Risk Response Strategies:-

- Risks in projects can be negative (threats) or positive (opportunities).
- Effective risk management involves identifying, analyzing & responding to these risks using correct strategies.

① Risk Response Strategies for Negative Risks (Threats):-

- Negative risk can harm a project's scope, schedule, budget or quality.
- The goal is to eliminate, reduce, transfer or accept these risks.

(a) Avoidance (Eliminate the Threat):-

- It involves completely removing the threat by changing project plans, scope or approach.
- it is the best option when there are high chances of risks to occur & has several consequences.
- But, it may lead to increased cost or delays.

ex:-
A slw project identifies a major security vulnerability in an open-source tool. To avoid the risk, the team decides to use a different more secure tool - though it requires extra effort to integrate.

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1.2) Mitigation (Reduce the likelihood or Impact):-
- It involves taking proactive steps to reduce the probability of the risk occuring or its impact.
- mitigation doesn't eliminate the risk but minimizes its negative effects.

1.3) Transfer (Shift the Risk to a Third Party):-
- It involves passing the responsibility of managing the Risk to another entity (such as insurance providers, subcontractors or vendors).
- it doesn't eliminate the risk, but it makes sure that another party bears the impact of risk.
- ex. include outsourcing, warranties and insurance policies.

1.4) Acknowledge Acceptance (Acknowledge the Risk Without Taking Preventive Action):-
- it is used when the cost of responding to the risk is heavier or when no viable mitigation option exist.
- Two types of Acceptance:-
  i) Passive Acceptance:- No specific action, but the team is aware of the risk
  ii) Active Acceptance:- the team creates backup plans in case the risk occurs.