<Project Name>

Risk Management Plan

Table of Contents

[1 Introduction 3](#_Toc514762499)

[1.1 Purpose 3](#_Toc514762500)

[1.2 Definitions 3](#_Toc514762501)

[2 Version Control 5](#_Toc514762502)

[3 Risk Management Strategy 6](#_Toc514762503)

[4 Risk Management Roles & Responsibilities 7](#_Toc514762504)

[5 Risk Management Process 8](#_Toc514762505)

[5.1 Risk Identification 8](#_Toc514762506)

[5.2 Risk Assessment 9](#_Toc514762507)

[5.3 Risk Handling 10](#_Toc514762508)

[5.4 Risk Monitoring 11](#_Toc514762509)

[5.5 Risk Log 11](#_Toc514762510)

[6 Approval 12](#_Toc514762511)

# Introduction

## Purpose

The Risk Management Plan defines the process for implementing proactive risk management as part of overall project management. The purpose is to identify potential problems before they occur, so that risk-handling activities may be planned and invoked as needed across the project. This mitigates adverse effects on achieving objectives. This document describes the process to:

* Identify risk events
* Evaluate risks with respect to probability and impact
* Assess options and develop mitigation plan
* Track risk mitigation efforts & conduct periodic reassessments of project risks

## Definitions

**Risk:** An uncertain event or condition that if it occurs has a positive or negative impact on one or more of project objectives.

**Scope Risk:** The uncertainty of achieving project requirements for function, performance, and operability within the planned cost and schedule. Typical risk drivers include requirements, constraints.

**Cost Risk:** Risks associated with ability of the project to achieve its overall cost objectives. Typical cost risk drivers include requirements, resources availability, tools and environment.

**Schedule Risk:** Risks associated with adequacy of estimated and allocated time for project implementation. Typical risk drivers include requirements, need/delivery dates, technology availability and resources.

**Resource Risk:** Risks associated with not having sufficient resources to achieve a project goal. Typical resource risk drivers include staffing availability and proficiency, approval processes delays, and outsourcing.

**Quality Risk:** Risks associated with project deliverables not being fit for purpose or adhering to specifications. Typical quality risk drivers include compatibility, capacity, and performance.

**Project Risk:** Risk associated with overall status of the project. Failure to meet cost, schedule, quality, resource and scope can produce project risks, in addition to external budget, priority and political considerations.

**Risk Assessment:** Risk Assessment is translation of risk data into information for evaluating risk and determining probability and impact.

# Version Control

|  |  |  |  |
| --- | --- | --- | --- |
| **Version** | **Date** | **Person** | **Change** |
| 1.0 | MM/DD/YYYY |  | Initial Document Creation |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

# Risk Management Strategy

The project will continuously and proactively assess critical areas to determine specific risks, analyze potential impacts, determine mitigation actions and monitor risks. This will be done to manage risks, before they can cause serious cost, schedule or performance impacts.

# Risk Management Roles & Responsibilities

|  |  |
| --- | --- |
| Role | Responsibility |
| Steering Committee | * Review all risks rated as High * Review and approve risk response plans of risks that are rated as “High” for completeness, feasibility and adequacy * Approve implementation of risk response plans for high risks, when risk occurs |
| IT Team / Vendor | * Identify and assess new risks * Ensure timely implementation of risk response plans * Report risk status |
| Project Manager(s) | * Responsible for risk management on the project * Establish & maintain Risk Management Plan * Participate in identification of risks & facilitate risk assessments * Evaluate costs associated with risk handling/control * Communicate risk activities to Steering Committee and IT Team * Monitor risk triggers/dates & track implementation of risk response plans |

# Risk Management Process

This section provides an overview of the process involved in identification, assessment, handling and monitoring risks on the project.

Identify Risks

Analyze Risks

Assess risk handling options

Monitor

Communicate & Track Risks

## Risk Identification

The following Risk Breakdown structure will be used as a basis for the discussions:

In addition, one or more of the following process may be followed to identify risks:

* Examine the work breakdown structure to uncover risk areas
* Interview Steering Committee and Implementation team
* Review risk management efforts on similar projects
* Examine lessons learned databases/documents, if available
* Examine project documents [charter, etc.]

