

Risk Management Plan

Project Name:

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Document Overview

The <Company Name> <Project Name> Risk Management will provide an approach for identifying and mitigating risk for the <Project Name> project.

The purpose of this document is to facilitate centralised communications between all identified project audiences, identify and document known project risks, rate each risk, and provide a mitigation plan in the event a risk occurs.

Risk Methodology

There are four steps to the Risk Methodology. They are:

- ✓ Risk Identification
- ✓ Risk Analysis
- ✓ Risk Response Planning
- ✓ Risk Monitoring and Control

Risk Identification

Risk Identification is the process by which all project risk are identified, documented and communicated to the appropriate parties:

Risk Categories

Each risk must be classified into a category. The risk categories for this project are: (Most projects will have 3-5 categories) Examples of categories include

- Triple Constraints
- Project Management
- Technical/Performance
- Organisational
- Business Strategy
- External

Risk Analysis

Risk Analysis is the process of accessing the impact and likelihood of the identified risk. This can be performed manually or via a sophisticated tool. Examples of impact include:

- Impact to the project Points
 - ✓ Low 10
 - ✓ Medium 25
 - ✓ High 40
- Likelihood of risk occurrence
 - ✓ Low 25% or less
 - ✓ Medium 25-75%
 - ✓ High Greater than 75%

Each of these “ratings” can then be multiplied to determine the overall risk of a given event. The following chart is an example of Risk Analysis

Risk Nbr	Risk Description	Risk Category	Impact to Project	Likelihood	Probable Causes	Rating
1	Hardware is not available by xx/xx/xx		High	Medium		50
2						

Risk Response Planning

Each risk above a specified threshold (i.e.: 30 points or more) must go through the process to identify what actions could be taken to assist in mitigating the risk (i.e.: preventing it from happening) and how to develop workarounds in the event the risk does occur. You should take the above chart and add a column for Risk Response.

Any assumptions derived from the risk planning process should be documented along with other project assumptions.

Probable causes for each risk should be identified as well. This will assist in preparing for risk mitigation.

Risk Monitoring and Control

Reporting Formats & Tracking

The <Project Name> project will track “current” risks in a separate risk log. At the discretion of the project manager, management and the sponsor; risks specified in the Risk Identification list will be transferred to the risk log once the specified threshold has been reached (i.e.: there’s a reason to believe the risk item is going to occur). The risk log will be updated and distributed weekly by the project manager. For any risk item that carries significant impact to the project and/or the business will be communicated to senior management.

In addition, the full compliment of risks identified at the time the project was initiated should be re-evaluated on a pre-determined interval to assess if a risk should be added to the risk mitigation plan. In addition, if scope is changed, it's possible the risk mitigation plan will need to be updated accordingly.

Roles and Responsibilities

It is the responsibility of the project manager to work with project stakeholders to identify, document and mitigate project risks. During the initial planning phase of the project the project manager will hold a meeting to specifically discuss project risks. This meeting may include outside vendors if appropriate/applicable. It is the responsibility of stakeholders to be upfront and forward with the project manager regarding ALL risks that are of concern. What may seem like a small risk today, can turn into a very large risk later if the opportunity to evaluate and mitigate the risk are not performed early in the project. Any identified risk above the threshold level of xx will be communicated by the project manager to key stakeholders including senior management. Any risk that is tracked on the risk log above a threshold value of xx will be communicated by the project manager to key stakeholders including senior management.

Ensure you define the level of authority specific people on the project have.

Risk Budget

The monies necessary to mitigate risk need to be planned into the overall project budget. There are several different methods that can be used. Ideally each high risk event mitigation task(s) should be quantified financially and funded appropriately.

The overall project budget for risk should be specified here and how it is to be managed.

Ideally, tie risks to quality with specific activities and tasks. Specify the associated dollars for the risk event should it occur, risk mitigation costs and contingency planning costs.

Timing

Risk is a topic that will be identified, tracked and managed throughout the project lifecycle. Upon completion of the risk mitigation plan, which should be performed in the planning stages of the project, a project risk that comes to fruition will be transferred to the Risk Log for daily or weekly management. The risk log will be discussed weekly in a project team meeting and distributed to key stakeholders.

Scoring, Interpretation and Thresholds

The scoring of risk is one of the most difficult tasks to complete. Sophisticated tools can be created to ask probing questions to evaluate the risk of a given project. Regardless of the method used to calculate the risk of a given event, thresholds need to be identified and agreed upon early in the project. There should be a minimum of three thresholds

- ✓ Threshold to communicate an IDENTIFIED risk above a certain rating
- ✓ Threshold as to when an identified risk should be moved to the Risk Log
- ✓ Threshold to communicate a risk that has been moved to the Risk Log

Document here the thresholds to be used and the value for each.