

# Closing the Risk Communication Gap Between Executives and Project Managers A Standards-Based Approach

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- Uncertainty is rising
- Risk perceptions differ across roles
- Standards align understanding
- Assessment enables prioritization
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# Uncertainty is rising



# Risk perceptions differ across roles

Executives focus on strategic risk



Project managers focus on operational risk

To Bridge the communication gap:

- Aligning Risk Communication Between Project Managers and Executives.
- Clarify risk management objectives  
Practical and Consistent Application of Risk Management Standards
- Apply international standards consistently.

# Standards align understanding

- For Aligning Risk Communication Between Project Managers and Executives:

- The organization's policy should be understood and shared among all levels.
- Periodical meetings for organizational goals and uncertainties arising from these goals.



- Key Objectives of Risk Management

Risk Assessment

Risk Response Planning.

Risk Management, Monitoring, and Control

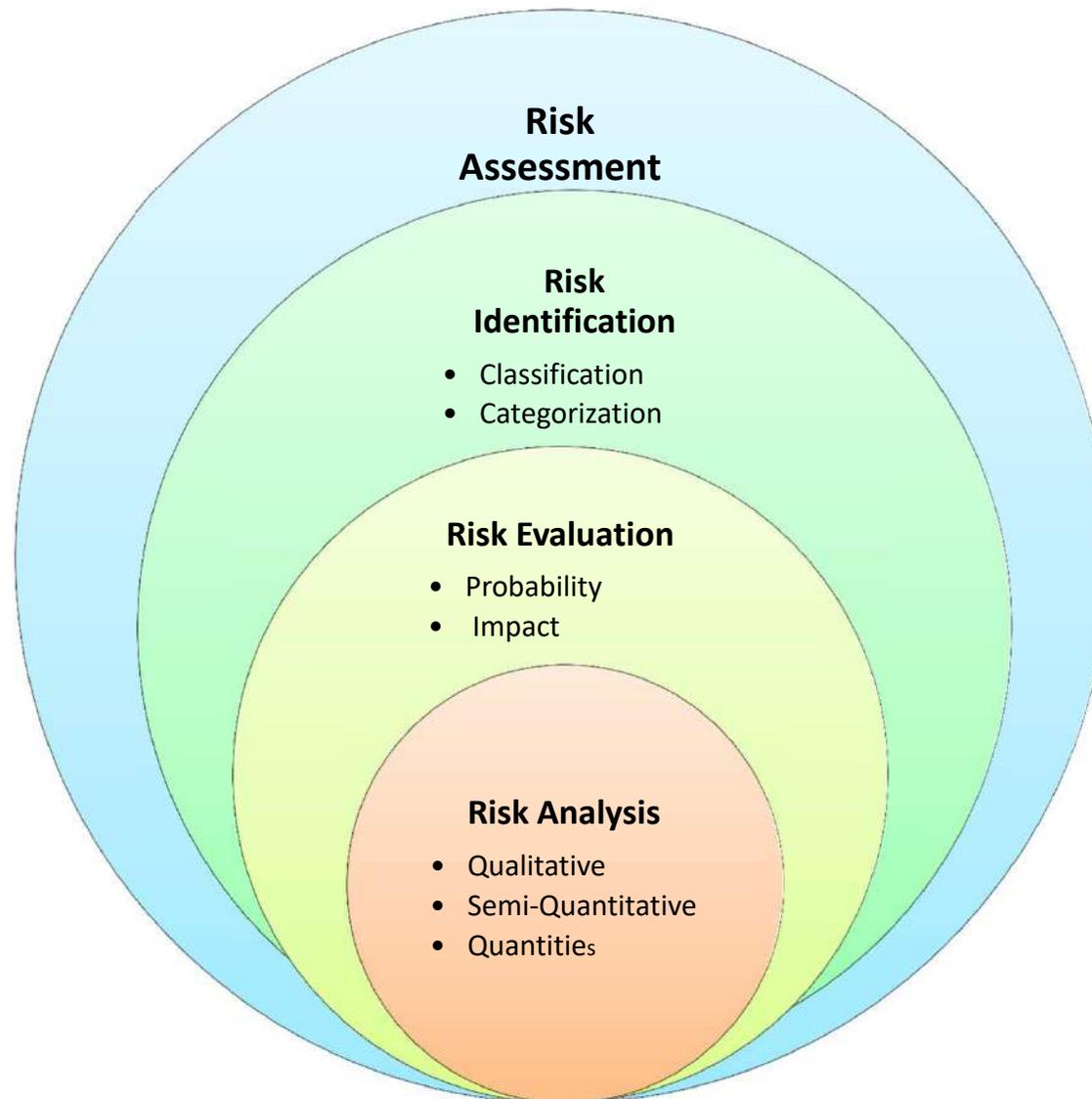
Support Decision Making

- Standards Reference

*Why standards and what?*

- ISO 31000:2018 – Risk Management Guidelines.
- ISO 31010:2019 – Risk Assessment Techniques.
- PMI PMBOK® Guide & Risk Management Practice Guide

# Assessment enables prioritization



# Risk Identification

- *You can only manage things you are aware of.*  
"(John M. Nicholas & Herman Steyn, n.d.)



