



News Letter

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President's Corner



Hello, I hope you have enjoyed or are enjoying your summer break. Your President has had a quieter couple of months, so not so much to report this time.

The Aberdeen event went well, as did the meeting with the APMGroup, who will now be taking a stand at the Synergy event, so if you'll have an opportunity to find out more about what they do, please come to Synergy.

We are having discussions with other member organisations who have a Project Management interests, and may soon be able to enter into agreements to share events which will help the Chapter in its goal to try and provide more local events so members don't have to travel so far.

For those who haven't got Synergy tickets yet, there are still some available, for those more senior in your organisations, perhaps you'd like to reward your teams by taking out an exclusive package, see the web site for details - <http://www.pmi.org.uk/en/Synergy2012/index.cfm>

If you are a regular reader of the broadsheets you may have seen the brand awareness campaign that PMI GOC launched in early August, if you have any feedback on this then let me know and I will pass it back to them. I hope you also saw the communication on the PMI position on the APM and its request for Charter status.

I'm looking forward to attending the volunteer conference organised by Yohan Abrahams at the end of September, and I'd also like congratulate him and Enrique Fernandez on organising the first mentoring event, which ran in London a few weeks ago.

As mentioned earlier not much to report this month, hopefully catch you at the next event.

Take care

Duncan Chappell, PMP
President PMI UK Chapter



www.pmi.org.uk
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Calendar of Events 2012

- London - Evening Event** - Wednesday 12th September at Credit Suisse, 1 Cabot Square, London E14 4QR from 6.00pm—8.00pm
 Jeremy Sutton will be presenting “Delivery Assurance? - Yeah we do that, everything’s fine”
 For further information and to book a place visit <http://www.pmi.org.uk/en/events/london.cfm>
- Scotland - Half Day Event** - 2nd October in Glasgow.
 More details on speakers and topics will be notified shortly on the website where bookings are already open
<http://www.pmi.org.uk/en/events/scotland.cfm/Scot2Oct>
- South - Evening Event** - 19th September, Snamprogetti House, Basingview, Basingstoke, RG12 4YY from 6.00p—8.00pm
 Richard Pound will be presenting “Crucial Confrontations—Improving Accountability and Performance”
 For further information and to book a place visit <http://www.pmi.org.uk/en/events/south.cfm>
- South West - Evening Event** - Tuesday 2nd October at The Swan Pub, Winterbourne, Bristol BS36 1RW from 7.15pm -9.30pm
 Evening Workshop on Work-Life Balance
 For further information and to book a place visit <http://www.pmi.org.uk/en/events/south-west.cfm>

PMI UK Updates

(1) PMI UK has recently changed its office address from London to Yorkshire - phone and email remain the same.

Bank Chambers
 Market Street
 Huddersfield
 HD1 2EW

Tel: +44 (0) 20 8751 5626

Email: service@pmi.org.uk

(2) PMI Chapter Annual General Meeting scheduled in London on 6th December 2012

(3) Details of the PMI Chapter elections will be announced shortly. Nomination forms will be available on the PMI UK Website in the near future for the following positions;

- President
- Membership
- Commercial
- Professional Development
- Outreach



Last chance to get early bird tickets! Deal ends 31st August!

Synergy is the largest project management event in the UK, with speakers such as Lord Digby Jones and Dame Tessa Jowell, you won't want to miss out!

This celebration of project management event is being held on 1st November at the IndigO2 London.
 Ticket packages are available. For further information and to **save** yourself £40 per ticket visit www.synergy2012.co.uk today.

The Risk Driver Method of Monte Carlo Schedule Risk Analysis

By David T. Hulett, Ph.D., Hulett & Associates, LLC, Los Angeles, CA USA

Applying first principles requires that the risk to the project schedule is clearly and directly driven by identified and quantified risks. In the Risk Driver Method the risks from the Risk Register drive the simulation. The Risk Driver Method differs from older, more traditional approaches in which the activity durations and costs are given a 3-point estimate which results from the influence of, potentially, several risks which therefore cannot be individually distinguished and kept track of. Also, since some risks will affect several activities that cannot capture the entire influence of a risk using traditional 3-point estimates of impact on specific activities.

