

ECRI Sponsors Meeting London, England



Risk Management Maturity Modeling

Wednesday 8th December 2010

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CONSTRUCTION
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Be careful what you ask for....you just might get it.



Agenda

- Introductions.
- Intent & Methodology.
- Summary Results.
- Key Findings.
- Next Steps.



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Intent & Methodology

Intent:

- Assess our maturity assumptions across the organization from the leadership level perspective.
- Develop a survey to enable long term trending of PRM maturity.
- Solicit open comments.
- Identify potential areas of concern for further study.
- Identify potential areas of strength for further expansion.

Intent & Methodology

Methodology:

- Adapted from an early work by HVR & Dr. Hillson.
- Survey questions align to KBR PRM five step process.
- Intranet survey distributed via link embedded in e-mail.
- Participant's inputs were tracked by HR job levels & location.
- Four available responses provided in random sequence, plus open comment field.
- Results reported against the four risk management maturity model attributes:
 - Culture
 - Process
 - Experience
 - Application

Overview of Risk Management Attributes

Culture:

- Top-down commitment.
- Level of policy acceptance.

Process:

- Nature of process applied to all projects and departments.

Experience:

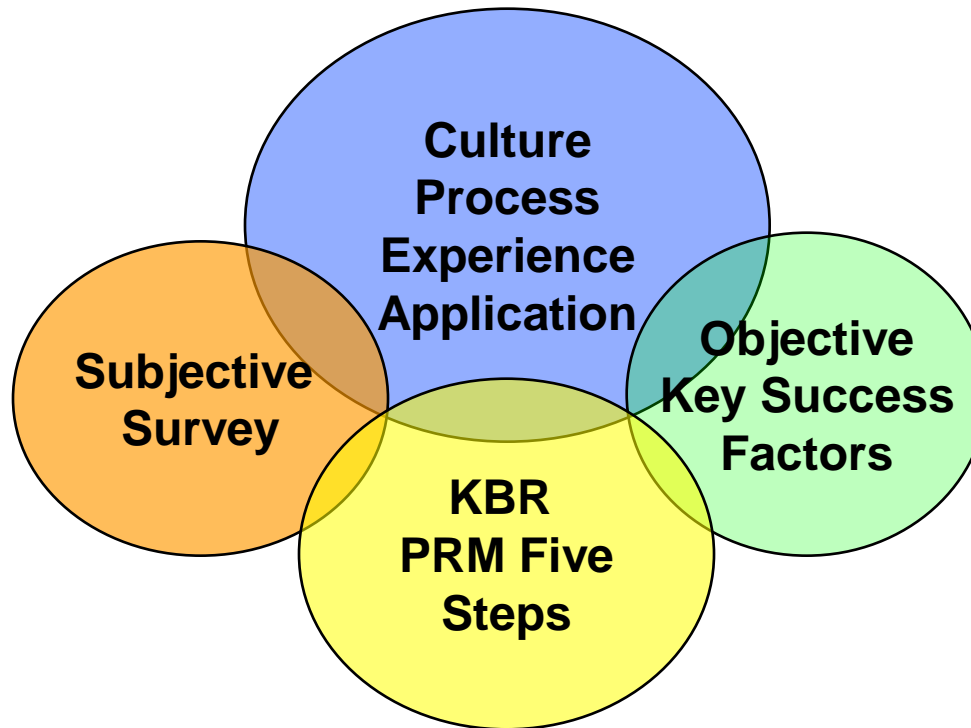
- Level of understanding &/or training.
- Learning from experience (Lessons Learned).

Application:

- Consistency of application.
- Availability of dedicated resources.
- State or capability of available Risk Management tools / software.

Intent & Methodology

Methodology for a Risk Management Maturity Model:



Overview of Maturity Levels

KBR's PRM Maturity Progression



Risk-based decision making at all levels using state-of-the-art tools.

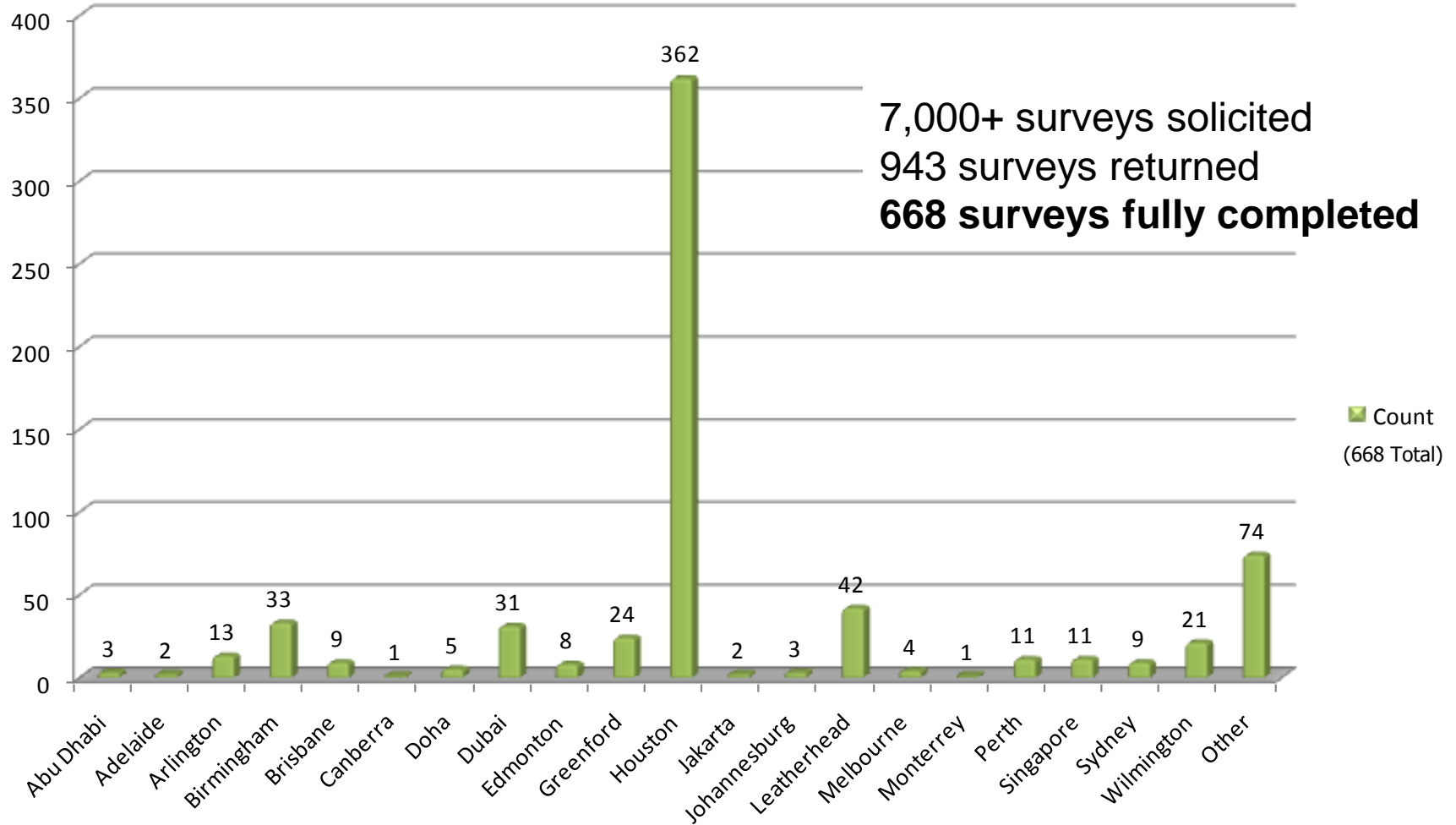
Risk Management part of routine business.

Experimenting with Risk Management.

Unaware of the need for Risk Management.

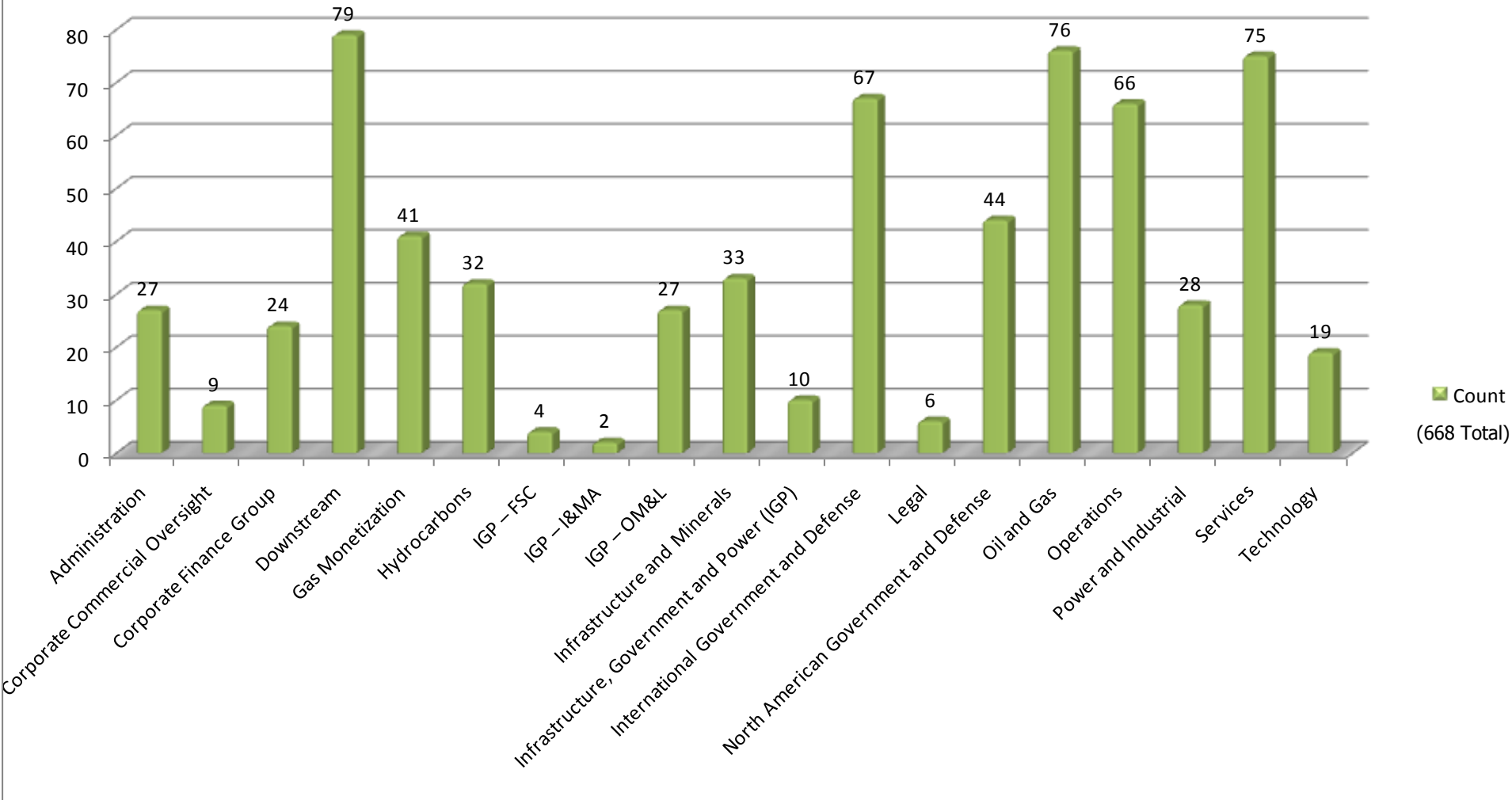
Contributors by Location

Count by Location

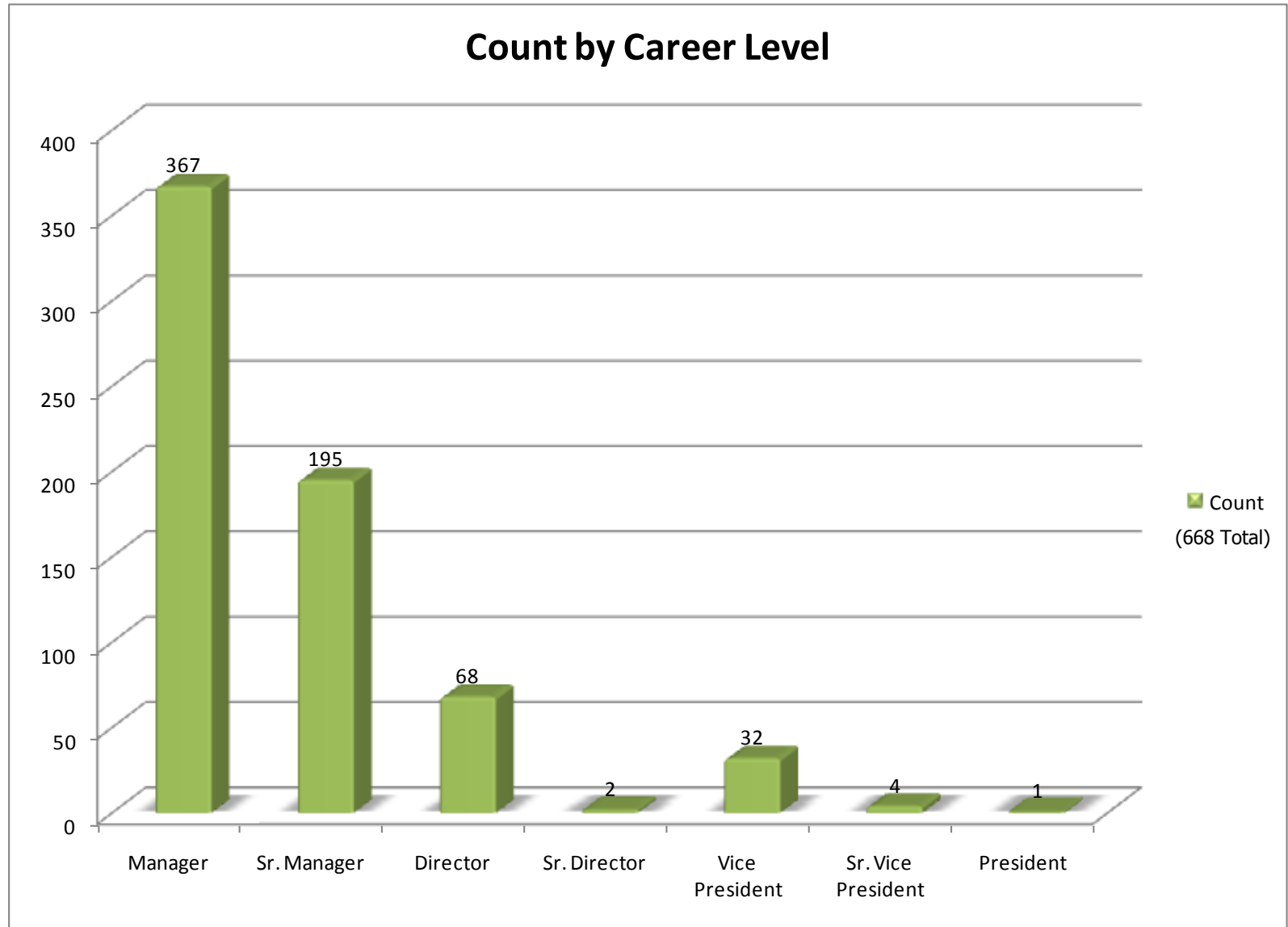


Contributors by Business Unit

Count by Business Unit

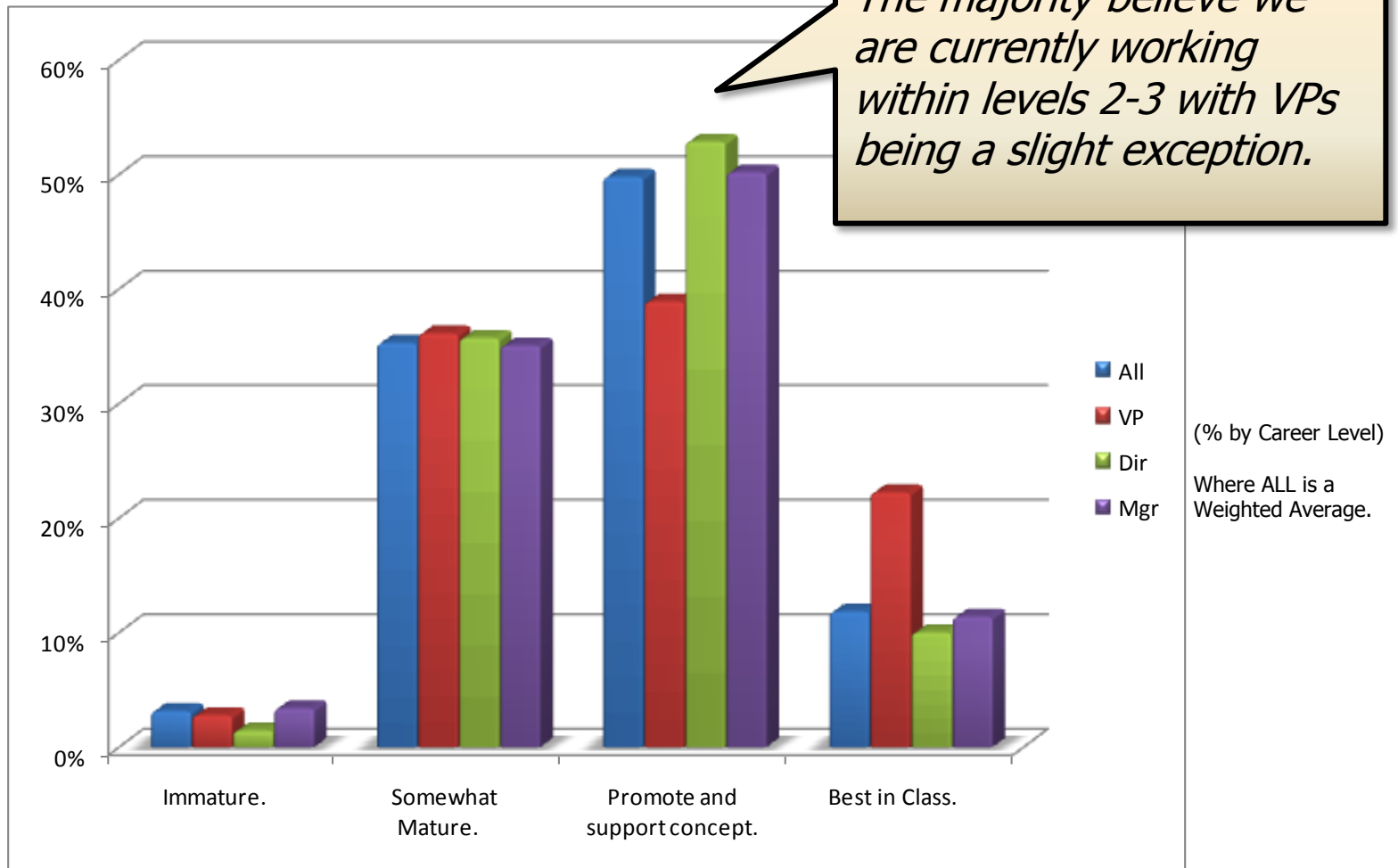


Contributors by Career Level



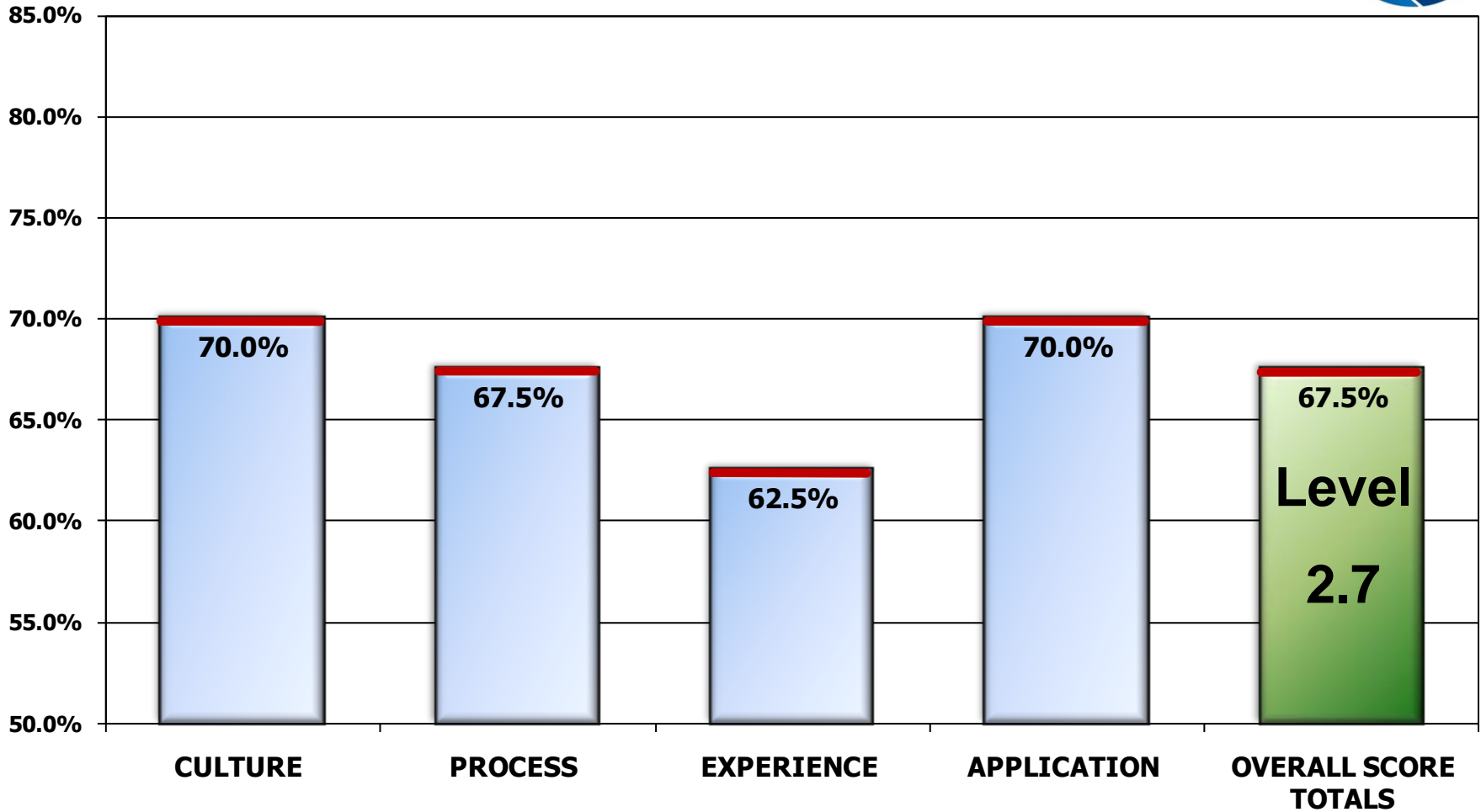
Q10 Re: Underlying Attitude toward RMM

10. Prior to starting the questionnaire, what is your initial assessment of KBR's Risk Management Maturity?





RMM Survey Results 2010 - all Locations, all BUs, all Lvl

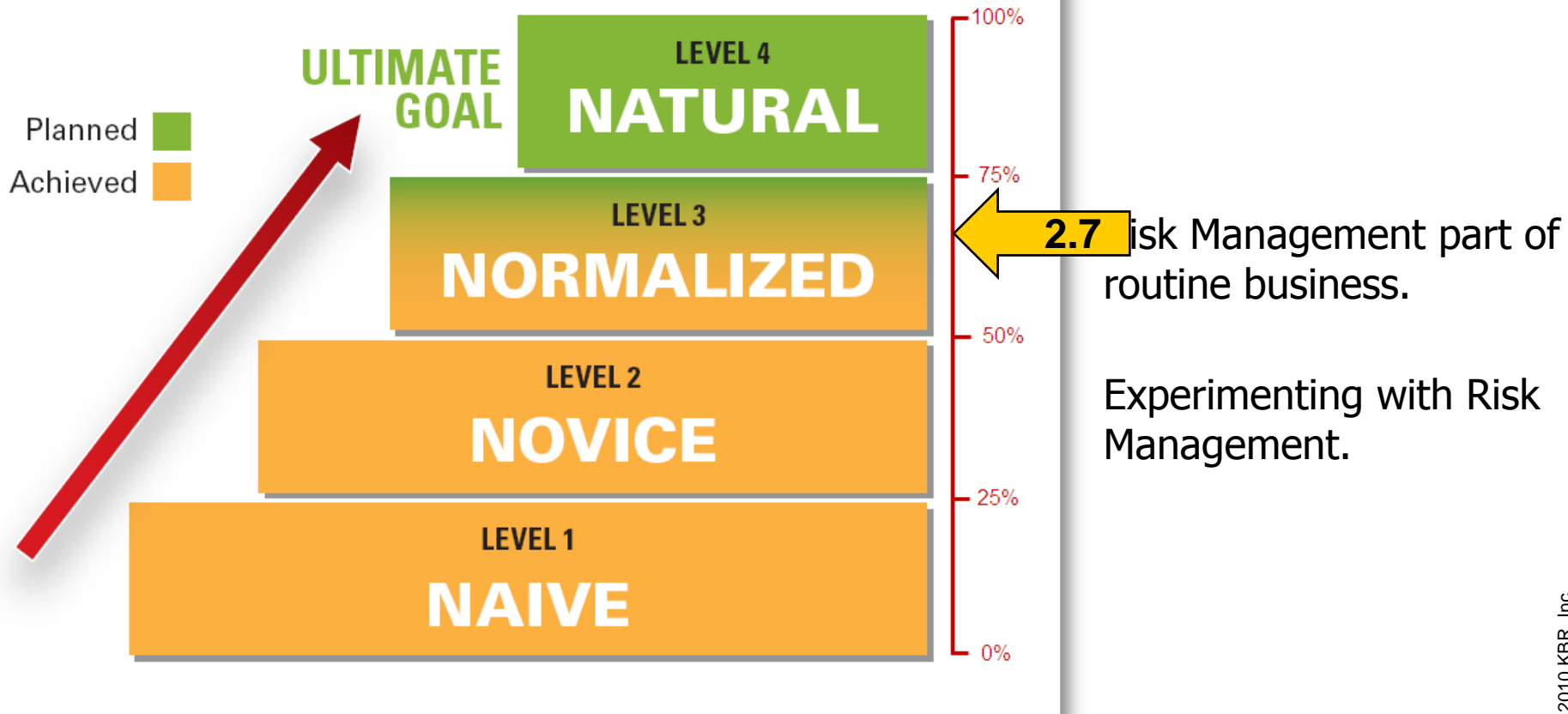