## Risk Assessment

The following process will be used to analyze known risks and prioritize them based on impact to project objectives.

1. Determine cause and effect of each risk
2. Rate each risk based on probability and severity of impact to cost, schedule and scope. The probability and risk impacts will be rated in qualitative terms [High, Medium and Low].
3. Categorize risks.
4. Assign priority number to define priority sequence for planning/handling of all risks rated “High/Medium”
5. Conduct quantitative analysis for all risks rated “High/Medium”

**Risk Assessment Matrix:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Severity of Impact** | | | | |
| **Probability** |  | **Low** | **Medium** | **High** |
| **Low** | Low | Low | Medium |
| **Medium** | Low | Medium | High |
| **High** | Medium | High | High |

**Impact assessment criteria:**

|  |  |  |  |
| --- | --- | --- | --- |
| Project Objectives | Low | Medium | High |
| **Scope** | Scope change barely noticeable. No impact to schedule/cost | Minor areas of scope affected. No impact to critical path | Major impact to Scope. Critical path/cost impacted |
| **Schedule** | <2 weeks behind schedule | 2-4 weeks behind schedule | >4 weeks behind schedule |
| **Cost** | < 1 K over budget | <5 K over budget | >5K over budget |
| **Resource** | <1 week loss of skilled personnel | Loss of skilled personnel with trained successor | Total loss of skilled personnel or leave of absence with no trained successor |
| **Quality** | No noticeable impact on usability/functionality | Minor areas of quality affected. Can be corrected with minimal change to other constraints. | Significant impact to quality requiring re-work. Major change to other constraints. |

## **Risk Handling**

Risk handling involves identifying, evaluating, selecting and implementing options to set risk at acceptable levels given project constraints and objectives. This will include:

* Identify approach [Mitigate, Avoid, Accept, Transfer]
* Define Risk Response Plan
* Triggers/timelines for implementing the plan
* Identify owner
* Determine associated cost/schedule
* Track criteria and decision dates

The strategy for each risk will be determined by the overall risk assessment rating as below:

|  |  |
| --- | --- |
| **Risk Assessment** | **Handling Strategy** |
| **High** | PMs and risk owner will discuss the status of risk on a daily basis until it is closed. The risk owner will document the actions taken to avoid/mitigate the risk and contingency plans |
| **Medium** | Same as “High” except the risk status reviews will be done weekly. |
| **Low** | PM will add list to the “Watchlist” for possible escalation. |

## Risk Monitoring

The risks and status/results will be tracked/monitored regularly as part of the project implementation team meetings. The Risk response tasks will be tracked against the defined start and target completion dates.

“Watchlist” will be monitored periodically to evaluate change to Probability/impact.

## Risk Log

In order to best handle tracking, the following information should be collected for each risk identified and updated per reporting period:

| Risk Log Data | Description |
| --- | --- |
| ID | A unique number to identify and track the risk |
| Date Logged | The date the risk was officially logged |
| Risk | Brief description of the risk |
| Project Objective Impacted | The component of the project impacted by the risk |
| Probability of Event | A percent estimate / likelihood the risk will occur |
| Impact | The level of impact the risk may have on the project (i.e.: high impact, medium, or low) |
| Approach | Explanation of how the risk can be avoided or how the team can lessen the probability or impact to the project |
| Mitigation Plan | The plan for risk mitigation |
| Owner | Person/Team assigned to monitor and control the risk. This can be any team member that has direct visibility to the risk event |
| Due Date | Expected date of mitigation |
| Status | Mitigation action status |

# Approval

The individuals below agree that they have reviewed and approved the contents outlined in this document.

| **APPROVED BY:** | | | |
| --- | --- | --- | --- |
| **Project Role** | **Name and Title** | **Signature/Approval** | **Date** |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |