| Document: Risk Management Approach | Project: Project Billy | Author: Project Manager |
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1. Introduction

| This document outlines the approach to risk management for Project Billy, which aims to develop a web application for inventory management while enhancing business exposure. The risk management process will ensure that risks are proactively identified, assessed, and mitigated to increase project success. |
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1. Risk Management Objectives

| Risks will be managed through a structured approach:   * Identification: Risks will be identified through stakeholder discussions, historical data analysis, and expert judgment. * Assessment: Risks will be evaluated based on likelihood and impact using a predefined scale. * Response Planning: Appropriate risk response strategies will be applied. * Monitoring and Control: Risks will be tracked continuously, with regular updates. * Closure: Resolved risks will be documented for future reference. |
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1. Risk Management Procedure

| Risk management utilizes a Risk Register, SWOT and PESTLE analyses, Monte Carlo simulations, and stakeholder workshops for risk identification and assessment. |
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1. Records

| All risk-related information will be documented in a Risk Register, including risk description, category, likelihood, impact, owner, response strategy, and status. |
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1. Timing of Risk Management Activities

| Risk assessment occurs at initiation, detailed analysis during planning, ongoing reviews during execution, and final evaluation at project closure. |
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1. Risk Categories Used (PESTLE)

| Risks are categorized as Political, Economic, Social, Technological, Legal, and Environmental to ensure comprehensive risk identification. |
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1. Scaes

| Likelihood and impact are rated from 1 (low) to 5 (high), determining risk priority as Low, Medium, or High. |
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1. Roles & Responsibilities

| **Roles** | **Responsibility** |
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| **Project Manager** | Oversees all communication and business activities and ensures alignment with project goals |
| **Development Team** | Identifies and mitigates technical risks, ensuring system reliability and performance. |
| **Business Stakeholders** | Provides input on financial, operational, and user adoption risks. |
| **Risk Owner** | Assigned to track and manage specific risks, ensuring mitigation plans are executed. |
| **Quality Assurance** | Identifies risks related to system bugs, security vulnerabilities, and compliance. |

1. Risk Response Categories

| Responses include **Avoiding** risks by altering plans, **Mitigating** through preventive actions, **Transferring** via outsourcing or insurance, and **Accepting** with contingency measures. |
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1. Risk Tolerance

| Project Billy has low tolerance for security and financial risks, moderate tolerance for operational and technological risks, and higher tolerance for minor regulatory and environmental risks. |
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1. Risk Budget

| A contingency budget of 10% of the total project cost is allocated for risk mitigation and unforeseen issues. |
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1. Proximity

| Risks are classified based on occurrence: Immediate (within a month), Short-term (three months), Medium-term (six months), and Long-term (beyond six months). |
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1. Risk Communication Plan

| Risk updates are shared through weekly project meetings, monthly stakeholder reports, and immediate escalation of critical risks. |
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