Indicative mark for all locations & all Bus.

Percentage Score by ATTRIBUTES

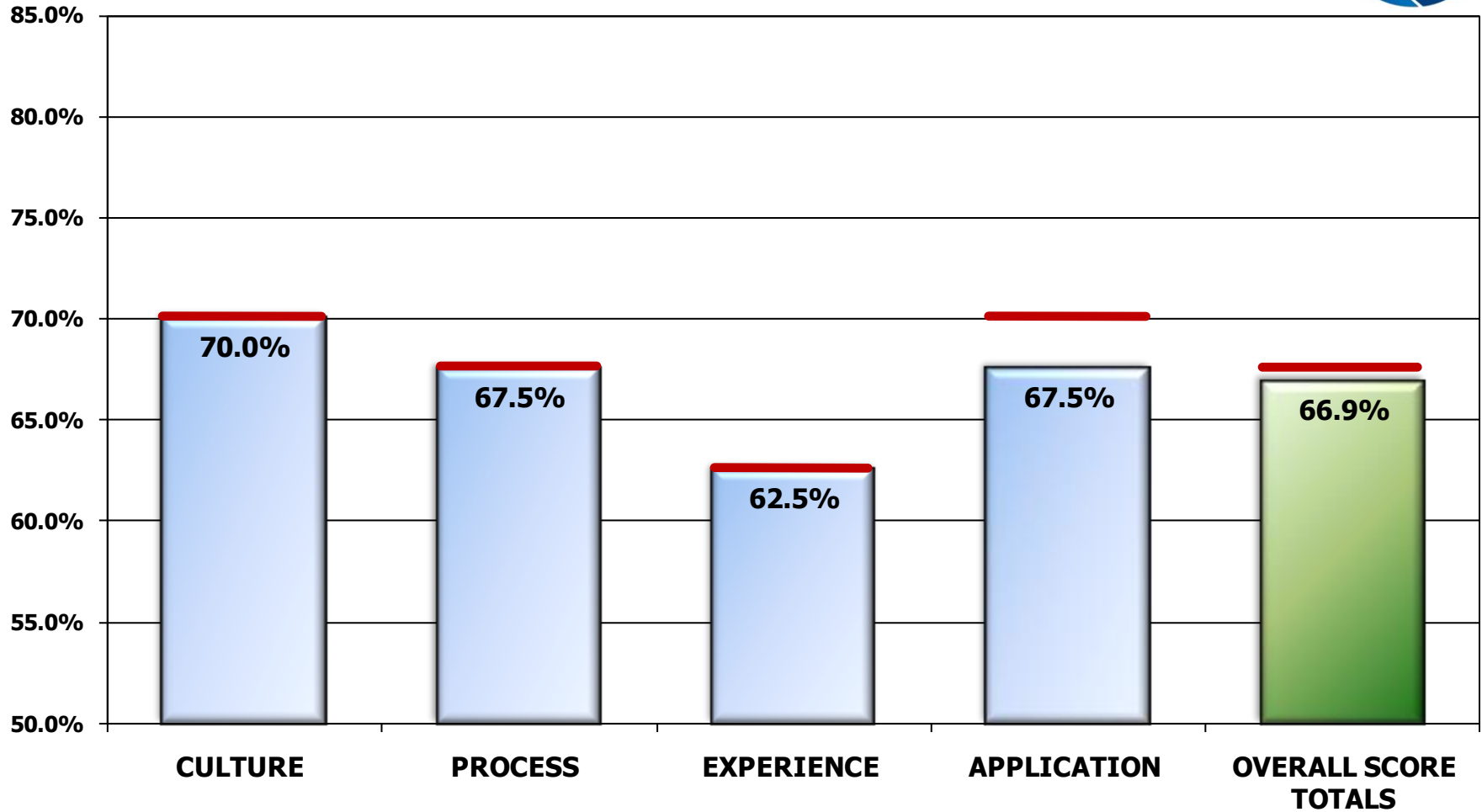
KBR Overall Maturity Level Assessment

KBR's PRM Maturity Progression





RMM Survey Results 2010 all Locations, Hydrocarbons, all Lvl

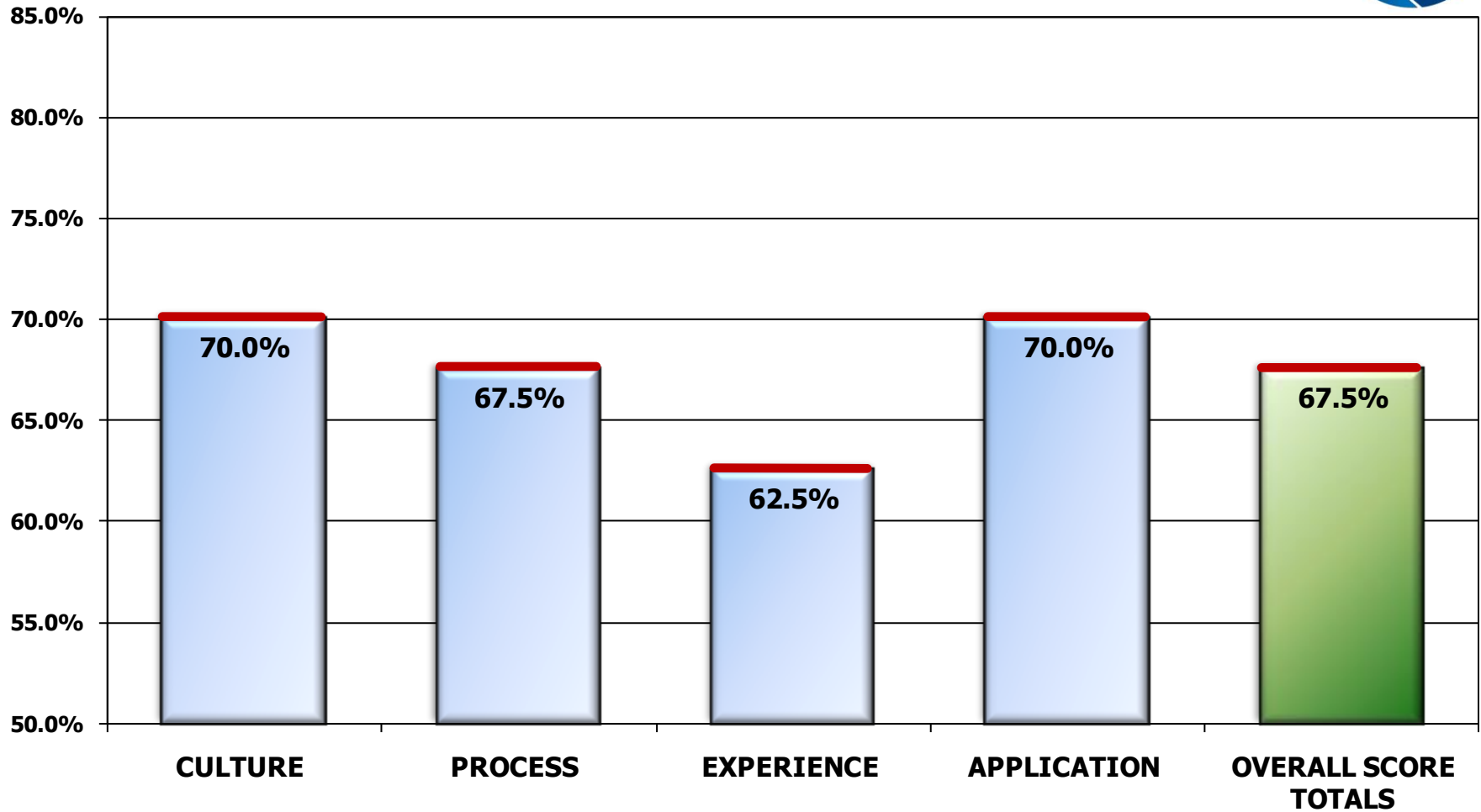


Indicative mark for all locations & all Bus.

Percentage Score by ATTRIBUTES



RMM Survey Results 2010 all Locations, IGP, all Lvl

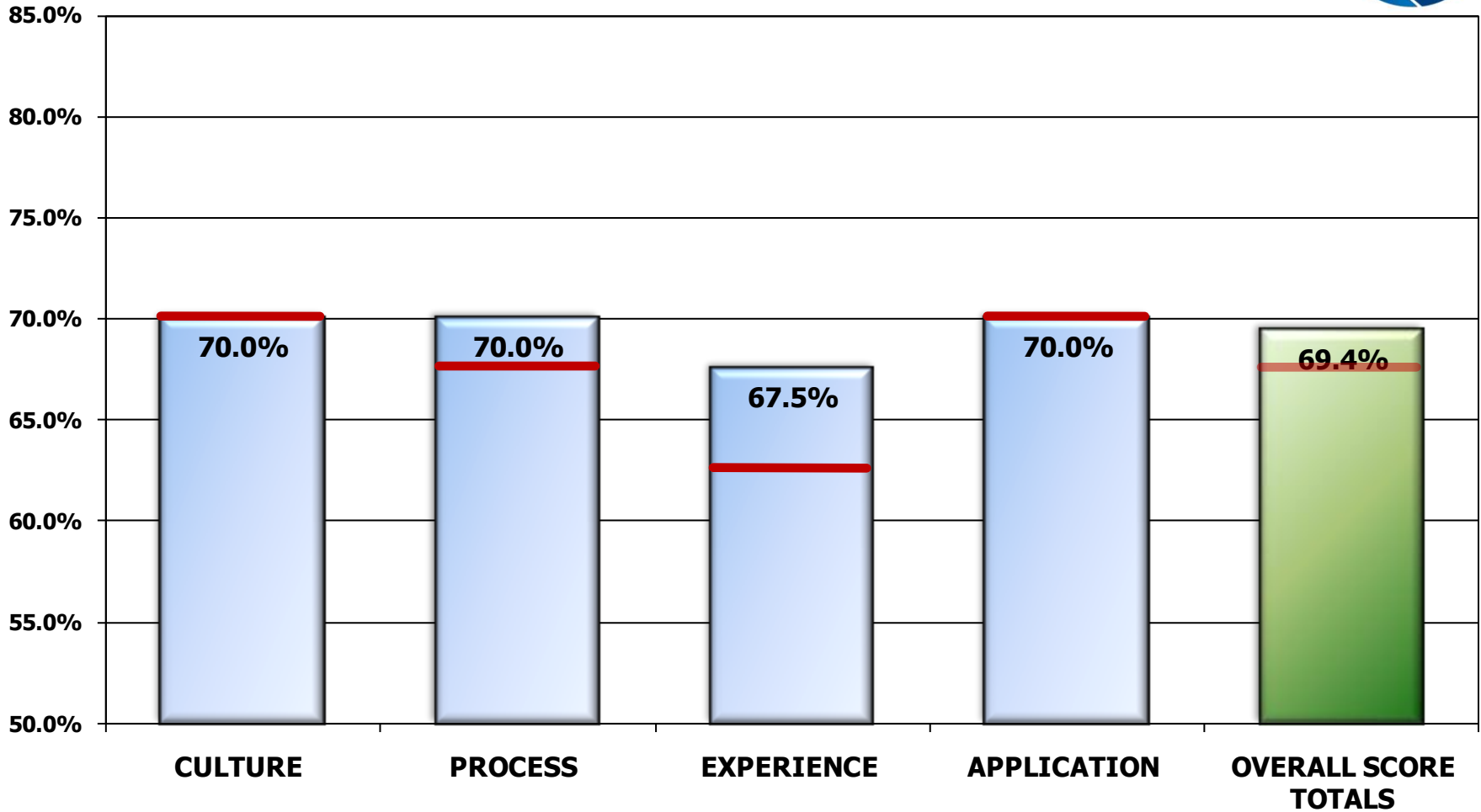


Indicative mark for all locations & all Bus.

