

Risk Management Plan for the <Project Name>

Prepared by:

Title:

Address:

Phone:

E-mail:

Last revised:

<PROJECT
NAME>

Risk Management Plan

PMALPHABET

Project ID No.:

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Purpose:

The purpose of this document is to provide a framework on risk management activities during <PROJECT NAME> lifecycle. This document details out the approach towards risk identification, analysis of risks, mitigation plans, risk monitor and control and lessons learned. The purpose of the risk management plan document is not to address the mitigation plan for the individual risks – these are all covered in Risk Register.

Using this [risk management planning](#), project team strives to minimize the negative risk and maximize the opportunities for the project success. This will be done by a systematic approach – identifying all possible (both positive and negative) risks associated with the project and the possibility of occurrence and their impact on the project. Action plan will be created for the identified risks in order to manage them during project lifecycle. Risk management planning is a repeated and on-going process throughout the project lifespan and it should be started as early as project initiation. The risk management activities and its approach will be reviewed on a regular basis and the risk management plan along with the risk register will be refined accordingly.

Audience:

Below are the primary audience for this risk management plan document.

- <PROJECT NAME> Project Team
- <PROJECT NAME> risk key stakeholders
- <PROJECT> Risk Manager

Project risk manager and key stakeholders are the ones who approve this plan.

References:

Use this space to add any project documental references...

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1. Introduction

1.1. Scope of this Document

The scope of this document is to provide a framework on risk management activities during <PROJECT NAME> lifecycle.

This document describes the risk management activities and approaches for the <PROJECT NAME> which mirrors the <PROJECT> risk management approach and uses the same tools and techniques.

1.2. References (See Appendix for sample tools)

Below are the references used in the development of this plan.

- Project Management Institute (PMI©) – PMBOK© 2003 Edition
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2. Risk Management Strategy, Tools and Methods

2.1. Risk Management Strategy

Using the risk management strategy, project team strives to minimize the negative risk and maximize the opportunities for the project success. This will be done by a systematic approach – identifying all possible (both positive and negative) risks associated with the project and the possibility of occurrence and their impact on the project.

The risk management activities are:

- Risk Management Planning
- Risk identification - identification all known project risks
- Risk Analysis – assess the probability and potential impact of the identified risks
- Risk Response Planning - create mitigation plans to manage the identified risks
- Risk Monitoring and Control – monitor, review and update risk plan and their status
- Risk Closeout – document the outcome and use the lessons learned in future

Risk management planning is an iterated and on-going process throughout the project lifespan and it should be started as early as project initiation. Philosophy of non-risk adverse will be applied during risk management process while complaining to the project objectives with respect to quality, schedule, legal, financial and customer satisfaction.

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2.2. Risk Management Tools and Outputs

Below are tools that will be used to formalize and document the outcomes of the risk management process on this project. <PROJECT NAME> Project Manager will be maintaining the physical storage location of this risk management plan.

Risk Management Activity	Risk Management Tools and Outputs
Risk Management Planning	Risk Management Plan
Risk Identification	
Risk Analysis	Risk Log
Risk Response Planning	Risk Log
Risk Monitoring and Control	Risk Log

2.3. Risk Identification

Risk identification activity for <PROJECT NAME> will

- Start during the initiation of the project when it is not active.
- Once the project is commissioned (active), the risk identification activity needs to be repeated in a regular interval as mentioned in risk management process (Monitor and control section)
- For <PROJECT NAME>, risk identification activity will be conducted during weekly project status meeting as well as monthly risk audits
- Any change request submitted for <PROJECT NAME> should be assessed for potential new risk and if any, impact and frequency of the new risk should be quantified and added to the risk register.
- A comprehensive list of all potential positive (opportunities) and negative (threats) risks for <PROJECT NAME> should be logged and vetted with relevant project stakeholders.

Risk identification process should be thorough enough by adding all relevant project stakeholders and all possible risk sources. Below is the risk sources considered for <PROJECT NAME> risk identification process;

Engagement Definition	Client Commitment	Technology - Hardware & Software
Legal & Contractual	Project Schedule	Complexity
Commercial Issues	Duration	Related Projects
Political Considerations	Project Budget/Financial	<CUSTOMER> divisions and internal entities
Regulatory Issues	Communications	Sub-contractors
Industrial Relations	Resources	Suppliers
Occupational Health & Safety	Vendor Experience & Capability	Market Action

Please note that additional risks sources can be identified and added in to the risk log as and when required.

