

Creating A Risk Management Plan

*A presentation based on the concepts taught in
the Risk Management 1A course.*

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Objectives

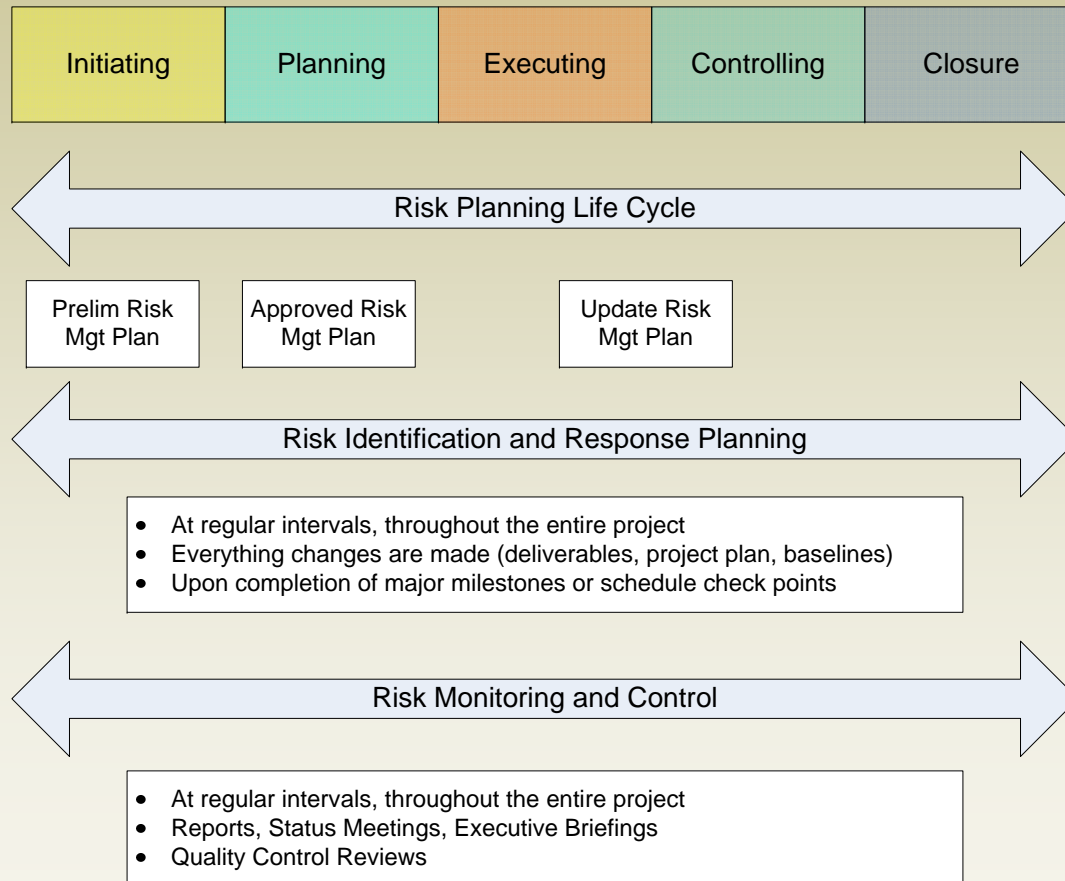


- Basic Definitions
- Overview of Risk Management Planning
- Risk Management Plan
- Risk Classification Guide (Potential Risks)
- Risk Register (AKA, Database, Log)

Let's Begin !!



Project and Risk Management Life Cycles



Risk Management

The process involved with identifying, analyzing, mitigating, monitoring, and responding to a risk. It includes maximizing the results of positive events and minimizing the consequences of adverse events.