Percentage Score by ATTRIBUTES



RMM Survey Results 2010 all Locations, Services, all Lvl

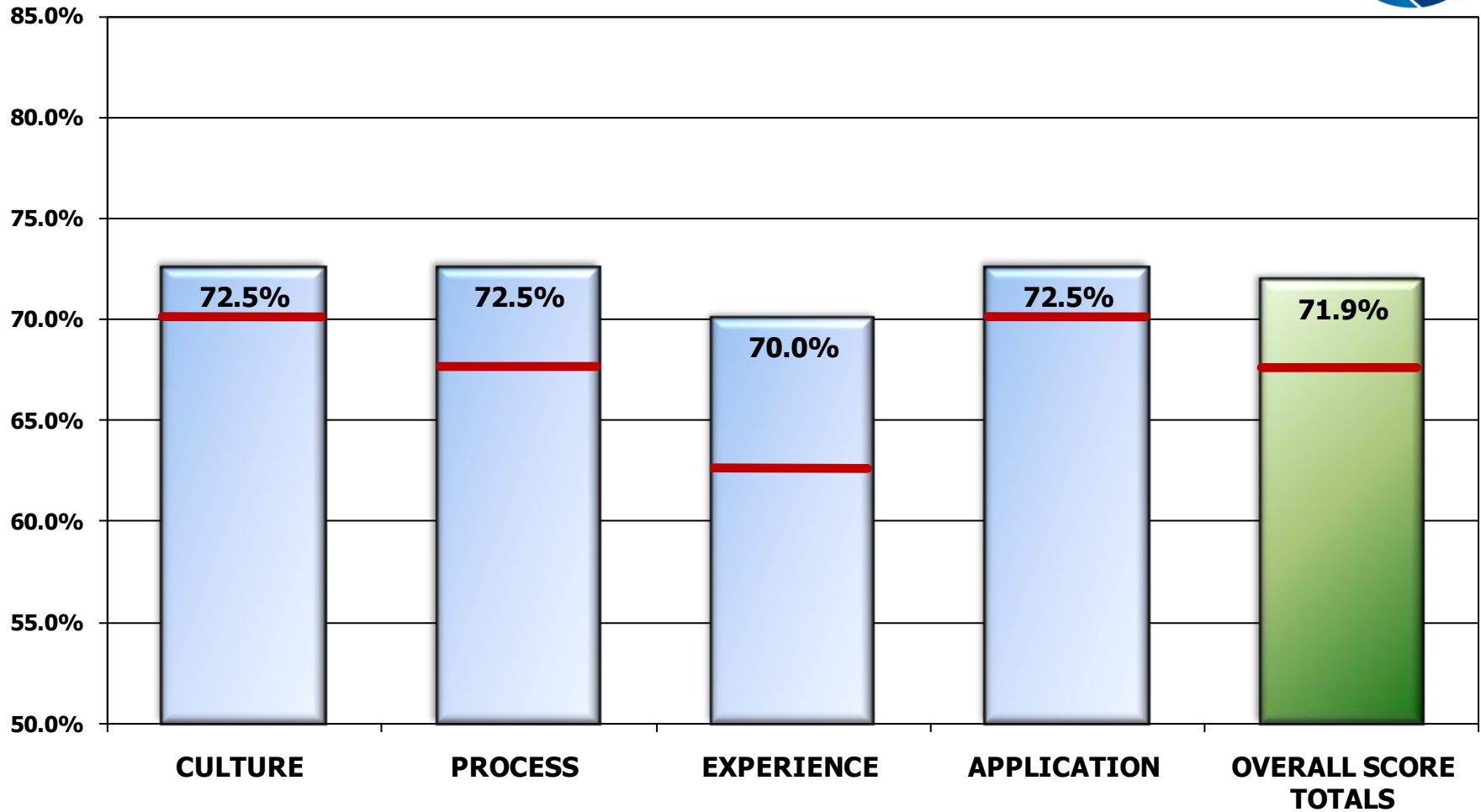


Indicative mark for all locations & all Bus.

Percentage Score by ATTRIBUTES



RMM Survey Results 2010 all Locations, Commercial, all Lvl

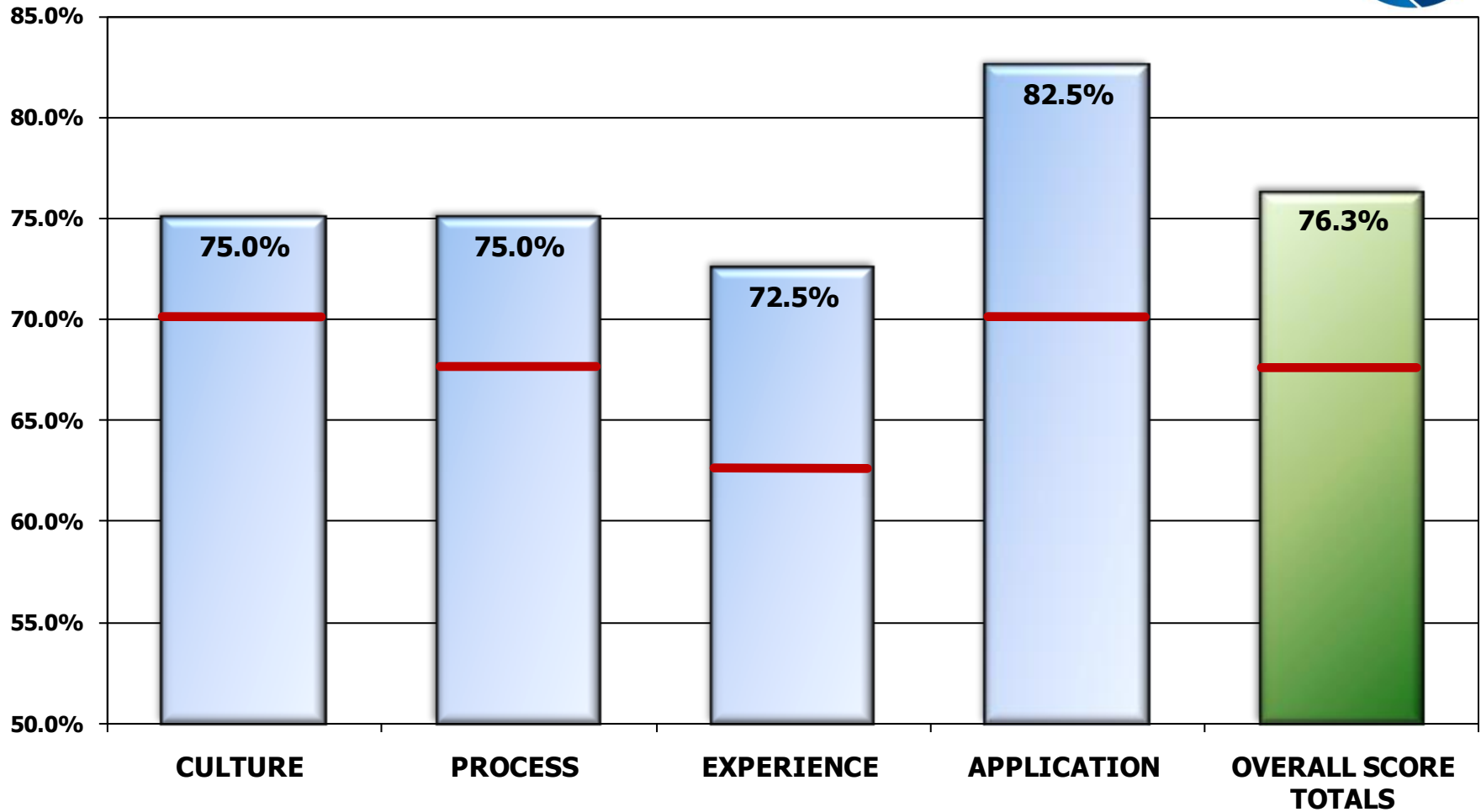


Indicative mark for all locations & all Bus.

Percentage Score by ATTRIBUTES



RMM Survey Results 2010 all Locations, Legal, all Lvl

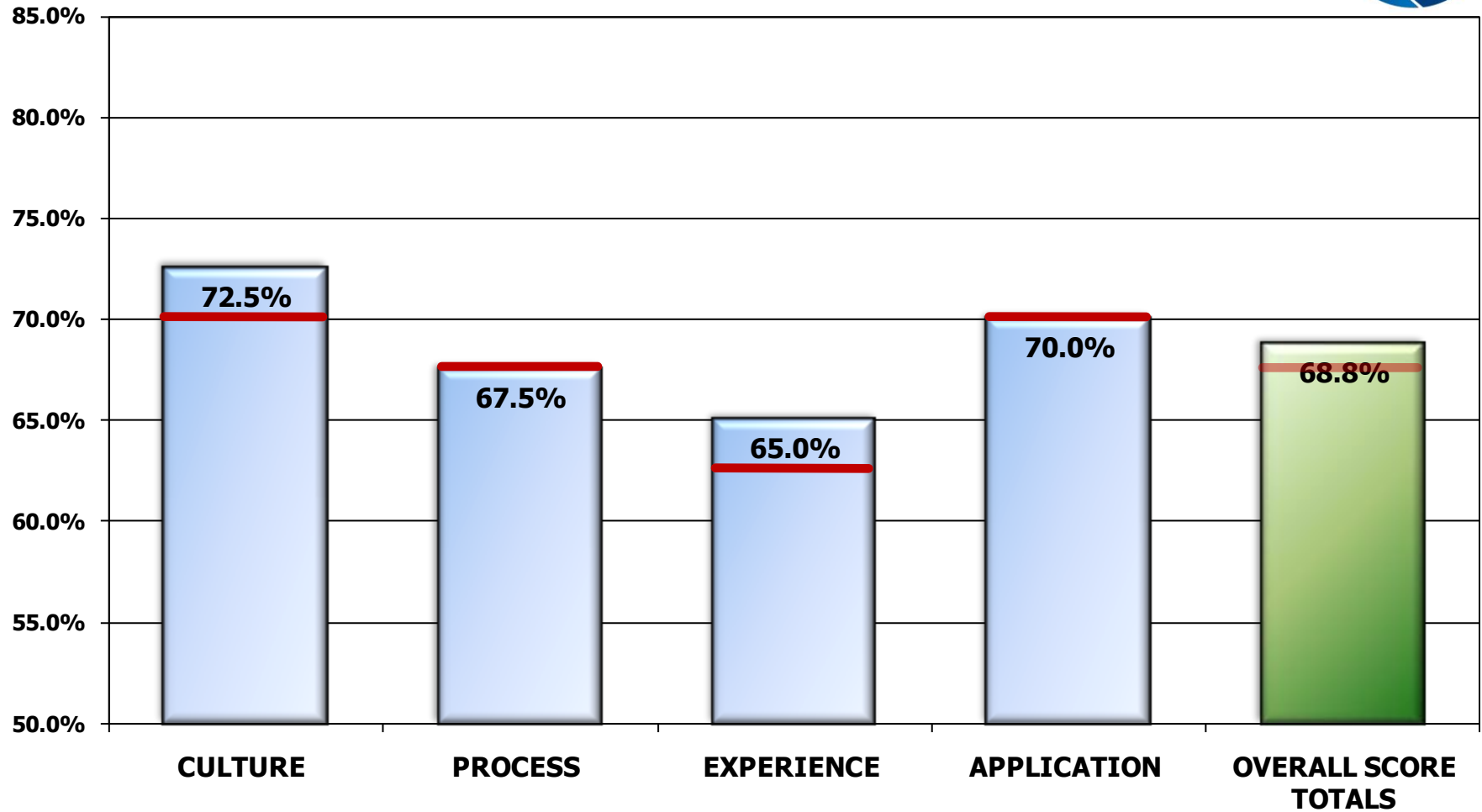


— Indicative mark for all locations & all Bus.

