Taylor, J. (2003). Chapter 7: Risk Management in Information Technology Projects

Main Idea:

Taylor explores how **risk is an unavoidable part of IT project management**, emphasizing that risk can mean both potential loss and potential gain. He provides a **comprehensive risk management model** derived from PMI guidelines, tailored for IT projects.

Key Concepts:

- **Risk Defined:** Composed of the event, probability, and impact.
- **Types of Risks:**
    1. **Business Risks** (can result in gain or loss; manageable).
    2. **Pure/Insurable Risks** (only potential for loss; should be avoided or transferred).
- **Risk Management Process:**
    1. Plan risk management (beginning at project selection).
    2. Identify and assess risks via brainstorming, fishbone diagrams, checklists.
    3. Qualify and quantify risks (filter, prioritize, calculate probabilities).
    4. Develop response strategies: avoid, transfer, mitigate, accept.
    5. Track and control risks using contingency plans and monitoring.
    6. Document lessons learned for future projects.

Interesting Points:

- Too much senior management involvement can inadvertently create risks.
- Only about 10 risks can be actively managed at once; others go on a watchlist.
- **Expected Value (EV)** and decision trees are valuable for analyzing alternatives.
- Emphasizes the importance of a **risk management plan** and documentation for organizational learning

Application:

Helps SDM404 students structure risk plans, analyze potential project threats, and connect risk management to practical decision-making.