

# Project Risk Management

## *A Healthy Dose of Fact-Based Reality*



### **Company**

A billion-dollar property and casualty insurance company with its home office located in the Midwest.

### **The Problem**

In the face of softening regulations in one of the states it served, the company embarked on a multi-year, multi-million-dollar IT project with a goal of taking back a piece of its business that it had long been outsourcing. The technical challenges, however, were significant, and an intimidated IT team was quickly falling behind schedule.

### **The Solution**

NK Shrivastava, PMP, PMI-RMP, VP of Services for FARRAGUT, was engaged to serve as the project manager to put the project back on track. Shrivastava and his team started with a detailed analysis that included leading the IT team through a comprehensive risk management process.

“We didn’t have a formal risk identification process in place before,” said the director of software development. “NK really pushed our thinking, but more than that, even though we had a gut feeling—and a lot of anxiety that what we were facing was very problematic—we didn’t have a concrete picture that detailed the real project risks.”

Shrivastava presented his findings to the project sponsors and other C-level executives. His report included the following key aspects:

- An estimate of the number of hours the project would take
- A fact-based projection of when the project could be delivered (assuming the project consumed 40% of the IT staff)
- A detailed list of project risks delivered via a graph/chart-based format designed to quickly and clearly articulate the project picture
- Finally, given the high-risk nature of the project, Shrivastava made a strong case that the business community should develop a contingency plan in case the project failed to be delivered on time

### **The Results**

When the executives analyzed the give and take of the project: the risks, the resources it would consume, the fact that other strategic projects would need to be pushed out or cancelled, an informed decision was made to cancel the project. The executives decided that the potential benefits simply did not justify the opportunity costs—a conclusion that they were happy to have drawn sooner rather than later.

The IT staff was elated. “They knew intuitively that failure was a very real possibility, but they couldn’t show it,” said Shrivastava. “There had been a high level of stress, and so for them, this was actually a very positive outcome.”

### **About FARRAGUT Services**

FARRAGUT Services helps strip out the stress and ramp up the productivity of enterprise application projects. The goal is to close the gap between the potential of IT and the reality of executing strategies to achieve meaningful business value—including more revenue, better service, and improved productivity.

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