Percentage Score by ATTRIBUTES



RMM Survey Results 2010 all Locations, Administration, all Lvl



Indicative mark for all locations & all Bus.

Percentage Score by ATTRIBUTES

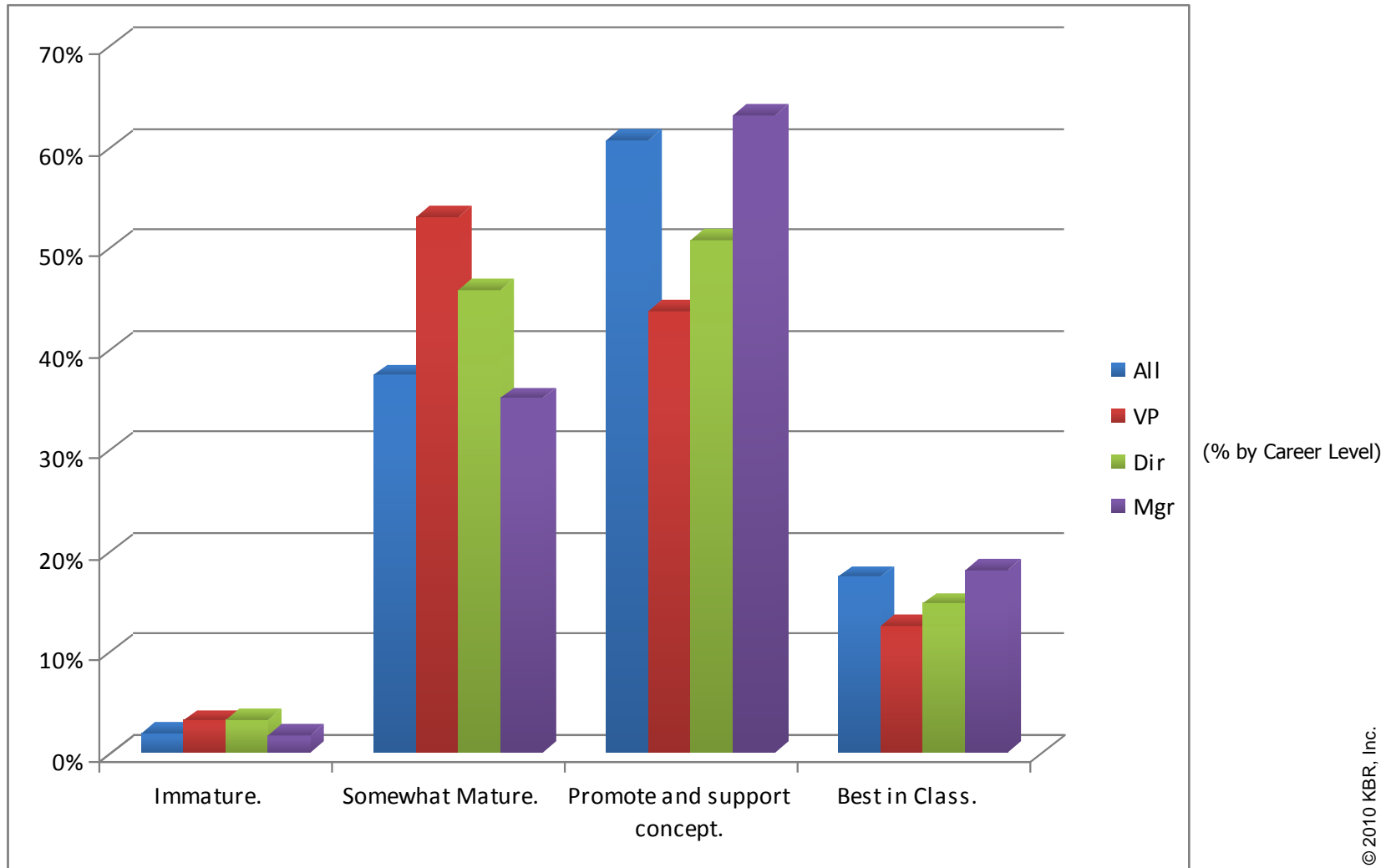
Career Level Analysis

Areas of concern:

- Q11 Re: Underlying Attitude of Middle Management.
- Q21 Re: Communication of Risk Strategy.
- Q24 Re: Project Risk Management (PRM) Process Effectiveness.
- Q33 Re: Interpretation of Monte Carlo results.
- Q34 Re: Corporate Resource Allocation.
- Q42 Re: Sharing of Project Risk Management Knowledge.

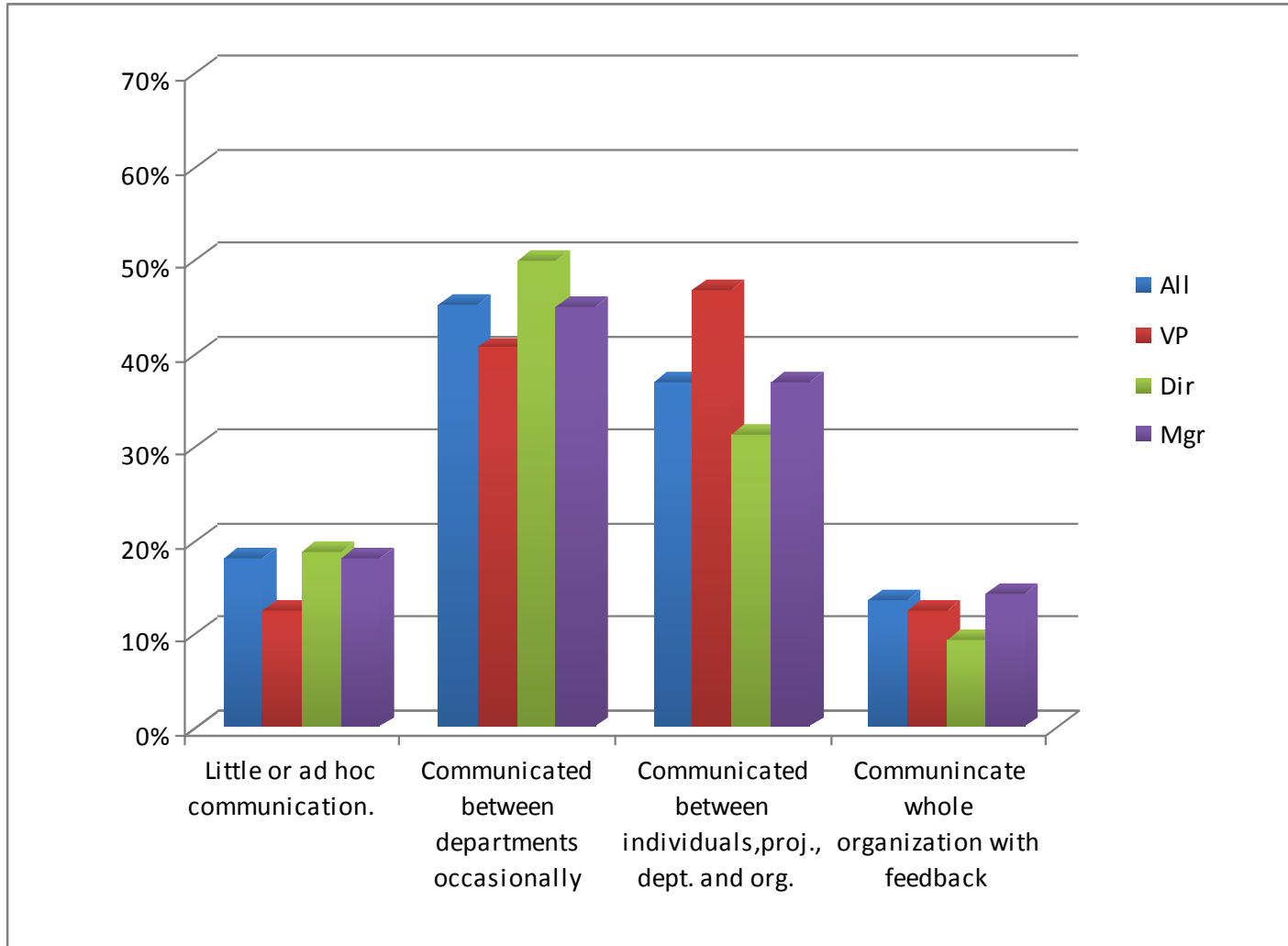
Q11 Re: Underlying Attitude of Middle Management

11. Middle Management's Attitude to the Risk Management Process?



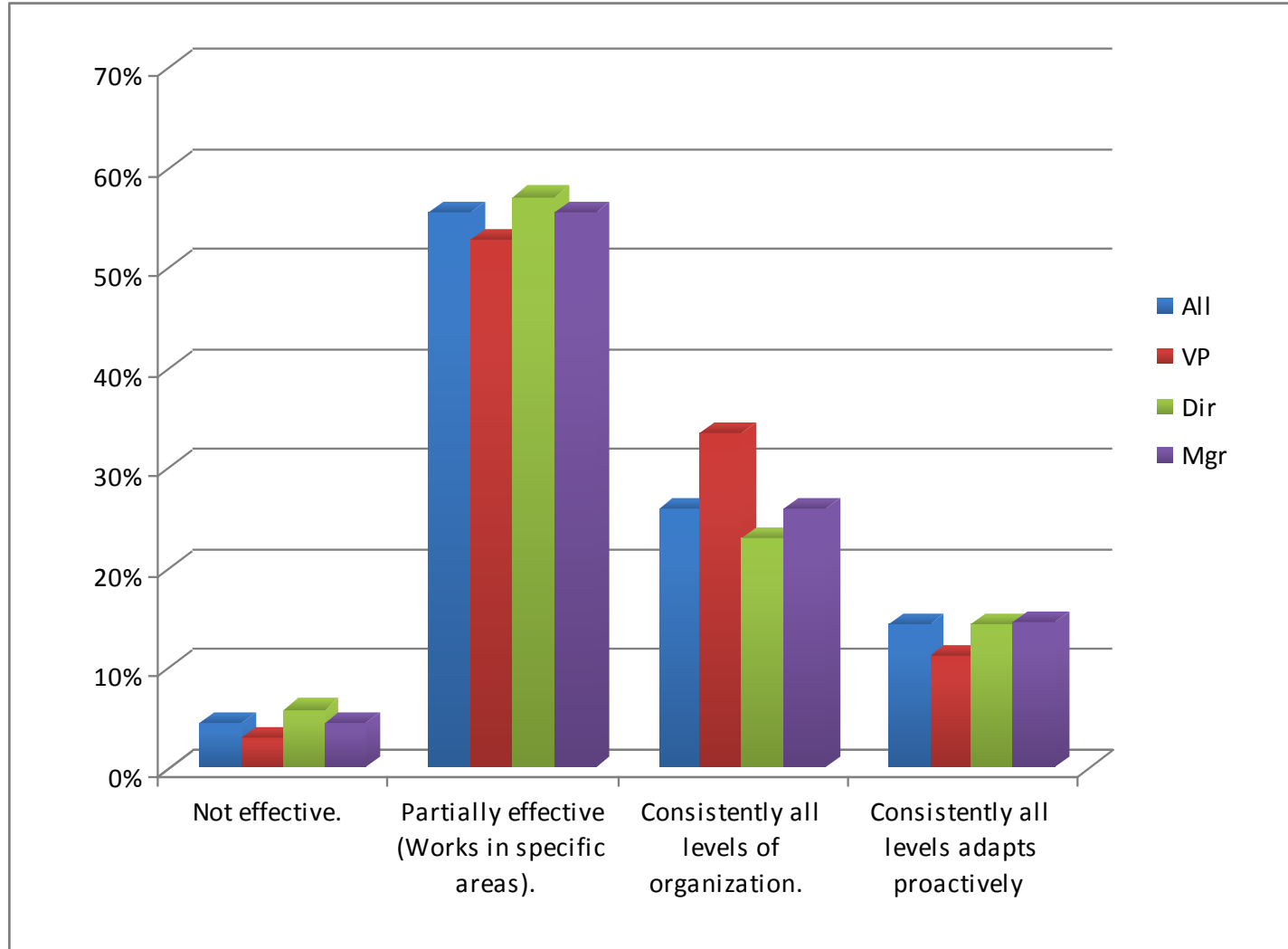
Q21 Re: Communication of Risk Strategy.