Various studies show that:

- Risk Management is overlooked on most IT projects
- Most “runaway” projects do not utilize Risk Management
- Risk Management should be thought of as a investment

Benefits of Risk Management

- Help gain better understanding of the project
- Encourage proactive management practices
- Identify risks early and incorporate into plans
- Do it right the first time and thus avoid disasters or rework, “gold plating” and “scope creep”
- Increase the chance of project success
- Manage expectations (of all stakeholders)
- Determine accountability and ownership

Obstacles To Risk Management

- Risk process too complex or overwhelming
- Too many team members and/or approval process
- Tools and reports are difficult to maintain
- Team members are not familiar with the process
- Process abandoned once the project starts
- Risk process stands alone and not integrated with other standard processes
- Risk Mitigation steps are not part of the overall Project Plan
- Lack of Management Support

Risk Team Members

- Director
- Steering Committee
- Project Sponsor
- Project Manager
- Risk Manager
- Risk Owner
- Risk Originator
- Project Team



Risk Management Planning

Does your organization consider risk?

- The process of deciding “if and how” to implement “Risk Management.” This includes:
 - Complexity and level of Risk Management
 - Type of Risk Management
 - Visibility within and beyond the project
- Reflects the organization’s attitude and tolerance for risk
- Is based on a project’s complexity and scope

Risk Management Planning

- Should begin as early as possible
- The deliverable from this phase is the Risk Management Plan
- Meeting with team members so they can become familiar with the process, tools, techniques, and expectations
- Define the level of depth and detail that the Risk Management Plan (and process) will address

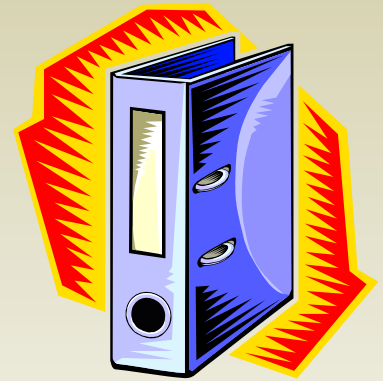
Risk Management Planning

Outputs from planning include:

- Methodology (Risk Mgt Plan)
- Roles and Responsibilities
- Budget, Schedule
- Risk Categories
- Definition of “probability” and “impact”
- Identification of Risk Tolerance levels
- Define tracking processes, reporting formats, and intervals

Risk Management Plan

The Plan defines “how” the risk process will be structured and conducted during the project life cycle. The risk management plan contains an analysis of likely risks with both high and low impact, as well as mitigation strategies to help the project avoid being derailed should common problems arise.



Risk Management Plan

Risk management plans should be periodically reviewed by the project team in order to avoid having the analysis become stale and not reflective of actual potential project risks.

The Plan may include the following:

- | | |
|--|---|
| <ul style="list-style-type: none">• Scope Statement• Roles and Responsibilities• Process / Methodology• Listing of Analysis Tools• Reporting Formats | <ul style="list-style-type: none">• Description of Cycle Analysis• Scoring and Interpretation• Thresholds• Appendices of Worksheets• Communication Plan |
|--|---|

Risk Management Process

1. Risk Identification	An iterative process of identifying which risks might affect the project
2. Risk Validation	Agreement that the risk is applicable to the project.
3. Risk Analysis	Process of determining the probability and impact of a risk. Methods include Qualitative and Quantitative Analysis

Risk Management Process

4. Risk Response Planning	Process of developing options and determining actions to reduce threats
5. Monitoring and Control	Process of continuously observing the project and risks, Monitoring the trigger events that call for utilization of Contingency Plans

Risk Database

- Also known as a Risk Register, A repository of the project risks
- Simple means of capturing and retaining risk entries
- Enables documentation and ability to incorporate into reports
- Advanced tools can integrate with other software solutions



Risk Database

Project Name: Risk Log - Report Date: MM/DD/YYYY

Instructions: Mark all changes in [blue](#).

