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Objective

The objective of this document is to outline risks to PetroPower refinery ERP implementation project and the plans to mitigate those risks.

Executive Summary

The purpose of this project is to implement (ERP) system in Petro Power refinery to streamline business processes, improve data visibility, and enhance decision-making. The ERP system will integrate various business functions, including finance, human resources, supply chain, and operations, to support the company's growth and competitiveness in the petroleum refining industry.

RISK TYPE ONE: You are at risk of going over budget

| Scenario | Risk to Project | Mitigation Plan |
|---|-----------------|---|
| Unforeseen expenses or resource requirements can lead to budget overruns | Medium | Control by Establishing a clear project scope and requirements Regularly review and update the project scope |
| Currency fluctuations | High | Accept risk by using Hedging Strategies like forward contracts Develop a contingency plan that accounts for potential currency fluctuations |
| Failing to thoroughly test the ERP system can lead to post-implementation issues, resulting in budget overruns to fix problems. | Medium | Avoid the risk Develop a structured testing plan, including unit testing, system integration testing, and user acceptance testing. |

RISK TYPE TWO: You are at risk of falling behind project timeline

| Scenario | Risk to project | Mitigation Plan |
|--|-----------------|---|
| Data Migration risks Migrating data from legacy systems to the new ERP can result in data loss, errors, or inconsistent data quality. | High | Control risk by conducting a data migration plan including data audit to & data clean up |
| Changes in Market demand & Regulations (Taxes, Accounting Standards) | Medium | <ul style="list-style-type: none">• Control risk by engaging with customers throughout the implementation process to gather feedback• Stay updated on changes in tax laws and accounting standards that may impact your ERP |
| Training risks Current employees may lack the necessary skills to operate or manage the new ERP system | Medium | Avoid the risk by Assess skill levels within the organization before implementation and identify gaps to develop proper training program |
| Project Scope Creep Uncontrolled changes or continuous additions to the project scope can lead to increased costs and delays. | Medium | Avoid the risk by establishing a clear project scope & requirement <ul style="list-style-type: none">• Regularly review and update the project scope• Obtain stakeholder approval for change requests |

Appendix:

Probability chart:

| Probability | | |
|---------------|------------------------------------|--|
| | Qualitative | Quantitative (if measurable) |
| Low | Very low chance of risk occurring. | Less than <10% chance of risk occurring. |
| Medium | Medium chance of risk occurring. | 10%-49% chance of risk occurring. |
| High | High chance of risk occurring. | 50%-100% chance of risk occurring. |

Impact chart:

| Types of Impact | Low | Medium | High |
|--------------------|---|---|--|
| Financial | Low financial impact, costing the company \$0-\$14,000 | Medium financial impact, costing the company \$15,000-\$29,000 | High financial impact, costing the company \$30,000 or more |
| Operational | Low impact to project operations, causing delays of a few days to a few weeks | Medium impact to project operations, with potential to delay project by a month or more | High impact to project operations, with potential to cause project failure |
| People | Low impact to employee attrition, with 5%+ of employees quitting | Medium impact to employee attrition, with 25%+ of employees quitting | High impact to employee attrition, with 50%+ employees quitting |

Probability and Impact Matrix:

| Inherent Risk | | | | |
|---------------|--------|--------|--------|--------|
| | | Impact | | |
| | | Low | Medium | High |
| Probability | High | Medium | High | High |
| | Medium | Low | Medium | High |
| | Low | Low | Low | Medium |