INTRODUCTION

PROJECT RISK MANAGEMENT

WHAT DOES THE RISK KNOWLEDGE AREA DO?

- Risk management planning, identification, analysis, responses, and monitoring & control on a project

- The objectives of Project Risk management are to increase the probability & impact of positive events (opportunities), and decrease the probability & impact of events adverse to the project (threats)
What is project risk?
• Uncertain event or condition that, if it occurs, has a positive or a negative effect on at least one project objective (i.e. time, cost, scope, or quality)
  Positive effect is an opportunity
  Negative effect is a threat

Known risks
• Those that are identified and can be proactively managed & analyzed

Unknown risks (unknown knowns & unknown unknowns)
• Cannot be proactively managed
PROJECT RISK MANAGEMENT

- Look for risks caused by things like poor project management, dependency on uncontrollable external resources, concurrent multiple projects, etc.

- Accept risks if they're in balance with a possible reward

- Communicate about risk information openly & honestly

- Provide risk responses in line with the organization's perceived balance between risk-taking & risk-avoidance

- To be successful, an organization should be committed to addressing the management of risk proactively & consistently throughout the project
RISK PROCESSES

RISK PROCESS DEFINITIONS

11.1 Plan Risk Management
• Process of deciding how to approach and conduct (plan & execute) the risk management activities for a project. (See figure 11–3, p.313 for Plan Risk Management data flow diagram)

11.2 Identify Risks
• Determine which threats/opportunities might affect the project & document their details. (See figure 11–6, p.320 for Identify Risks data flow diagram)
11.3 Perform Qualitative Risk Analysis
• Assess each risk's chance of occurring & probable impact to get a prioritized list of risks requiring more analysis or action. (See figure 11–9, p.328 for Plan Qualitative Risk Analysis data flow diagram)

11.4 Perform Quantitative Risk Analysis
• Numerically analyze identified risks' effect on overall project objectives. (See figure 11–12, p.334 for Plan Quantitative Risk Analysis data flow diagram)
11.5 Plan Risk Responses

- Analyze risks and make a plan of actions & options to enhance opportunities & reduce threats to project objectives. (See figure 11–19, p.342 for Plan Risk Response data flow diagram)

11.6 Control Risks

- Track identified & residual risks, identify new risks, execute risk response plans & evaluate their effectiveness (See figure 11–21, p.349 for Monitor and Control Risks data flow diagram)