Risk Data Inputs for the Risk Driver Method

The risks that are chosen for the Risk Driver Method analysis are generally those that are assessed to be “high” and perhaps “moderate” risks to schedule from the Risk Register. Risks are usually strategic risks rather than detailed, technical risks. As the risk data are collected in interviews with project SMEs, new risks emerge and are analysed. There may be perhaps 20 – 40 risks, even in the analysis of very large and complex projects. Risks to project schedule include:

- (1) risk events that may or may not happen
- (2) uncertainties that will happen but with uncertain impact.

Once the risks are identified from the risk register, certain risks data are collected:

- Probability of occurring with some measurable impact on activity durations. In any iteration during the Monte Carlo simulation a risk will occur or not depending on this probability.
- The risk also has an impact on project activities' durations if it does occur. This impact is specified as a range of possible impacts, stated in multiples of the activity's estimated duration and cost. If the risk does occur, the durations and costs of the activities in the schedule that the risk is assigned to will be multiplied by the impact factor that is chosen from the impact range for that iteration.
- The risks are then assigned to the activities and resources they affect.

The degree of correlation between the activity durations has long been understood as being important for estimating correctly project schedule risk analysis. Correlation arises if one risk affects at least two activities' durations. If a risk occurs, the degree to which the impacted durations are longer and shorter together is called correlation. The Risk Driver Method models how correlation between activity durations arises so we no longer have to estimate (guess) at the correlation coefficient between each pair of activities.

Simulation Using the Risk Drivers Method

The risks' impacts are specified as ranges of multiplicative factors that are then applied to the duration or cost of the activities to which the risk is assigned. The risks operate on the cost and schedule as follows:

- A risk has a probability of occurring on the project. If that probability is 100%, then the risk occurs with every iteration. If the probability is less than 100% it will occur in that percentage of iterations.

The risks' impacts are specified by 3-point estimates of multiplicative factors, so a schedule risk will multiply the scheduled duration of the activity that to which it is assigned. The 3-point estimate, for instance of low 90%, most likely 105% and high 120%, is converted to a triangular distribution. For any iteration the software selects an impact multiplicative factor at random from the distribution. If the risk occurs during that iteration the multiplicative factor selected multiplies the duration of all the activities to which the risk is assigned.

The Risk Driver Method continued

A simple construction case study is detailed below to illustrate the risk factors and how they are assigned to the schedule. 8 risks were used that are common in real projects.

Risk ID	Risk Description	Prob.	Duration Impact Ranges		
			Min	M L	Max
1	Design Complexity may Challenge Engineers	40%	90%	110%	135%
2	Site Conditions / Site Access may Slow Logistics	50%	90%	110%	125%
3	Equipment Suppliers may be busy	60%	90%	105%	130%
4	Capable Management may not be Assigned	40%	90%	105%	125%
5	Environmental Agency May be Slow	50%	90%	110%	125%
6	Activity Duration Estimates is Inaccurate	100%	90%	110%	120%
8	Key Engineering Personnel may be Unavailable	65%	85%	105%	120%

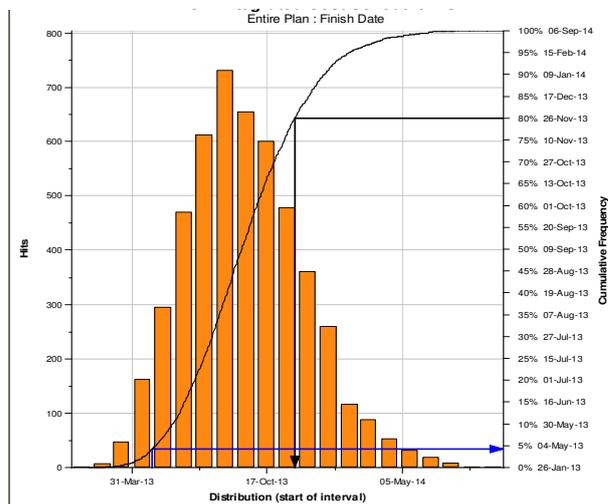
Risks Applied to a Simple Case Study Schedule

The schedule shown below has several risks applied to the activities.