21. Communication of Risk Strategy?



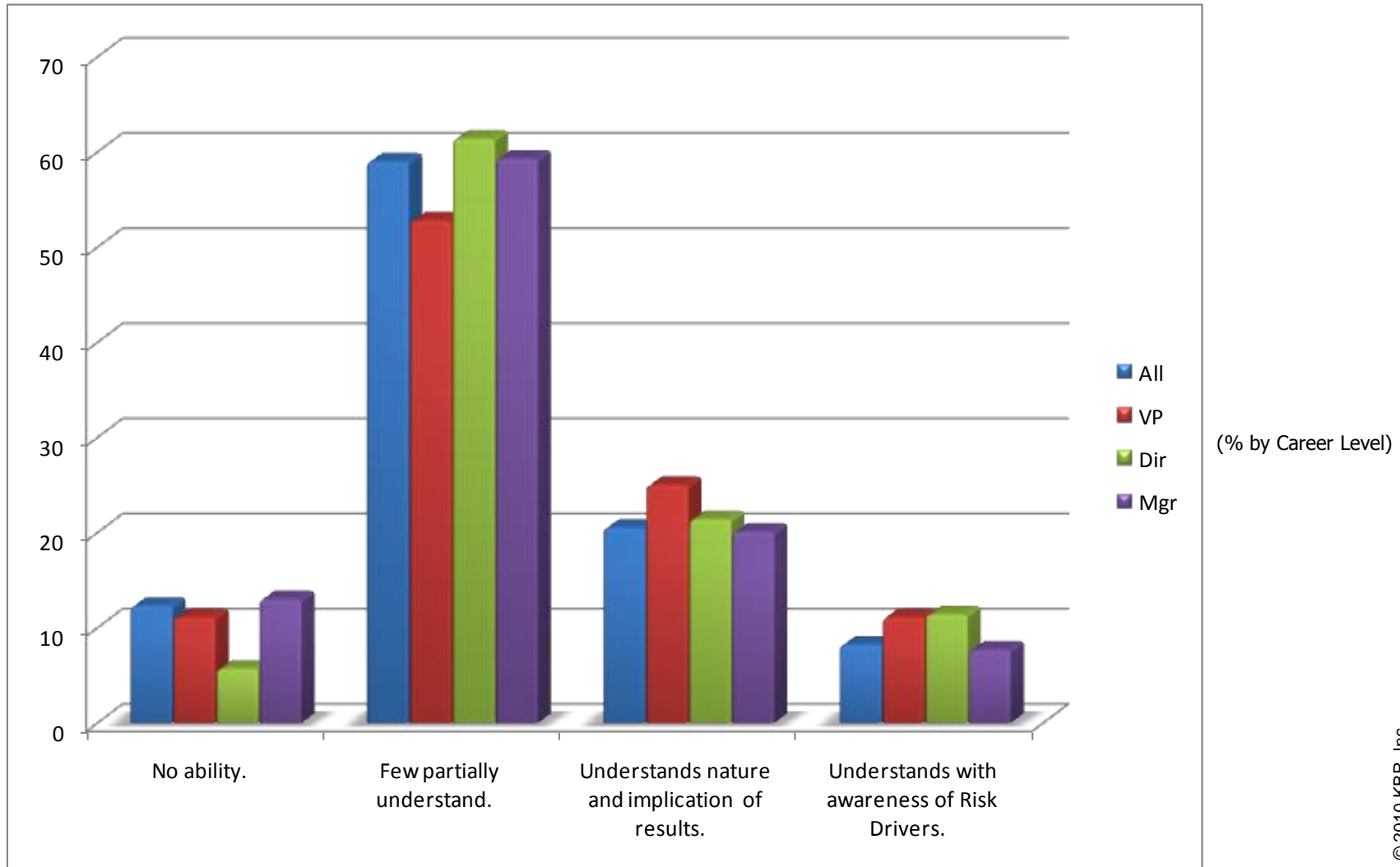
Q24 Re: Project Risk Management Process Effectiveness.

24. Project Risk Management (PRM) Process Effectiveness?



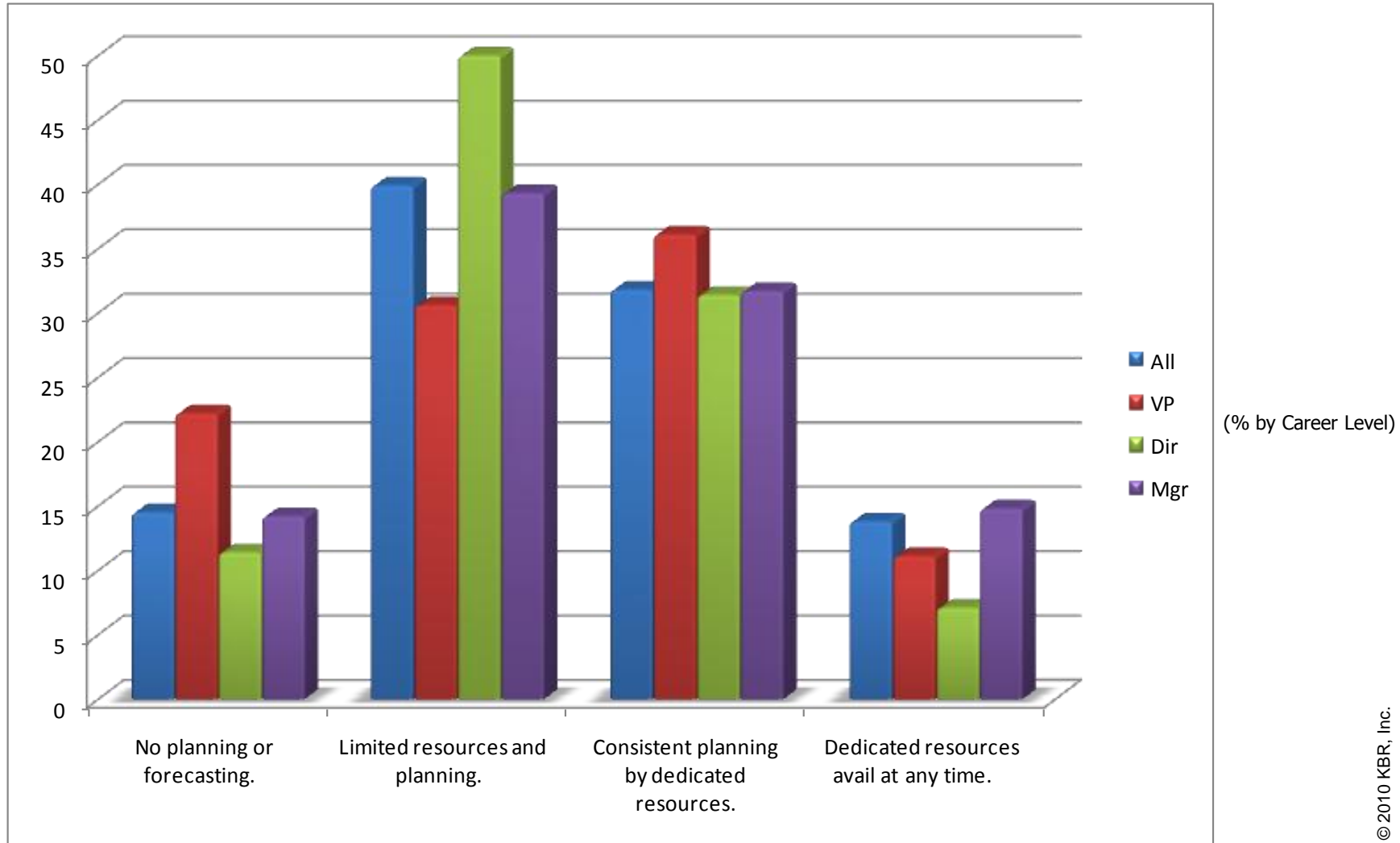
Q33 Re: Interpretation of Monte Carlo results.

33. Ability to interpret Monte Carlo simulation results:



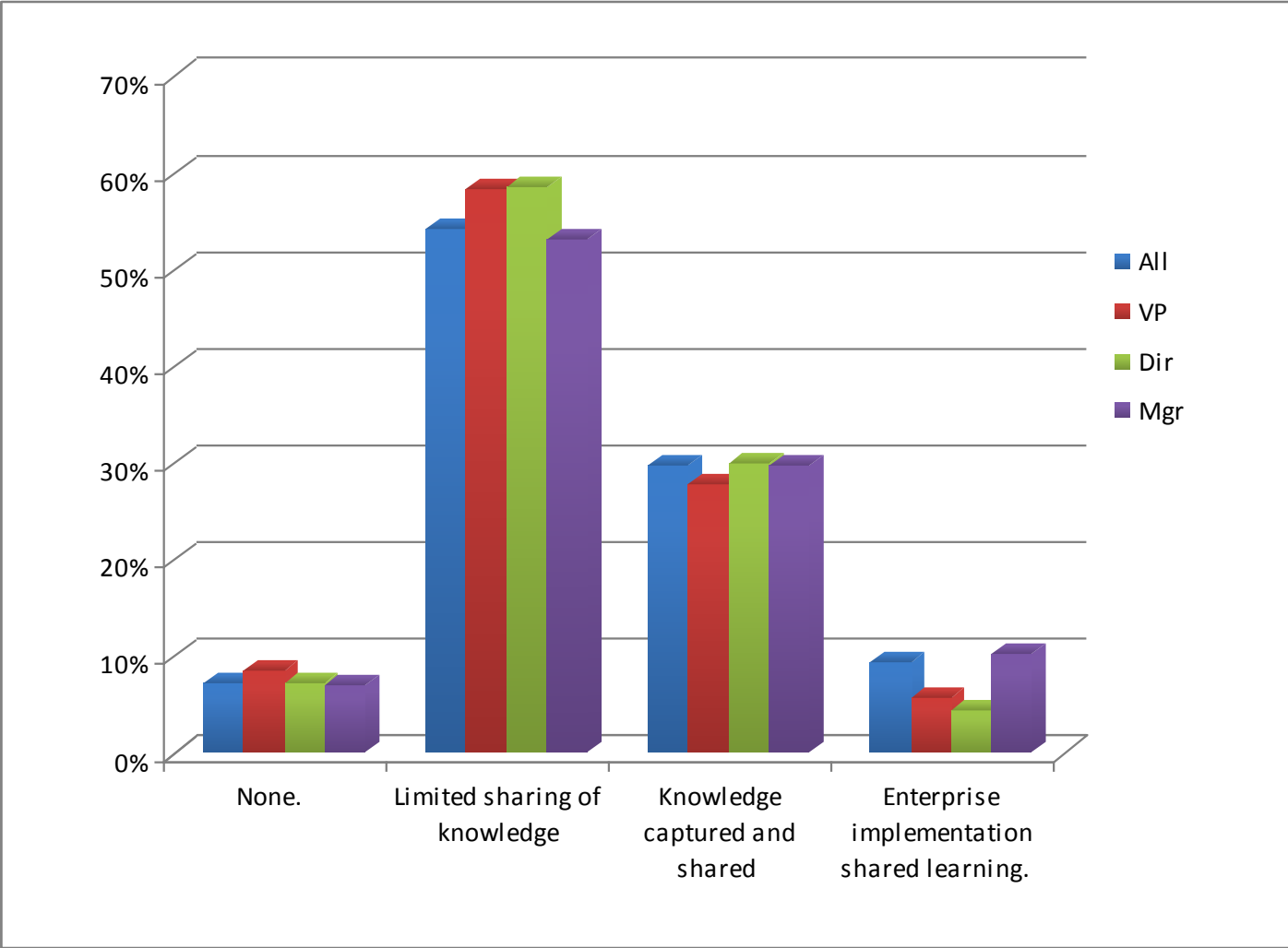
Q34 Re: Corporate Resource Allocation.