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Below are the techniques that are used in identifying the risk elements for <PROJECT NAME>

- ✓ Risk register for similar projects
- ✓ Lesson learned documents
- ✓ Interviewing subject matter experts
- ✓ Risk management process checklist
- ✓ In depth examination of each element in WBS
- ✓ Analysing project specific documents for identifying potential risks such as
 - Scope statements
 - Requirements spec
 - Schedule documents
 - Design documents
 - Statement of work
 - Contracts and commitments
- ✓ Group process techniques such as
 - Workshop for risk identification
 - Nominal group techniques
 - Brainstorming
 - Delphi technique

Risk statements are documented with unique IDs. All assumptions need to be considered as risk elements and documented accordingly.

2.4. Risk Analysis

This step is to determine which risk events need to be focussed/prioritized for the response plan by analyzing the probability of risk occurrence and impact on the project using various suitable methods. These methods can be broadly classified into three categories;

1. Qualitative
2. Quantitative
3. Prioritization

Irrespective of above method, one should consider the [project triple constraints](#) while performing risk analysis – Project cost (labour, equipment, materials etc), time (schedule, delay, activity duration etc.) and Scope (desired features, functionality, project requirements etc)

Probability and likelihood of risk elements are derived from;

- Risk assessment questionnaire outcome
- Fair estimates
- Expert judgement
- Decision trees
- Network Diagram

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2.4.1 Qualitative Analysis

Qualitative analysis determines the risk rating for each identified risk by deciding the probability of occurrence and its magnitude of impact using risk tools such as risk log etc. Based on the rating, identified risks will be ranked and provided adequate importance during risk mitigation process.

2.4.2 Quantitative Analysis

Though it is not always possible to assign a dollar value for risk impact, a narrative description will be arrived for each identified risk. For the risks that can be quantified, an Expected Value (EV) will be arrived using probability percentage and magnitude of impact ($EV = \text{Probability} * \text{Dollar Impact}$). We have various tools available to calculate the probability percentage for any give risk that we foresee.

2.4.3 Risk Prioritization

Not all identified risks will be considered for the risk response planning due to the involvement of cost and effort. Hence, analysed risk will be forced ranked in order to identify the top risks that affect the project. Top risks will be identified based on Quantitative expected value rating and Qualitative overall rating as performed in the above two steps. In practice, the risks that are scoring "HIGH" in both these parameters will be ranked at the top. Other threats and opportunities also force ranked separately for further analysis.

In addition to Qualitative and Quantitative ratings, a few other factors that are important to customers and stakeholders will also be considered while ranking the risks. This factor can be derived from the following sources;

- Statement of Work
- Project Scope
- Requirement and Design Specifications
- Contract and Commitment agreements

In addition to this, risk differentiation and further filtering will be applied using below techniques (if needed)

- Comparative Risk Ranking
- Risk Filtering (Refer 8.2)

The remaining identified risks will not be part of the list but those will be reconsidered at a regular interval as per the Risk Management Plan set duration for Risk Monitoring and Control.

2.5. Risk Response Planning

Risk response plan will be developed for all the risks selected in risk prioritization and filtering process. The minimum requirement is to plan risk responses for the risks with the overall risk rating "HIGH". Response plan should be integrated with Project Plan and to be captured in Risk Log. In addition to the risk responses, we need to document the following;

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- Risk owner who is responsible for managing the response
- Risk response strategy
- Cost of the risk response
- Project objectives impacted by this risk
- Other dependent projects impacted by this risk
- Stakeholders impact
- Description of the mitigation plan

To optimize various risk responses, a risk response matrix can be created to identify priorities and primary response plan to manage several risks.

2.6. Risk Monitoring and Control

This process includes risk assessment during major project milestones/events, plan for the risk identified in risk log, identify new risks and reassess the mitigation plan effectiveness for the existing risks. Minutes of Meeting needs to be duly captured and shared among risk managers and project communication managers. Project stakeholders will be duly notified in case any major change in the risk plan or high-impact potential risk identified.

- Project manager conducts meetings at a regular interval (as mentioned in Risk Management Plan) with project leads to review the <PROJECT NAME> risks with the overall rating of "HIGH" or "VERY HIGH"
- Monthly meetings will be conducted by Risk manager to review all identified risks
- Weekly meetings will be conducted to review the high value risks status and overall project risk status with project team members
- Adhoc risk review meetings during major project events/milestones
- Quarterly risk review meetings with <CUSTOMER> representatives

2.7. Assumptions and Constraints

- Active participation from customer and associated partners during risk review meetings
- All project divisions should perform same level of risk management activities
- Timely and relevant project reports should be made available to the project managers with a risk section included
- Level of expertise in identifying and assessing risks can be different at different project divisions
- Other project divisions must support information requirements (say COST) during risk assessment
- Resources must be trained on risk management processes at the early stage of the project