Results from a Schedule Risk Simulation

The schedule risk results from a Monte Carlo simulation are shown in the histogram for below. For a simple case study, it shows that the deterministic date of 29 April 2013 is about 4% likely to be achieved following the current plan and without further risk mitigation actions. It is 80% likely that the current project plan with all of its risks will finish on November 26, 2013 or earlier, about a 7-month contingency reserve of time.



The Risk Driver Method continued

Prioritising the Risks to the Schedule

Prioritising the risks to the schedule is one of the main benefits of the Risk Driver Method. Since the overall schedule risk has been driven with the specific project risks the risks for further mitigation can be prioritised. A listing of the risks in the case study in priority order is shown below. It is the tool that the project manager can use to improve the project's likelihood of finishing earlier, although it is not likely that the project team can develop ways to completely mitigate all, or even any, specific risk

Priority Schedule Risks			
Risk ID	Risks	P-80 Date	Contribution to the P-80 Contingency
	ALL RISKS INCLUDED	27-May-14	(Days)
Risks Removed			
9	S/C - May have Problems during Commissioning	13-Nov-13	195
8	S-C Key Engineering Personnel may be Unavailable	4-Oct-13	40
6	S - Activity Duration Estimates is Inaccurate	18-Aug-13	47
2	S -Site Conditions / Site Access may Slow Logistics	6-Jul-13	43
1	S/C - Design Complexity may Challenge Engineers	19-Jun-13	17
3	S/C-Equipment Suppliers may be busy	30-May-13	20
4	S - Capable Management may not be Assigned	6-May-13	24
5	S -Environmental Agency May be Slow	29-Apr-13	7

The risk mitigation exercise starts with these priority risks. While it is unlikely to be able to fully mitigate any of these risks, the most important risks are highlighted for close attention.

David T. Hulett is recognised as a leading expert in risk management, leader in risk management activities of the Project Management Institute.



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PDU Tip 1: 6 Categories - 2 Divisions

By Cornelius Fichtner, PMP

A series of PDU Tips that will convey information about PDUs in general and how PMPs can earn PDUs in various ways.

As a PMP certified project manager you have to earn 60 PDUs every three years to recertify your credential. Each PDU will “cost” you 1 hour of your time.

It may sound daunting to think of spending 60 hours on earning PDUS over the next three years but it’s actually very easy. It’s just 20 hours per year, less than 2 hours a month. Plan on spending those hours learning something that will improve your job performance or by doing something that helps others in your profession. Either way, it’s a rewarding experience that takes very little time if you do it regularly.

The six PDU Categories come in two PDU Divisions: Education and Giving Back to the Profession.

The Education Division allows you to earn PDUS while learning new and valuable PM concepts through a variety of media. You can take a classroom course, attend a lecture or seminar or participate in an event or a conference. You can choose self-study rather than a more formal activity, too.

The Giving Back to the Profession Division contains three categories with a big variety of activities. You can be a speaker or instructor, moderate a discussion, volunteer on a project for a charitable group or other non-profit. You can coach or mentor someone on project management topics. As you can see, this category allows you many fulfilling opportunities to serve the PMP community as well as the community you live in.

For you as a PMP certified project manager it’s important to understand the rules that PMI has laid out in regards to earning your PDUs. So in our next several PDU tips we are going to go through each of the 6 PDU Categories in detail. In that way you will know the rules before you start playing the game.

The maximum PDUs you can earn in a category

As a holder of many Project Management Institute (PMI) credential you are required to earn a specified number of Professional Development Units (PDUs) to maintain that credential. The number of PDUs to be completed for each three year cycle is dependent upon the type of certification held. Each PDU is equivalent to one hour of effort. Sixty PDUs per cycle are required for those who hold the PMP or PgMP certification and 30 PDUs for those who hold the PMI-SP or PMI-RMP certification. At first it may seem to be a lot of time but for the PMP and PgMP certification it averages out to just over an hour and a half of self-improvement effort a month and for the PMI-SP and PMI-RMP certifications less than an hour a month. That is little time when considering those who hold these certifications are more than likely spending at least that much time reviewing existing and keeping up with new practices without even thinking about it.