34. Corporate Resource Allocation:



Q42 Re: Sharing of Project Risk Management Knowledge

42. Sharing of Project Risk Management (PRM) Knowledge for the benefit of Future Projects?



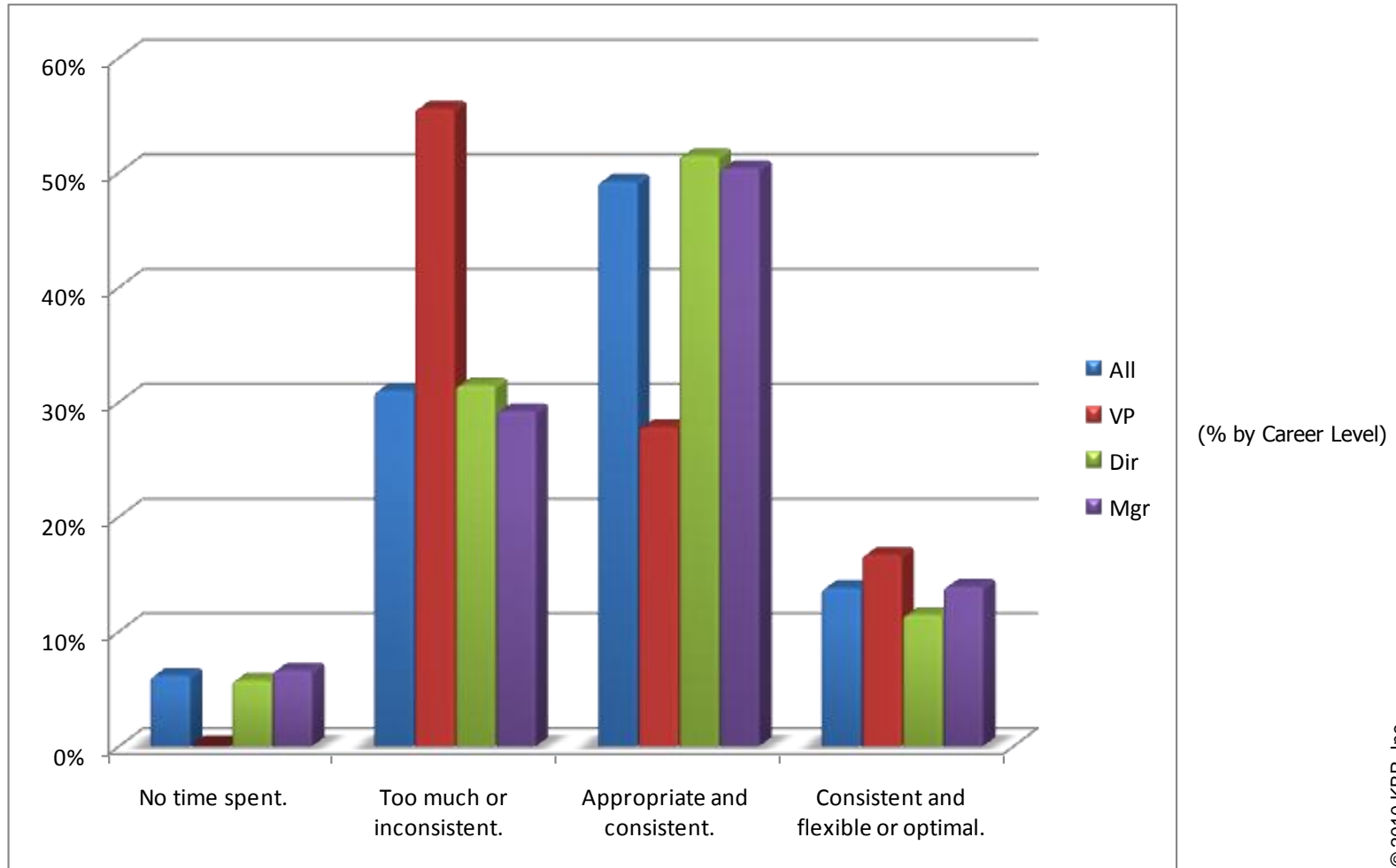
Career Level Analysis

Widest differences in opinion:

- Q25 Re: Underlying Attitude toward the Level of Effort for PRM.
- Q30 Re: Access to PRM resources.
- Q41 Re: Quality of Reporting.

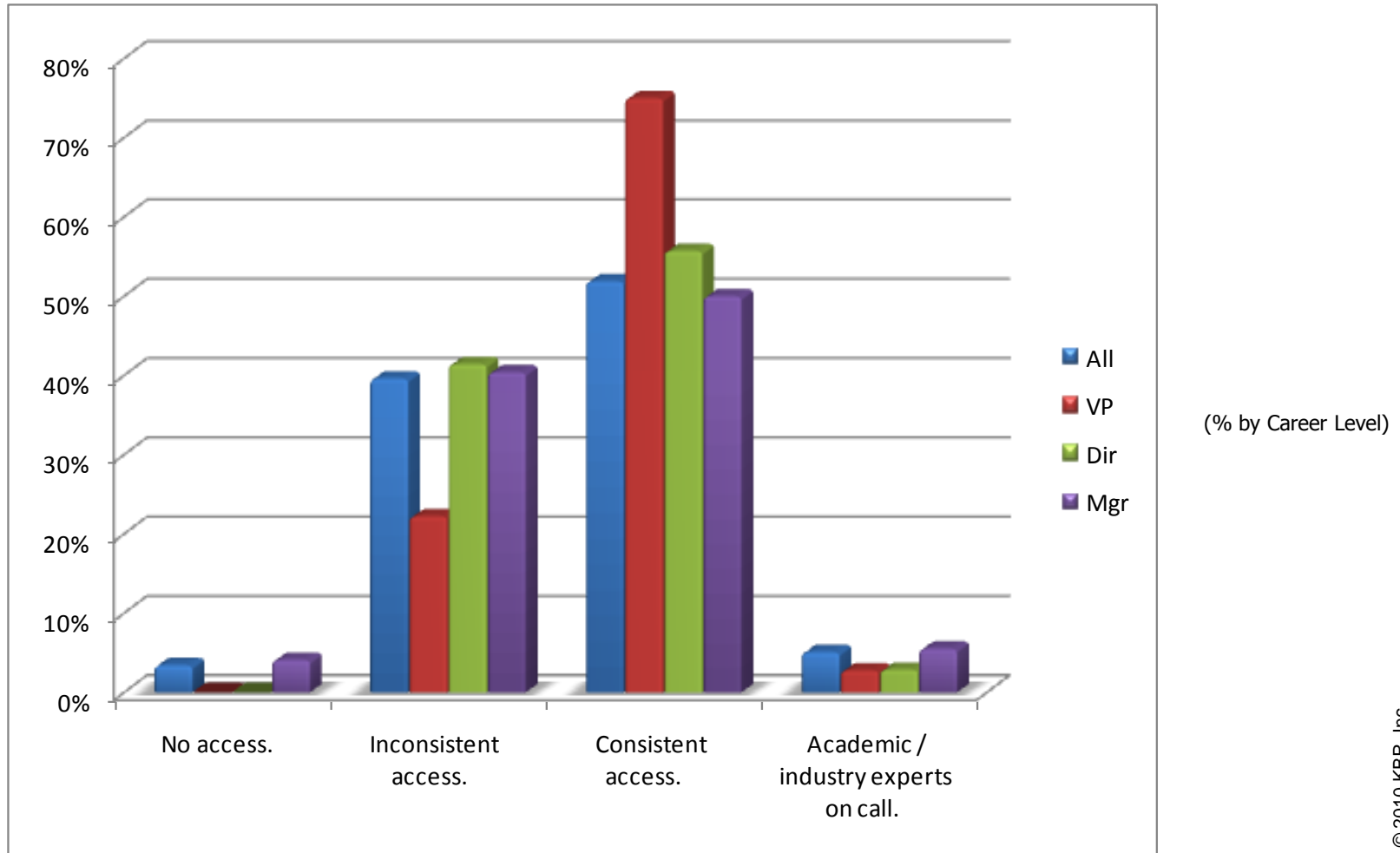
Q25 Re: Underlying Attitude of Lvl of Effort for PRM