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3. Roles and Responsibilities

<PROJECT> Integrated Risk Manager (Program Level Accountability)				
<PROJECT> Project Sponsor/Executives/Key Stakeholders (Consulted/Informed as indicated below)				
	<PROJECT NAME> Project Manager (Project Level)	<PROJECT NAME> Project Team Members (Project Level)	Track Managers (Project Level)	Project Sponsor/Executives/Key Stakeholders (Program Level)
Risk Mgt Plan	A,R	R	C	C
Identification	A,R	R	C	C
Analysis	A,R	R	I	I
Response Planning	A,R	R	I	I
Monitoring and Control	A,R	R		
Reporting	A,R	R	I	I
Lessons Learned	A,R	R	C	C

R – Responsible; **A** – Accountable/Approval; **C** – Consulted; **I** – Informed

Person names performing the roles;

Role	Name
Integrated Risk Management Lead	
Project Executives	
Project Leads	
Component Project Manager	<Project Manager>
Component Project team members	

3.1. Risk Stakeholders

Stakeholder	Name	
Program Manager		
Project Lead(s)	<Name>	
Project Sponsor	<Name>	
Project Manager	<Name>	
Agency Point(s) of Contact	<Names>	

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3.2. Training

- Periodical risk management workshops will be created and delivered to all project members to ensure their understanding and support on risk management activities
- Trainings will be audience-specific as needed (Top management, Customers etc.)
- Mandated attendance for project managers and team members who perform risk management activities for <PROJECT NAME>
- The objective of the program should cover/enhance the knowledge of risk management, their roles and responsibilities and process that needs to be followed

3.3. Resources

- Project quality reviews
- Project status reports
- Risk audit reports
- Change requests
- Project outputs ([WBS](#), Scope, SOW etc.)
- Project stakeholders
- Risk management tools and templates (Risk log etc.)

4. Thresholds

Thresholds limits for project scope, budget and schedule will be identified and the same will be considered while analysing the risks on the impact. This will be used in developing risk strategies accordingly. Risks that affect schedule, budget and scope will be analysed on a case to case basis and its overall impact on project deliverables will be determined.

5. Budget

A contingent plan and reserve budget should be created at the project task level to manage any risks that materialize during project life-cycle. It is the responsibility of integrated risk manager to control this budget reserve and the program director will provide the authorization for releasing this fund.

6. Timing and Schedule

Risk management process needs to be initiated and performed from project initiation and continue to be in-effect till the project closure. The schedule for various risk management activities will be defined in the project plan and project Gantt chart and triggers for risk activities will also be determined in advance.

7. Timing and Schedule

Risk log and other risk management tools (as applicable) will be the primary reporting modes for <PROJECT NAME> project. Also, project weekly status will contain a section to address the identified risk status. Risk log and associated risk reports will also be shared with the customers as applicable.

Information	Report type	Report Owner	Frequency	Audience
Risk identification, Qualitative and Quantitative analysis, Planning, and Tracking	Risk Log, , Risk Identification Worksheets	< Project Manager> Integrated Risk Manager owns for Program.	Updated and posted weekly at a minimum on eRoom and Share Point.	All <PROJECT NAME> Project Team members
<PROJECT NAME> Project Risk Status	Weekly Project Status Report	<Project Manager>	Weekly	Track Managers, and Agency contacts.
<PROJECT> Program Risk Status	<PROJECT> Program Status Report		Weekly	<CUSTOMER> and Senior Management
<Project Name> Lessons Learned	Project Lesson Learned report	<Project Manager>	Project closeout	Component Project Managers, Integrated Risk Mgr, Track Mgrs, Program Executives.

8. Appendix

8.1. Risk Response Matrix

The risk repose matrix can be used to identify the effective response plans that are primary for more than one risks. This way, the same response can be used to manage multiple risks and the overall risk management effort can be optimized. For an example, in the below risk response matrix, we can determine that the response plan for B is also effective response plan for risk D. In the same way, response plan for E can be effective for risk A. Hence, response plan for B, C and E can be effective for all identified risks.

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Risks	Response Plans				
	Risk A Response Plan	Risk B Response Plan	Risk C Response Plan	Risk D Response Plan	Risk E Response Plan
Risk A description	Yes				Yes
Risk B description		Yes			
Risk C description			Yes		
Risk D description		Yes		Yes	
Risk E description					Yes

8.2. Risk Filter Decision Tree

This tool will be helpful in identifying and prioritizing risks so that the risk management effort is optimized.

