

ENGINEERING & CONSTRUCTION RISK INSTITUTE

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Portfolio Risk Analysis & Management

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Introduction

Project management focuses on doing the work right. Portfolio management focuses on doing the right work.

A significant amount of time and effort has been spent on developing project risk management within the engineering and construction industry. However, much less coverage has been given to risk related to an organisation's portfolio of projects.

Key risk indicators can be used to assess portfolio risk exposure, provide the Board with a tool to set thresholds and required responses, focus management attention on areas that require attention, as well as providing a reporting toolset to evaluate status, produce trends over time and measure the impact of mitigation.

The project lifecycle contains a number of decision points that provide opportunities to formalise portfolio governance, particularly during the pre-implementation phases. This enables the organisation to structure its portfolio, by regulating the entry of risk through the bidding and contracting processes.

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