

**Initial Risk Identification—Activity Definition****Purpose:**

The objective of this activity is to ensure that the entire team identifies risks for the project. This ensures that all perspectives are taken into account while planning for risks.

**Participants:**

Project Manager, Project team, and relevant stakeholders

**Inputs:**

Risk Management Plan [3]

**Process:**

1. Define category areas to consider for identifying risks.
2. Use the specified categories to identify risks that might occur and hamper the progress of the project.
3. Categorize the identified risks and determine how threatening they are to the project. Rate their potential for indicating risk to the project (high, medium, low).
4. For each risk identified, assess the risk event in terms of likelihood of occurrence and its effect on project objectives if the risk event occurs.
5. Calculate the risk exposure for each risk item. Assess the risk impact. This information will be used to prioritize the risk.
6. Initial mitigation strategies can be discussed and identified.

**Outputs:**

Risk matrix

**Initial Risk Identification—Guidelines**

1. A risk is the probability of an undesirable outcome. An issue is something in dispute or to be decided or an immediate problem requiring resolution.
2. Identify the categories in which risks might fall. This process will make it easier to identify risks and will ensure that all risks are identified and documented. Risk matrices from previous similar projects could be referred to when determining categories. The categories could include:
  - a. Technical e.g. A gap exists in technical expertise. Our expertise in Technology A is not as high as the project demands.
  - b. Commercial e.g. The customer's company has run into financial problems and it might be that they do not have the funds to cover the cost of our project.
  - c. Human Resources-related risks e.g. Resources with Skill A are not experts in the technology and will need to be trained.
  - d. Program constraints e.g. the project has to go live on May 9<sup>th</sup>. This means we have less than 8 weeks for production. This is not sufficient.
  - e. Customer -related risks e.g. The customer has a 9-member approval committee. This may slow down the approval process and delay the schedule.
  - f. Scope-related risks e.g. Scope-creep—The customer is not sure that the scope of the project will stay the same or increase. New requirements may be added.
  - g. Implementation-related risks e.g. The development server is not the same as the live server. This can create problems while implementing.
  - h. Project Management-related risks e.g. There is no single-point contact (Project Manager/coordinator) from the customer's company.
3. Identify risks in each category.
4. Assess the risk event in terms of likelihood of occurrence (High=3, medium=2 or low=1).
5. Determine the severity of the impact the risk has if the risk event occurs on a scale of 1 to 3 (High=3, medium=2 or low=1).
6. The risk exposure is the product of the probability and impact. Senior management may choose to monitor projects over a certain risk exposure.