25. Time spent by the organization assessing risk from Operations, to PRC, to ERC, and to the Board.



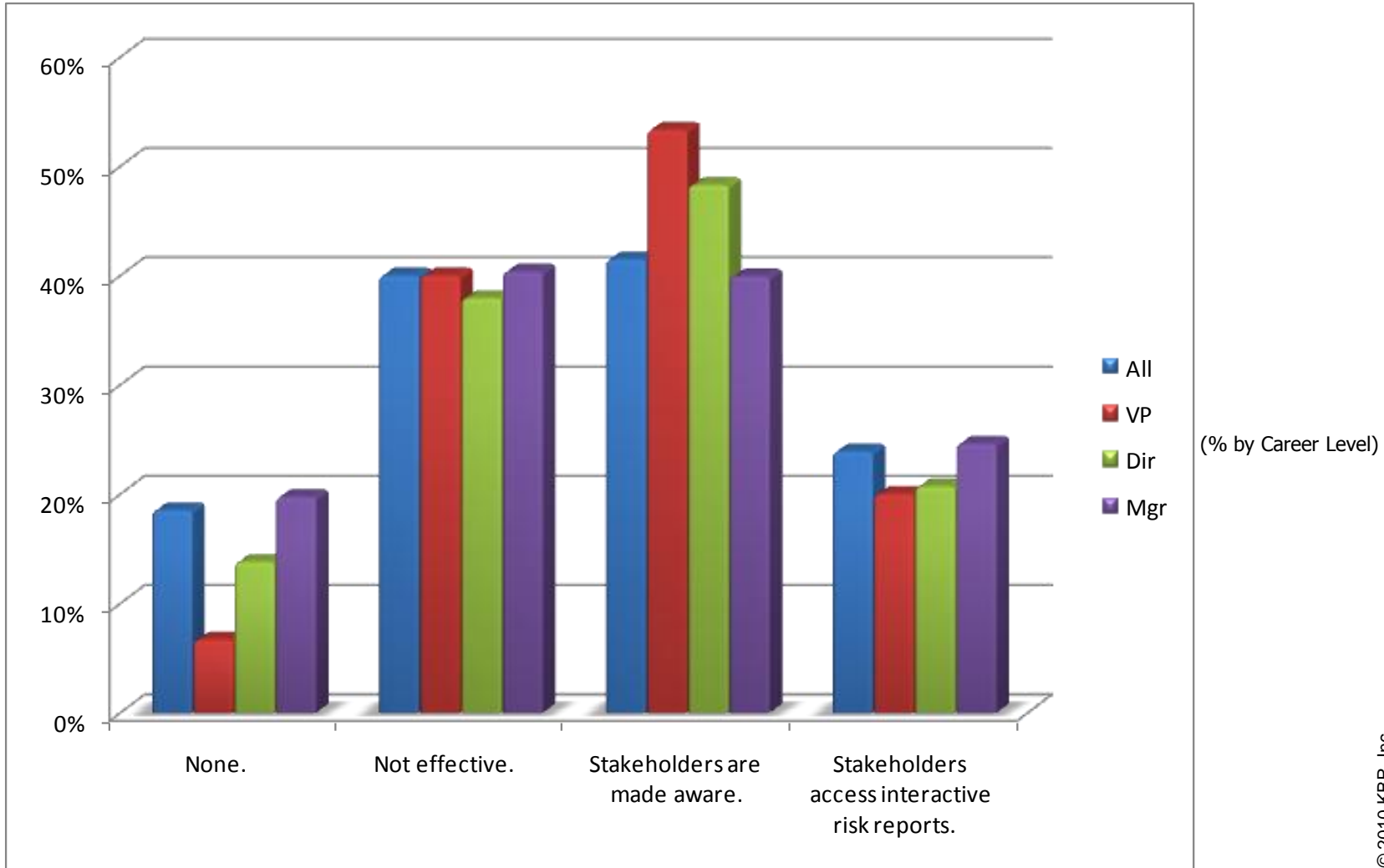
Q30 Re: Access to PRM resources

30. Access to Qualified Staff in Organization.



Q41 Re: Quality of Reporting

41. Quality of Reporting to Stakeholders.



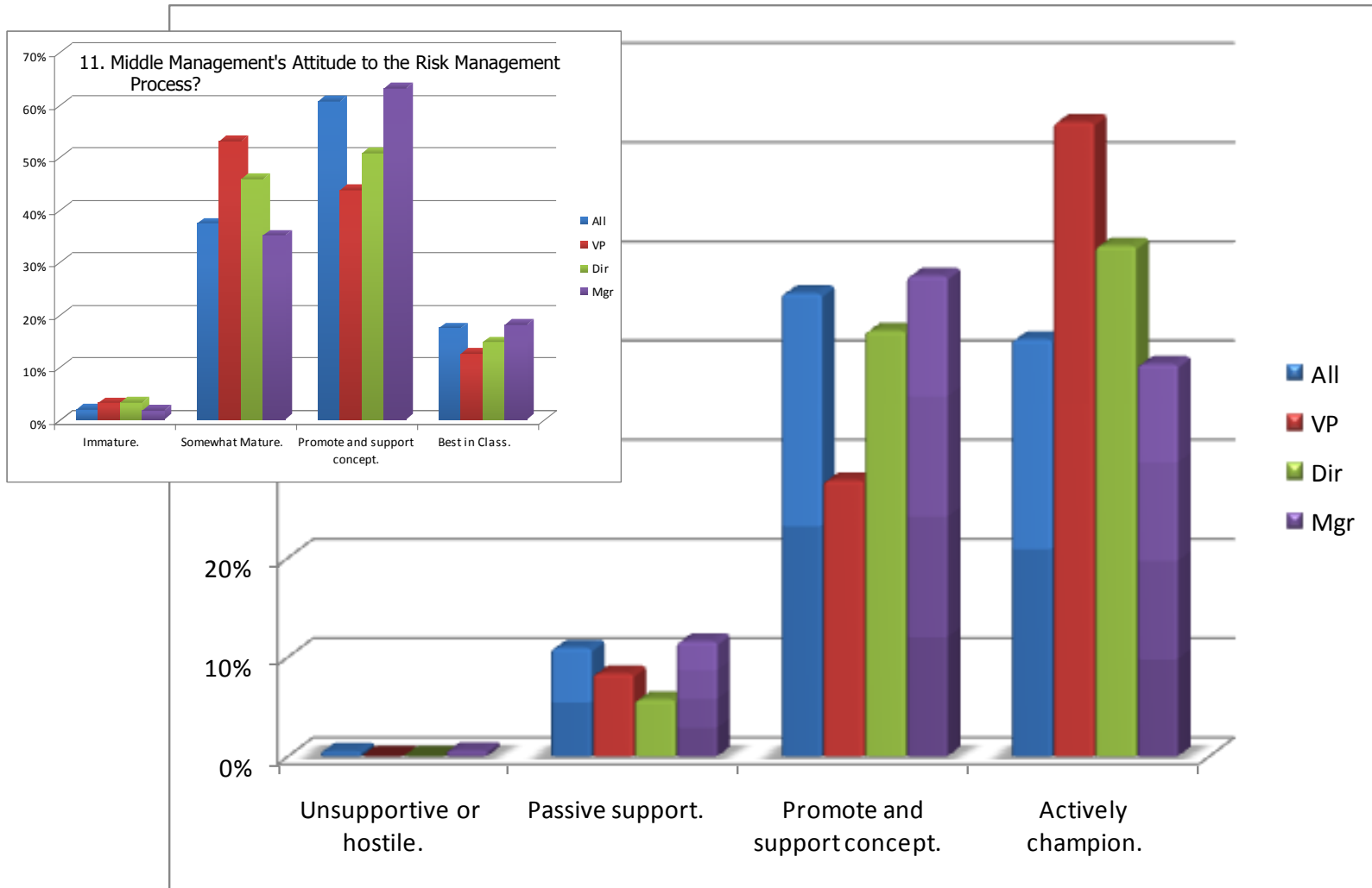
Career Level Analysis

Areas of strength:

- Q13 Re: Underlying Attitude of Executive Management.
- Q15 Re: Belief in the Value of Risk Management.
- Q26 Re: Project Risk Management (PRM) Process, Durability.

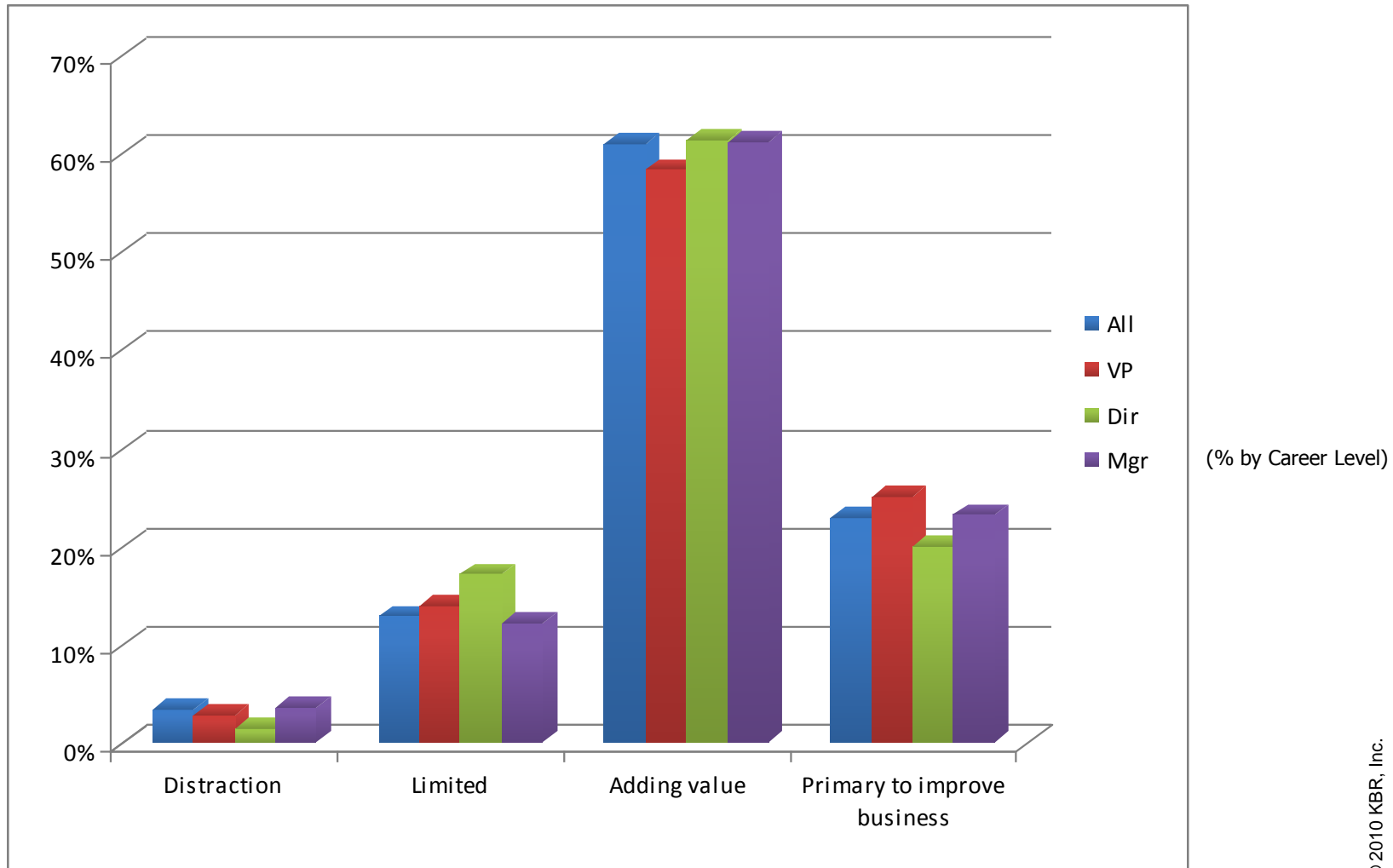
Q13 Re: Underlying Attitude of Executive Management

13. Executive Management's Attitude to the Risk Management Process?



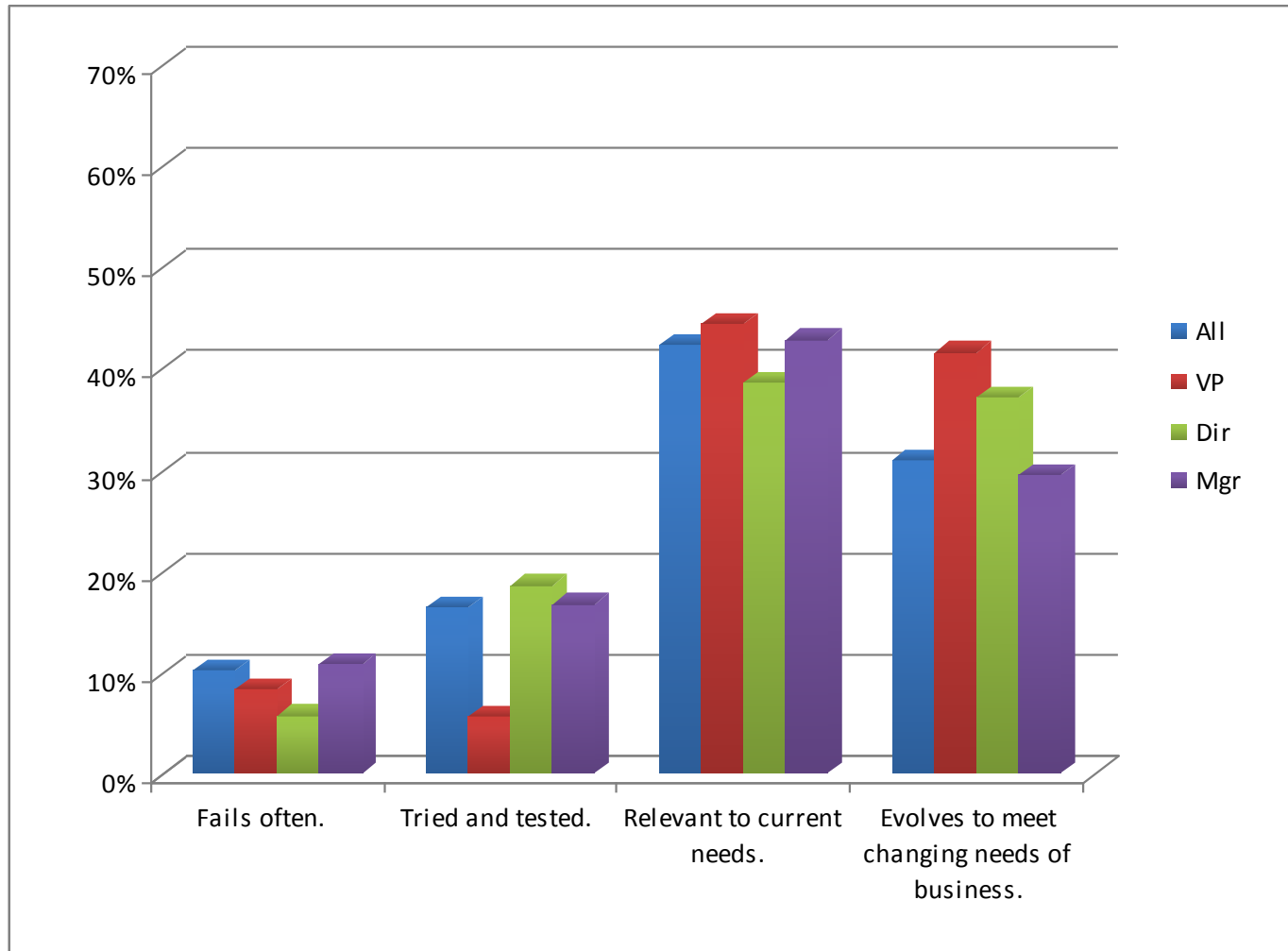
Q15 Re: Belief in the Value of Risk Management.

15. Belief in the Value of Risk Management?



Q26 Re: Project Risk Management (PRM) Process, Durability.

26. Project Risk Management (PRM) Process, Durability?



(% by Career Level)

Summary of key findings

- Our initial Level 2-3 capability assumption is well founded.
- Areas of concern:
 1. Reporting to stakeholders.
 2. Communication of project risk knowledge.
 3. Ability to interpret Monte Carlo results.
 4. Availability of resources and adequacy of planning to forecast risk.
 5. Underlying attitude toward level of effort.
- Perception that executive management is a major champion is clear.
- Risk Management Process is durable & evolves.

Next Steps?

- PRM dept to further drill-down and understand results by Location, BU and contributor. (subjective)
- PRM dept to conduct face to face interviews with selected respondents in order to:
 - ✓ Identify areas for process improvement.
 - ✓ Enhance stakeholder reporting needs.
- Project level PRM process review will begin Q1 2011 against 20 Key Success Factor Risk Management Metrics. (objective)
- Results of objective metrics are to be mapped against the 4 Risk Management Maturity Model Attributes for cross validation.

What is the shortest word in the English language that contains the letters: abcdef?

Answer: feedback.

