects did not meet their original goals
- 38 % of projects exceeded the budget
- 45 % of projects exceeded their deadline
- 35 % of failed projects lost the budget

We mentioned 'complexity': What does it mean in the world of projects? At least:

- High level of uncertainty in terms of goals, requirements, and outcomes
- High degree of interdependencies between different tasks and activities
- Dynamic, constantly changing, and unpredictable environment
- Multiple stakeholders with different needs, expectations, and goals
- Large scale, long duration
- Requires high level of expertise and experience
- The quality of risk management tools

So why do complex projects fail? Some of the most typical reasons include

- Communication issues between people with different interests, characteristics, and cultural backgrounds
- The speed of change may be 'too much to handle'
- The unique nature of projects
- Lessons were never shared from previous projects of similar nature
- Increasing complexity in the duration, scope, or the number stakeholders in the project

Over the years, we have discovered a number of best practices in running complex projects. Particularly related to navigating around the many project-related risks and steering the project towards successful outcomes.

To read about our thinking at length and examples from case companies such as Skanska and Sweco, we invite you to download our eBook "Ensuring Success of Complex Projects: An Inclusive Approach to Risk Management".

For a slightly adapted summary from the eBook and for some practical tips, please read ahead!

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Engage stakeholders in project risk management for the best chances of success

Stakeholder engagement is a critical factor in the success of any project. What does it mean? Essentially that all project participants work together for an outcome that best serves the end client's purpose.

Practical tips

- Identify and involve internal and external stakeholders. Assign responsibilities for risk management activities to specific individuals or teams.
- Communicate regularly. Keep stakeholders informed about risks and mitigation activities, and encourage them to provide input and feedback.
- Use collaborative tools. Share information with all stakeholders and ensure that everyone continues to be aligned with the project's goals and objectives.

2

Leverage the right tools to facilitate project risk management

Utilizing the right technology tools can make risk management more efficient. Automate risk management with an appropriate risk management software, avoid blind spots, and ensure consistent data analytics for better risk insights.

Practical tips

- Implement risk management software to make it easier to identify, assess, and mitigate risks.
- Leverage advanced technology to avoid blind spots in risk management.
- Use technology to ensure consistent data analytics and to provide better risk insights.

3

Take an agile approach to risk management in complex projects

Use a flexible risk management framework that adapts to changing project needs. By involving relevant stakeholders and regularly reviewing and adjusting risk management plans, you can effectively mitigate risks and capitalize on opportunities.

Practical tips

- Adopt a risk management framework that can be tailored to specific project requirements and adjusted throughout the project lifecycle.
- Engage stakeholders from across the organization to ensure everyone understands the project's goals and objectives and is invested in its success.
- Regularly review and adjust risk management plans based on feedback and changing requirements. Be prepared to pivot quickly if unexpected risks arise during the project's lifecycle.

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Base risk management decisions on the best and most up-to-date information
In order to effectively manage project risks, make sure you have access to the latest and most accurate information. This includes regular data analysis and utilizing a risk management software.

Practical tips

- Regularly gather data on potential risks and use it to inform risk management decisions throughout the project's lifecycle.

- Adopt tools to analyze risk patterns in real time, providing you with timely insights to help you quickly identify and mitigate risks.

- Implement a risk management software that allows you to automate and streamline risk management activities, ensuring access to the most up-to-date information when making risk management decisions.

5

Visualize risk input and analysis for better decision-making
Visualizing risk data is important for communicating the essential messages for informed decision-making. Data visualizations and dynamic risk dashboards are a useful tool for presenting complex risk information in an easily understandable way.

Practical tips

- Use data visualizations to communicate complex risk information: Employ charts, heat maps, and other visualizations to present risk data in a clear and understandable way.

- Develop dynamic risk dashboards: Create an at-a-glance view of key risk indicators and enable stakeholders to explore risk data in greater detail.

- Incorporate risk visualization into regular reporting and communication: Use visuals in regular project updates to keep stakeholders informed and engaged with the risk management process.

Engaging project stakeholders is crucial, as stakeholders provide valuable insights into project risks and can help prioritize risks in a complex project. Leveraging the right software tools will simplify the risk management process. Taking an agile approach to risk management can help project teams respond quickly to changing circumstances. Using the most up-to-date information will help assess the project risks accurately. Visualizing the analytical output help project managers communicate risk information effectively to stakeholders.

To learn more about the benefits of inclusive risk management in complex projects, download our eBook here!

Interested in a demo of our software? Visit inclus.com and contact us for a brief introductory meeting.

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