

Risk Management—Activity Definition**Purpose:**

The objective of this activity is to reduce the probability of the identified risks, identify mitigation strategies, identify contingency plans for the more critical risks, and if realized, reduce the impact of these risks.

Participants:

The Project Manager monitors risk. Relevant stakeholders should be aware of the risks.

Inputs:

Risk Management Plan[3]

Process:

1. Project with a high-risk exposure maybe subject to monitoring by senior management.
2. Plan Risk Mitigation strategies. These strategies need to be implemented. The Project Manager needs to prioritize the risks and implement the mitigation strategies that pertain to risks with a high Risk Exposure. Determine the options and actions to reduce the likelihood of occurrence or consequences of impact to the project's objectives.
3. Develop Contingency plans. The most serious risks (high probability/high severity) may require a more detailed outline so that the contingency plan can be quickly implemented under the worst-case scenario.
4. Monitor and update the Risk Matrix at an appropriate frequency.

Outputs:

Revised Risk Matrix, Contingency plans

Risk Management—Guidelines

1. A mitigation strategy involves working to lessen risk by lowering its chances of occurring or by reducing its effect if it does occur. A contingency plan is an alternative for action if things don't go as planned or if an expected result fails to materialize.
2. Create a response plan for each identified risk to ensure the risk is managed successfully. This plan should include activities to manage the risk, as well as the people assigned, completion dates and periodic dates to monitor progress. There are four major responses to a risk
 - a. Leave it: This is when the project team decides not to deal with the risk or is unable to identify a suitable response strategy. A contingency plan may be developed.
 - b. Avoid it: The project team may consider changing the project plan to eliminate the risk or to protect the project objectives from the impact of the risk.
 - c. Move it to a third party: The project team may consider transferring the consequence of the risk together with the ownership of the risk response to a third party.
 - d. Mitigate it: Where it is possible, the project team may decide to reduce the probability of the risk occurring or reduce the consequences of an adverse risk event.
3. Evaluate the medium-level risks next to determine the risk response plan.
4. Add the activities associated with the risk plans to the project Work Plan to ensure that the work is completed. This keeps the Work Plan the primary focus of all work planning and monitoring.
5. The Project Manager needs to monitor the risk plans to ensure they are being executed successfully. New risk plan activities should be added to the plan if necessary.
6. The Project Manager also needs to periodically evaluate based on current circumstances. New risks may arise as the project is unfolding. This ongoing risk evaluation should be performed.