**SOP:Risk Management**

**Configuration Management**

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**Purpose**

How to manage PMO and Project level risk on daily basis?

**Audience**

* PMO head
* HoDs
* PMTs
* Top management

**Guidelines**

1. A Risk is event which has probability of happening in future.
2. A Risk can be threat or opportunity to the project objective. Therefore identification of the Risk on time, assessing and timely responding to the risk is critical for a project success.
3. A risk may be related to a activity, milestone, phase or entire project.
4. A risk can be reported by anybody irrespective of the role of the person in the project or organization.
5. A risk management as 5 major activities namely
   1. Identification
   2. Assessment
   3. Prioritization
   4. Response Plan & Actions
   5. Monitoring & Control
6. Identification:
   1. Refer the old projects, their risk and issue records.
   2. Refer organization [risk database](https://teamchennai.sharepoint.com/:x:/r/sites/TEAMPMO/_layouts/15/doc.aspx?sourcedoc=%7Bf79829a8-96b4-4274-add5-e5f52b71d0b5%7D&action=default&uid=%7BF79829A8-96B4-4274-ADD5-E5F52B71D0B5%7D&ListItemId=62&ListId=%7B1C4539DA-B151-4AFE-B7F9-6DD368999B0D%7D&odsp=1&env=prod)
   3. During CRM discuss the inherent risk in the project
   4. During Daily standup meeting identify new risks, if any
   5. During weekly planning meetings identify new risks, if any
   6. If required conduct a risk identification workshop for the project. Involve all the departments in this meeting.
7. Assessment
   1. Determine and assign probability to each identified risk. Probability number should be between 0 and 1 but neither 0 nor 1. Max probability can be .90 (avoid using .99). Min probability can be .01 (avoid using less than this)
   2. Determine and assign impact of each risk. Impact should be assessed on project objectives Cost, CDD, Quality, Scope. Impact should be assigned as Very High, High, Medium, Low. To assign the impact use impact table. Impact table is mentioned at the end of this SOP. It should completed, validated against business goals and refined based on the need. Max impact can be .80 (avoid .9 or .99 etc). Min impact can be .05 (avoid using lessor this number)
8. Prioritization
   1. Product of Probability and Impact is Exposure. Min exposure would be .01 (min probability) x .05 (Min Impact) = .005. Max exposure would be .90 (max probability) x .80 (max impact) =.720
   2. Use exposure index to prioritize risks
   3. Mark the tolerance limit for a particular project objective. For example (this table should be tailored in future based on the discussion with stakeholders. At this time this is just a guideline

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| **Time Tolerance** | | |
| .005 to .010 | .11 to .20 | >.21 |
| Ok or tolerable risk | Watch close try to reduce impact/probability | Must have mitigation or contingency plan, must take action proactively to arrest risk |

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| **Cost Tolerance** | | |
| .005 to .080 | .081 to .40 | >.41 |
| Ok or tolerable risk | Watch close try to reduce impact/probability | Must have mitigation or contingency plan, must take action proactively to arrest risk |

* 1. Select a risk for a response planning based on the tolerance calculated and tolerance of the organization/stakeholders

1. Response Plan & Action
   1. Prepare response plan for each prioritized risk.
   2. Response plan for a negative risk would be fall in one of the categories Avoidance, Mitigation, Transference, Acceptance
   3. Calculate the cost of response plan and value which response plan will save
   4. Select & apply only cost effective response plan
2. Monitor & Control Risk is part of daily stand-ups or any project meeting or review meeting (internal or external both). It includes all the below.
   1. Continuous evaluation of existing risk
   2. Identify of new risk
   3. Re-occurance of the same risk
   4. Risk not getting arrested fully
   5. New risk is pops out because of response plan of earlier risk
3. Risks are identified as might be future problem in the daily stand-up meeting (DSUM). They are assigned to the owner for the management (assessing, response planning etc) purpose.
4. Normally it is self-assigned by the would be impacted. But if that does not happen automatically then PM or PMO head shall do the assignment.
5. If Risk is related to a project then PM must register the issue in the PWA against the project.
6. If Risk is related to PMO then PMO Head should registered the issue in TEAM-PMO project.
7. If Risk can be managed by owner within the “agreed” resources then PM should do the follow up and nothing else
8. If resources required to manage a risk is more than the risk budget or if risk budget is not established at the start of project then PM need to take approval on risk budget from PMO Head.
9. If PMO Head cannot take the decision of risk budget then it should be escalate to next higher level or call an emergency meeting to solve the problem.
10. No Risk shall be discussed over email/ phone call/ stand-up meeting, if it is not in Risk Register
11. Every Risk must be documented whether you respond that or not.

**Inputs**

1. Updates from everyday stand-up meeting
2. Updates from action register
3. Update from stakeholders over email, phone, one-on-on meeting
4. News paper/ TVs news
5. Organization Risk Database

**Steps**

1. For project related issues.
   1. Access your project website and click “Risks”
   2. Create a new risk or update the status of existing risk
2. For PMO related issues.
   1. PMO Head should Access TEAM-PMO project and click “Risks”
   2. Create a new issue or update the status of existing Risks
3. Probability, Impact, Status, should be written after well thinking.
4. Risk trigger information should be identified properly and documented in a clear language.
5. Contingency plan, Mitigation plan should be actionable and within the budget. It should be agreed with affected stakeholders.
6. Owner of the risk should be PM
7. Risk can be assigned to anybody but because of licensing concerns it can be assigned to limited person. It is suggested that you assigned it to yourself.
8. PM should to do the follow-ups with the responsible stakeholder to ensure risk is being tracked properly

**Exit Criteria**

1. Risk is registered with all the information available in the risk.

**Validation**

1. Check the age of risk in “Risk Register” from PowerBI. Risks should not be pending for unusually longer duration

**Impact Table**

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| Objective | Very Low  .05 | Low  .10 | Medium  .20 | High  .40 | Very High  .80 |
| Cost | Negligible to .05% | >.05% and <=1% | >1% and <=5% | >5% and <=15% | >15% |
| Schedule | No Impact on CDD | CDD Shifts 1 day | CDD shifts 1 week | CDD shifts between 2 to 4 Weeks | CDD shifts more than 4 weeks |
| Quality |  |  |  |  |  |
| Scope |  |  |  |  |  |