## Example:

A construction & Infrastructure company may consider: Crane collapse or equipment malfunction causing injury, as (Operational Risk), non-adherence to building codes, labor laws, or environmental assessments as (Compliance Risk), and Delays or quality failures leading to public scrutiny and client dissatisfaction as (Reputational Risk).

# Risk Identification Tools

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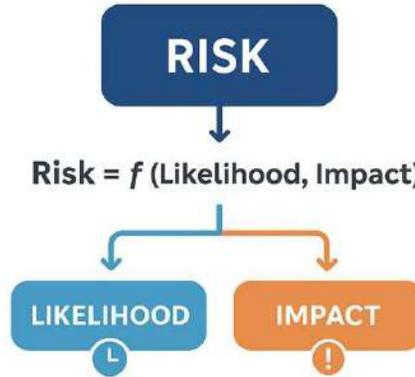
# Risk Analysis & Evaluation

## *Understanding Likelihood and Impact*

### Likelihood



### CORE FORMULA



### Impact (-/+)

Rare / Unlikely / Possible / Likely / Almost Certain

Minor / Moderate / Major / Critical / Catastrophic

## *Risk Analysis Techniques*

### *Output*

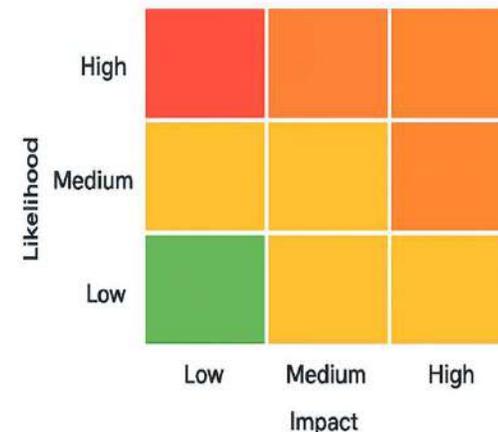
## *Risk Matrix / Heat Map*

**Quantitative Methods**

Gas on the last project cost an average of \$4.00 per gallon.

**Qualitative Methods**

A survey of residents says they are paying more than last year for a gallon of gas in the same location as the project.



# Responses drive value and control

## Risk Response Planning

- *Informs the selection of strategies most suitable for addressing each risk's specific characteristics.*
- *What should the formulation of the risk response plan be consistent with?*

### Risk Response Strategies

#### ❖ Escalation:



❖ *Escalate for Threats*

❖ *Escalate for Opportunities*

#### ❖ Avoidance



❖ *Exploitation Make it happen*

#### ❖ Transfer



❖ *Sharing*

**Careful selection of the partner**

❖ **Mitigation:** Reducing either the likelihood or Impact.

❖ **Enhancement:** Make it more likely

#### ❖ Acceptance

❖ *Active Acceptance*

❖ *Passive Acceptance*



- Escalate
- Avoid
- Transfer
- Mitigate
- Accept

- Escalate
- Exploit
- Share
- Enhance
- Accept



# Risk Management Monitoring and Control

- The main purpose is to ensure that risk response strategies are executed as planned.

*“Effective management requires measurement.” Peter Drucker .*

- Metrics must be applied.

*Example: Machine Maintenance in a Manufacturing Plant*

## **Identified Risk:**

Unexpected machine breakdowns are causing production delays, leading to delays in

product(s) delivery, allowing other competitors to take our market share and erode our reputation.

## **Risk Control Applications:**

- a) Preventive Control (Terminate / Stop the risk)*
- b) Corrective Control (Treat the impact)*
- c) Directive Control (Transfer through instructions/behavior)*
- d) Detective Control (Tolerate, but detect quickly)*

# Monitoring sustains decision quality

Implementing a structured risk management process led to :

- Make sound decisions at both strategic and operational levels.
- Enhances transparency and stakeholder confidence in the decision-making process.
- Allows organizations to adopt a progressive elaboration approach



# Conclusion

## Ensuring Compliance in Risk Management

-  Standards & Frameworks
  - ISO 31000 · PMBOK®  · Regulatory alignment
-   Governance & Assurance
  - Policies · Internal & external audits (ISO 19011)
-  People & Culture
  - Training · Awareness · Safety & compliance capability
-  Technology & Monitoring
  - CMS / GRC platforms · Automated controls · Early detection