There are six categories of PDUs that are divided into two division “Educational” and “Giving Back to the Profession.” In some categories you can even earn free PDUS. The categories provide a wide range of opportunities to obtain PDUs. Under the “Educational” division there are such activities as completing courses either offered by PMIs Registered Education Providers (R.E.P.s) or other colleges or universities; attending PMI sponsored events such as seminars, conferences, chapter or communities of practice meetings, or attending other credential related training events; taking and passing a PMI Publication Quiz; and completing self-directed type of learning activities such as reading books or instructional materials, using interactive CDs, or being mentored.

Activities considered as part of the “Giving Back to the Profession” division are authoring, co-authoring, or serving as a presenter, speaker, or instructor of material related to the credential; volunteering within a PMI organization or even a non-PMI charity or community organization, or working on a PMI project; and even working as a Project Manager. With all of the options available to obtain PDUs each professional is sure to find a method that interests them.

Over the coming weeks we will be publishing a series of PDU Tips in which we look at each of the six categories (Category A-F) in which you can earn PDUs. We will explain each category in detail and talk about ways to maximize earning PDUs for your recertification.

Everything about PDU Category A

As the holder of a Project Management Institute (PMI) credential (except CAPM) you are required to earn a specified number of Professional Development Units (PDUs) to maintain that credential. PMI has developed six categories of PDUs in which one can obtain credits. In this series of PDU Tips we review all six categories and give you our insights. We begin with PMI PDU Category A, “Courses offered by PMIs R.E.P.s or Chapters and Communities,” which is one of the three “Educational Categories.”

PDU Category A covers any professional development training gained through one of PMI’s Registered Education Providers (R.E.P.s). R.E.P.s can be identified by their PMI R.E.P. logo and can include schools, accredited consultants or training programs, and PMI chapters. R.E.P. accreditation can be confirmed by searching the PMI database. Our company is a PMI R.E.P. as well and we offer The PDU Podcast (<http://www.pducast.com>) allowing you to earn Category A PDUs toward your recertification simply by watching webinars on your computer or portable player.

PDU Category A also include attending PMI sponsored seminars, conferences, chapter meetings, community of practices meetings. A list of these events can be found on PMI Chapter websites. Any PMI member or non-member can sign up to attend most of these events.

PDU Tip 1: 6 Categories - 2 Divisions... continued

As a rule: for each hour of instruction you receive in the areas of project management, program management, project scheduling, or project risk management you can claim one PDU.

Lastly, you can also earn PDUs in Category A by taking and passing of a PMI® Publication Quiz. This consists of reading a specified article and answering at least 80 percent of the questions correctly. Check the PMI website for details.

There is no limit on the number of PDUs that can be reported for Category A. All 60 PDUs needed to maintain the PMP or PgMP credentials, or 30 for the PMI-SP or PMI-RPM credentials over the three year cycle can be claimed in Category A. All you need to claim a PDU in Category A is the registration form, certificate, or letter of attendance for each PDU you earned.

In our next PDU Tip we'll look at Category B, which, as you will see, is very similar to Category A in all respects.

Everything about PDU Category B

As the holder of a Project Management Institute (PMI) credential (except CAPM) you are required to earn a specified number of Professional Development Units (PDUs) to maintain that credential. PMI has developed six categories of PDUs in which one can obtain credits. In this series of PDU Tips we review all six categories and give you our insights. We are moving on to Category B, "Continuing Education," which is one of the three "Educational Categories."

PDU Category B covers the completion of academic courses provided by a college or university that is not one of PMI's Registered Education Providers (R.E.P.s). The course work must be related to the specific credential (PMP, PgMP, PMI-SP, or PMI-RMP) in which the PDUs are to be applied.

