1. Risk is defined as a potential problem, situation or opportunity that will have a measured impact on a nominated outcome. It is alternatively defined as “the possibility of loss or injury” or “the exposure of an activity to an uncertain outcome”.
2. The three approaches that can be taken towards balancing the risk profile are “Risk averse”, “Risk neutral” and “Risk seeking”.
3. The three sources (or categories) of risk are Internal, External and Project management processes.
4. The two standard risk planning actions are Prevention, which are planned actions implemented to prevent the risk from happening, and Mitigation, which are planned actions implemented to limit the damage if the risk is realised.

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| **Risk event** | **Probability** | **Consequences** | **Responsibility** | **Response** |
| More employees being unavailable | Moderate | Major – Variations in time and budget, schedule delays due to reworking. | Project Manager | Identify replacement workers – eg. hire contractors. |
| Theft of materials | Low | Catastrophic – Major variations in budget, loss of materials. | Project Manager | Get funding to replace stolen materials, hire security personnel. |
| Contractor failure | Moderate | Major – Work postponed indefinitely until a replacement contractor can be hired and potential variation in budget. | Project Manager | Keenly assess contractor’s abilities prior to hiring contractors, provide a clearer scope of work when hiring contractors |