Ch5: Risk Management

It is the systematic process of identifying, analyzing, and responding to project risks. Without this plan we are forced to manage reactively when things go wrong which is the more expensive approach

Risk management begins early in the life cycle as a clear understanding of each must be established. The sources of risk are almost limitless which means we need a well-thought-out plan. They are the answer to “What can go wrong?” Many wait too long to address them due to many unknowns

The 6-step Process:

- Make a list of potential risks with the entire team involved, it should be collaborative to cover as much ground as possible
- Determine the probability of a risk occurring
- Outline negative consequences of the risk to know what to prioritize; usually we use High-Medium-Low (HML) to measure this
- Prevent or mitigate the risk: Some can be prevented with precautions and policies while others we can only prepare for
- Consider contingencies: Consider the specific actions that will be taken if it occurs. If the priority is high then consider multiple contingencies to be ready for all possibilities and be weary of low-possibility high-impact risks
- Establish the trigger point: The point where the risk becomes a reality and the manager needs to trigger the contingency

Reserves: Established to leverage the plan to its fullest potential

- Contingency Reserves: Amount of time & money to cover known and expected risks to the project
- Management Reserves: Amount of time & money to account for unpredictable and unknown risks

Multi-project Risks: Risks that occur when multiple projects each work on a deliverable of one program. The areas where projects touch are “coordination points” that must be identified and dealt with but only after each individual project’s risk management is concluded