
ERP SYSTEM
RISK MANAGEMENT PLAN

Version *1.2*
03/15/2021

VERSION HISTORY

Version #	Implemented By	Revision Date	Approved By	Approval Date	Reason
1.0	David Rossi	01/26/2021	Patrick Youssef	02/03/2021	Initial Risk Management Plan draft
1.0	Patrick Youssef	01/26/2021	David Rossi	02/03/2021	Initial Risk Management Plan draft
1.1	David Rossi	01/26/2021	Razvan Ivan	02/03/2021	Revision of the Risks
1.1	Patrick Youssef	01/26/2021	Razvan Ivan	02/03/2021	Revision of the Risks
1.2	David Rossi	03/15/2021	Patrick Youssef	03/15/2021	Revision of the Plan and risk percentages
1.2	Patrick Youssef	03/15/2021	David Rossi	03/15/2021	Revision of the Plan and risk percentages

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1 INTRODUCTION

1.1 PURPOSE OF THE RISK MANAGEMENT PLAN

A risk is an event or condition that, if it occurs, could have a positive or negative effect on a project's objectives. Risk Management is the process of identifying, assessing, responding to, monitoring, and reporting risks. This Risk Management Plan defines how risks associated with the *ERP SYSTEM* project will be identified, analyzed, and managed. It outlines how risk management activities will be performed, recorded, and monitored throughout the lifecycle of the project and provides templates and practices for recording and prioritizing risks.

The Risk Management Plan is created by the project manager in the Planning Phase of the Agile Process and is monitored and updated throughout the project.

The intended audience of this document is the project team, project sponsor and management.

2 RISK MANAGEMENT PROCEDURE

2.1 PROCESS

The project manager working with the project team and project sponsors will ensure that risks are actively identified, analyzed, and managed throughout the life of the project. Risks will be identified as early as possible in the project so as to minimize their impact. The steps for accomplishing this are outlined in the following sections. The project manager will serve as the Risk Manager for this project.

2.2 RISK IDENTIFICATION

Risk identification will involve the project team, appropriate stakeholders, and will include an evaluation of environmental factors, organizational culture and the project management plan including the project scope. Careful attention will be given to the project deliverables, assumptions, constraints, WBS, cost/effort estimates, resource plan, and other key project documents.

2.3 RISK ANALYSIS

All risks identified will be assessed to identify the range of possible project outcomes. Qualification will be used to determine which risks are the top risks to pursue and respond to and which risks can be ignored.

2.3.1 Qualitative Risk Analysis

The probability and impact of occurrence for each identified risk will be assessed by the project manager, with input from the project team using the following approach:

Probability

- High – Greater than 75% probability of occurrence
- Medium – Between 25% and 50% probability of occurrence
- Low – Below 25% probability of occurrence

Impact & Probability Matrix

PROBABILITY	0.75 HIGH	0.19	0.38	0.56
	0.50 MEDIUM	0.13	0.25	0.38
	0.25 LOW	0.06	0.13	0.19
		0.25 LOW	0.50 MEDIUM	0.75 HIGH
	IMPACT			

- High – Risk that has the potential to greatly impact project cost, project schedule or performance
- Medium – Risk that has the potential to slightly impact project cost, project schedule or performance
- Low – Risk that has relatively little impact on cost, schedule or performance

Risks that fall within the RED and YELLOW zones will have risk response planning which may include both a risk mitigation and a risk contingency plan.

2.3.2 Quantitative Risk Analysis

Analysis of risk events that have been prioritized using the qualitative risk analysis process and their effect on project activities will be estimated, a numerical rating applied to each risk based on this analysis, and then documented in this section of the risk management plan.

2.4 RISK RESPONSE PLANNING

Each major risk (those falling in the Red & Yellow zones) will be assigned to a project team member for monitoring purposes to ensure that the risk will not “fall through the cracks”.

For each major risk, one of the following approaches will be selected to address it:

- **Avoid** – eliminate the threat by eliminating the cause
- **Mitigate** – Identify ways to reduce the probability or the impact of the risk
- **Accept** – Nothing will be done
- **Transfer** – Make another party responsible for the risk (buy insurance, outsourcing, etc.)

For each risk that will be mitigated, the project team will identify ways to prevent the risk from occurring or reduce its impact or probability of occurring. This may include prototyping, adding tasks to the project schedule, adding resources, etc.

For each major risk that is to be mitigated or that is accepted, a course of action will be outlined for the event that the risk does materialize in order to minimize its impact.

2.5 RISK MONITORING, CONTROLLING, AND REPORTING

The level of risk on a project will be tracked, monitored and reported throughout the project lifecycle.

A “Top 10 Risk List” will be maintained by the project team and will be reported as a component of the project status reporting process for this project.

All project change requests will be analyzed for their possible impact to the project risks.

Management will be notified of important changes to risk status as a component to the Executive Project Status Report.

3 TOOLS AND PRACTICES

A Risk Log will be maintained by the project manager and will be reviewed as a standing agenda item for project team meetings.

RISK MANAGEMENT PLAN APPROVAL

The undersigned acknowledge they have reviewed the **Risk Management Plan** for the *ERP SYSTEM* project. Changes to this Risk Management Plan will be coordinated with and approved by the undersigned or their designated representatives.

Signature: David Rossi Date: 01/25/2021

Print Name: David Rossi

Title: _____

Role: _____

Signature: Patrick Youssef Date: 01/25/2021

Print Name: Patrick Youssef

Title: _____

Role: _____

Signature: _____ Date: _____

Print Name: _____

Title: _____

Role: _____

Signature: _____ Date: _____

Print Name: _____

Title: _____

Role: _____

APPENDIX A: REFERENCES

The following table summarizes the documents referenced in this document.

Document Name and Version	Description	Location
<i>Risk Management Plan, Version 1.0</i>	<i>This document is prepared to foresee risks, estimate impacts and define those risks</i>	

APPENDIX B: KEY TERMS

The following table provides definitions for terms relevant to the Risk Management Plan.

Term	Definition
ERP	<i>ERP stands for Enterprise Resource Planning. It is a software product that offers a wide variety of business features such as Planning, Tracking, Shipments, ...</i>