PDU Category B also covers educational experience such as

employer provided training, Webinars, other professional membership (non PMI) meetings, and any other training provided by a non R.E.P. accredited organization.

In essence: Any project management training and consequent PMP PDU that you receive from an organisation that is not a PMI R.E.P. falls into Category B. Very often training companies use this rule and offer online webinars that include project management training and some marketing allowing you to earn one free PUD.

For each hour of instruction in the areas of project management, program management, project scheduling, or project risk one hour of professional development can be claimed and awarded as a PDU.

When claiming PDUs for Category B, only the portion of the course, training, or meeting that directly relates to the credential which it is being applied to can be claimed. For example, if an employer sponsored training is an hour long but only had a half hour of training related to project management then only 0.5 PDUs can be claimed toward the PMP credential.

There is no limit on the number of PDUs that can be reported for Category B. All 60 PDUs needed to maintain the PMP or PgMP credentials or 30 for the PMI-SP or PMI-RPM credentials over the three year cycle can be claimed in Category B.

To claim a PDU for an academic course provided by a college or university that is not one of PMI's REPs a grade report or official transcript showing a passing grade for the course is required. To claim a PDU for any other non-PMI REP training experience a proof of registration, proof of attendance, details that outline the course material reviewed, and the qualifications of the instructor such as a syllabus are required.

For any questions about PDU's: please email cornelius@pdu-insider.com



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RISK MANAGEMENT OR RISK LEADERSHIP?

By Dr David Hillson, FIRM, HonFAPM, PMI Fellow

Risk management is an important contributor to project and business success. The past few decades have seen growing consensus on the elements required to manage risk effectively, including an *efficient and scaleable risk process* that can be tailored to the particular risky situation, an *appropriate level of infrastructure* to support the risk process, and *skilled and competent people* who know what to do and how to do it.

However risk management is much more than tools and techniques, processes and systems. One major contributor to effective risk management is a **risk-aware supportive culture**. But this seems to be the one factor most often missing in major organisations and businesses, leading to an inability to deal properly with risk.

Why do we find it hard to develop the right culture needed to support management of risk? At least part of the answer may lie in a change of perspective, away from **risk management** and towards **risk leadership**.

The distinction between management and leadership was first made in the middle of the last century, when businesses were seeking ways to improve organisational effectiveness. What's the difference?

- **Management** is the *tactical ability* to get things done, usually through other people, by setting appropriate targets, defining clear goals, tasking and motivating people, monitoring progress and making necessary adjustments to stay on track.
- **Leadership** by contrast is a *strategic competence*, providing vision and purpose, setting overall direction, inspiring people to commit themselves to a course of action. Managers have staff, but leaders have followers.

When dealing with risk in our businesses and projects, have we focused exclusively on the tactical tools and techniques of risk management, and forgotten to exercise risk leadership at a more strategic level?

What does risk leadership look like? In one sense, risk leadership is like any other form of leadership, just applied to the risk challenge. So all the wisdom and insights gained in recent years on general leadership are also relevant here. But one specific thing distinguishes risk leaders from other leaders. **Risk leaders are responsible for developing and maintaining the risk culture of their organisation.** They do this by:

- *setting the tone from the top*, giving overall strategic direction and vision in relation to risk.
- *defining the risk appetite for the organisation*, providing the broad outline of how risk will be addressed, how much risk is acceptable, and what degree of risk exposure will be tolerated.
- *leading by example*, modelling a mature approach to risk, demonstrating a flexible risk attitude, able to take risk when that is appropriate and prepared to act more cautiously if necessary.
- inspiring the same flexibility in others by *rewarding good risk behaviour* and encouraging people to adopt the right risk attitude to meet each changing circumstance.

To develop a risk-aware culture, we need risk leadership as well as risk management. If we are unable to identify senior risk leaders in our organisation then perhaps we should take on the role ourselves in our own area of responsibility. Without risk leadership we will lack the overall direction and vision needed to shape our approach to risk management. But a combination of clear strategic risk leadership together with effective tactical risk management will give us the best possible chance of tackling the risk challenge and meeting our goals.