3. Risk Management Plan

**3.1 General activities and purpose:**

For purposes of this risk management plan a risk is defined as any event that could prevent a benefit from being realized.

All approved projects will include a list of risks that will then be incorporated into the risk register of the portfolio.

An initial risk meeting will take place for each project which will include the project manager, project manager and other key members of the individual project team as well as any relevant experts from other departments. Risks from the final project proposal will be entered into the risk register along with the assignment of the risk register scores and notes as defined in the risk measures section.

Data sources for risk identification, classification and probability

* Portfolio management
* Company past experiences
* Market research
* Subject expert’s dependent on project area

**3.2 Roles & Responsibilities:**

Risk management is a shared responsibility of the stakeholders of the portfolio as well as the individual projects within a portfolio. The portfolio manager will have ultimate authority for approving mitigation plans, frequency of risk reporting, cancellation of projects based on risk factors and overall risk management of the portfolio. Specific responsibilities of risk management are listed below.

By task:

* Risk Identification
  + All project stakeholders and key team members
* Risk Registry
  + Project Manager for each project, portfolio manager for portfolio risk registry. Individual project risk registers will roll up and be included in the portfolio risk register.
* Risk Assessment
  + All project stakeholders and key team members
* Risk Response Options Identification
  + All project stakeholders and key team members
* Risk Contingency Planning
  + Portfolio manager and project manager
* Risk Response Management
  + Portfolio manager and project manager
* Risk Reporting
  + Portfolio manager to executive management and stakeholders and project manager to portfolio manager.

By responsible party:

* Portfolio manager:
  + Risk identification (Initial and continuous)
  + Risk register for portfolio (includes roll up from project manager risk registers)
  + Risk Assessment
  + Risk Response Options Identification
  + Risk Contingency Planning
  + Risk Response Management
  + Risk Reporting (to executive committee)
* Project manager:
  + Risk identification (Initial and continuous)
  + Risk Registry for specific projects
  + Risk Assessment
  + Risk Response Options Identification
  + Risk Contingency Planning
  + Risk Response Management
  + Risk Reporting (to portfolio manager)
* Key project team members:
  + Risk identification (Initial and continuous)
  + Risk Assessment
  + Risk Response Options Identification
* Project stakeholders:
  + Risk identification (Initial and continuous)
  + Risk Assessment
  + Risk Response Options Identification

Activity definitions:

* Risk Identification
  + Identification of potential risk at the start of a specific project as well as continual during project and portfolio management. Risk identification can be on a specific project level as well as on a portfolio level and must be tied to specific triggers, events, benefit realization goals and measurements.
* Risk Registry
  + Manganocene of the risk registers at project and portfolio levels.
* Risk Assessment
  + Determination of impact and probability of occurrence.
* Risk Response Options Identification
  + Determination of possible response options or each risk
* Risk Contingency Planning
  + Determination of Exact details or responses, triggers and events.
* Risk Response Management
  + Overall responsibility for risk in a portfolio or a project. This includes making final decisions based on assessment and planning for any given risk.
* Risk Reporting
  + Reporting updated metrics, updated risk plans, probabilities and impacts to responsible parties.

**3.3 Risk Measures:** Defines the risk categories and criteria for probability and impact, the structure of probability and impact matric and the stakeholders risk tolerances and appetite for risk

Each risk will be evaluated and assigned the following items in the risk register:

* Risk ID Number
  + Associated with project and source
* Risk description
  + What might happen in the future and its possible impact on the project.
* Risk Category
* Responsible party appropriate for the risk and project
* Initial reported date
* Last updated date
* Impact score
  + High Impact (H and numeric of 4 or 5)
    - Any event that could stop the benefits from the project from being realized
    - A 4 will be used for a relatively high impact or chance that a benefit will not be realized. A 5 score is reserved for impacts that are catastrophic to the benefit.
  + Medium impact (M and numeric of 3)
    - Any event that could reduce the amount of the benefits from the project
  + Low Impact (L and numeric of 1 or 2)
    - Any event that would have negligible impact on the project
    - A 2 will generally be used and a 1 will be reserved for items that have almost no effect on the realization of a benefit.
  + A risk could be categorized on a project basis as being of a higher impact than on an individual project if it may impact other projects or the portfolio. A project that has competing resources or is necessary for another project completion will increase in impact for all risks associated for that project.
* Impact description
  + List the specific impact the risk could have on the project schedule, budget, scope, and quality. Other impacts can also be listed. Impact needs to be listed in either dollar units or time frame units depending on the impact so as to be comparable with other impact descriptions.
* Probability of the event occurring
  + For the purposes of this plan the portfolio manager will take a conservative approach and err on the side of assigning a risk too high a probability of happened rather than too low a probability. High probability items do not necessarily deter a project from being chosen to complete, since an impact score is also used for scoring a portfolios overall risk. High probability and a low threshold for being considered a high probability item ensure that proper steps are taken to be prepared for risk events occurring.
    - High probability **(Greater than or equal to 10%) (H and numeric of 4 or 5)**
      * The Specific difference between a 4 and a 5 score is further split by chance of occurrence. A 5 should be reserved of any event that has a chance above 25% and a 4 for between 10% and 25%.
      * Requires triggers
      * Requires updates
      * Requires response plan
    - Medium probability **(Between .1% to 9.99%) (M and numeric of 3)**
      * Requires triggers
      * Requires updates
      * Requires response plan
    - Low Probability **(Less than .1%) (L and numeric of 1 or 2)**
      * The Specific difference between a 1 and a 2 score is further split by chance of occurrence. 1 should be reserved for the most unlikely events. Less than .01% chance of happening anything above that but below the threshold for the low category should receive a score of 2. This reserves a spot for strange or weird occurrences in the risk management plan.
      * Requires updates
      * Requires triggers
      * Requires response plan
* Risk Score
  + Impact numeric value multiplied by probability numeric value (1-25)
* Timeline status
  + Near term (N)
    - 6 months
  + Medium term (M)
    - More than 6 months less than 1 year
  + Far term (F)
    - More than 1 year
* Status of response plan
  + Response plans will be developed for each risk and will include exactly how to react to a trigger and when to cancel a project based on a risk event occurring. The plan must include details or timelines, who to report to and how exactly to report to them when a risk event occurs. The goal of each status response plan should be to ensure that a risk can either be mitigated or eliminated.
  + No Plan (N)
    - Plan not yet developed
  + Plan but not enacted (P)
    - Plan developed but not started yet this will be a status for a response plan that has been developed but a trigger has not caused it to start
  + Plan enacted, effectiveness not yet known (PE)
    - Plan developed and started, it cannot yet be determined if the response is effective at mitigating the risk
  + Plan enacted and effective (EE)
    - Plan developed, started and has shown to be effective for the risk
* Completed actions
  + List, by date, all actions taken to respond to the risk. This does not include assessing the risk
* Future actions
  + List, by date, what will be done in the future to respond to the risk
* Trigger
  + Determined on a risk by risk basis. Examples of triggers could be a timeline falling behind by more than 5% or a budget projection showing an ever budget projection. Each trigger should de designed based not only on the risk but on the response plan and must ensure that it effectively warns a responsible party in time for the response plan to mitigate or eliminate the upcoming risk or at least help to determine a cancellation of a project.
  + Each trigger should be designed for a response to made before it is to late for the risk to either be mitigated or eliminated. Referring to the budget example using a projection based on current data rather than waiting for the budget to be in an over budget status.
  + The reaction to any trigger will be determined by the response plan for that risk.
  + All triggers need to be tied to something measurable in order for them to function properly.
* Status
  + open
    - still might happen and still must be managed
  + closed
    - has passed or has been successfully mitigated
  + moved to issue
    - risk has happened

**3.4 Frequency:** Defines when and how often the risk management process will be performed throughout the portfolio cycle, establishes protocols for governance requirements and establishes risk management activities to be included in the portfolio management plan.

* Initial risk meeting for all projects to determine all items required in the risk register.
* The occurrence of a risk event is reported to the portfolio manager as soon as possible.
* A trigger going off is reported as soon as it goes off to both the project manager and portfolio manager
* Risk update reporting will include determining if the probability and impact scores have changed and will be done on the following schedule.
  + High risk scores (15-25)
    - Weekly
  + Medium risk scores (6-14)
    - Monthly
  + Low risk scores (1-5)
    - Quarterly
* Monthly portfolio risk update
  + Portfolio manager will incorporate all changes made to project risks and determine the new overall risk score for the portfolio.
* The reporting frequency discussed above is used only for reporting purposes. Risk assessment will be done by project managers and key team members on a continual basis as the project progresses. Event occurrence reporting should be done as soon as possible based on response plans for a given risk event.

**3.5 Risk Categories**

Risk categories and level

Portfolio level: Categories that are not specific to any project for example overall resources from a portfolio stand point versus a budget constraint for a specific project)

Project level: categories that only effect a specific project like a new regulation that effects a project but not the portfolio overall.

* Portfolio level categories
  + Portfolio component risk
  + Organizational risk
  + Resource risk
  + Market risk
  + Image and public relations risk
* Project level risk
  + Performance risk
  + Budget/Funding Risk
  + Regulatory risk
  + Schedule risk
  + Technical
  + Feasibility

Questions to ask

        G. Include weird acts risks (weird stuff)

* Where would this go and in what context?

        H. address each risk, how you ranked them, how you determine probability and impact.  Determination of triggers, purpose of triggers what is expected to happen when a trigger goes off.

* Is this literal?