Risk ID	Status	Title	Activity This Week	Description	Prob	Imp	Score	Risk Owner	Open Date	Impact Date	Strategy and Response	Contingency Plan
Proj #1-R001	Open	Title 1	MM/DD/YY:Enter Activity Here	Description 1	2	2	4.0	Name	MM/DD/YY	MM/DD/YY	Enter Here	Enter Here
Proj #1-R002	Open	Title 2	MM/DD/YY:Enter Activity Here	Description 2	3	3	9.0	Name	MM/DD/YY	MM/DD/YY	Enter Here	Enter Here
Proj #1-R003	Open	Title 3	MM/DD/YY:Enter Activity Here	Description 3	2	2	4.0	Name	MM/DD/YY	MM/DD/YY	Enter Here	Enter Here

Communication and Reporting

Identify, capture, and communicate risk and issue information in a format and timeframe that enables team members to take corrective action.

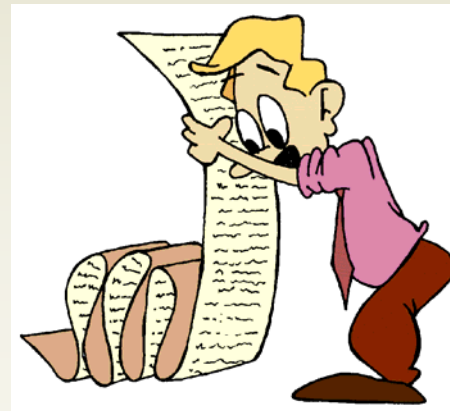
- Status Reports
- Risk Register
- Team Meetings



Risk Categories

Risk Categories are common groupings of risk that can affect the project. There are many ways to categorize risks.

- Technical, Performance, Quality
- Financial Risk
- Business, Organization, Management
- Project Management
- External Risks



Risk Identification Sources

- Brainstorming
- Team meetings
- Historical records
- Scope Statement
- Work Breakdown Structure
- Lessons Learned Documents
- Subject matter experts
- Vendor participation and input
- Online publications
- SWOT – strength, weakness, opportunities, threats
- Delphi – consensus building



Project Closure

Risk response control and risk management conclude with the following:

- Final Risk Assessment
- Cost, Schedule, and Performance
- Customer Satisfaction
- Lessons Learned
- Identify implications for future

Critical Success Factors For Risk Management

- **Establish a formal Risk Management Process**
- **Implement as early as possible**
- **Utilized Subject Matter Experts**
- **Apply to all processes, phases, and aspects of a project**

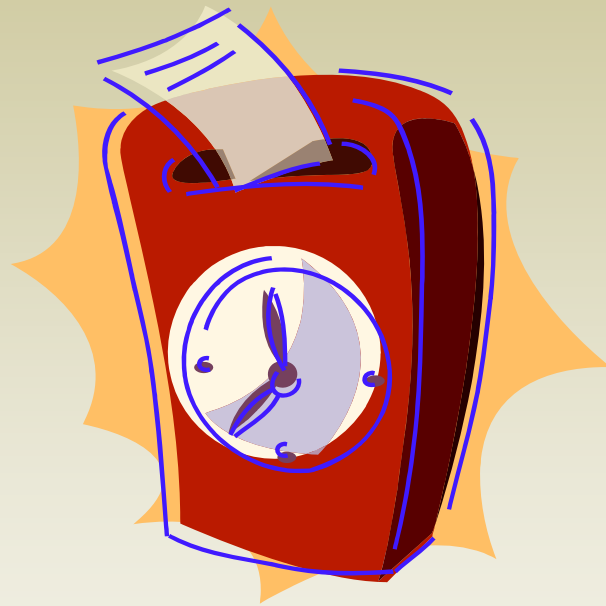
The Final Results

- It's better to have solid Project Risk Management processes as opposed to putting out fires or dealing with continuous crisis management.
- If the project seems easy or requiring little effort; that is because you have put in significant effort to make it that way.
- Project Managers should appear to be in control and give the appearance of smooth sailing; because that is the result of a well run project.

Fast Track To Risk Management Planning

- **Hire the Carlos Consulting Group to implement a Risk Management Plan**
- **Use search engines to find generic plans**
- **Take a formal class on Risk Management**
- **Purchase commercial templates**

Wrap Up and Questions



Thank you !!

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