Risk Management Plan

Scope

This document outlines the Risk Management plan for the (ABC Corporation) project.

Methodology

Since the outcomes of other projects may impact the success of the (ABC Corporation) project, it is important that risks to project success be actively management. Risks will be managed using the following methodology:

Phase	Activity
Identification	All aspects of the project execution environment, both internal and external, will be examined for potential risks to project success. Risks impacting schedule, resources, scope, and team morale will be identified.
Analysis	Each identified risk will be analyzed and rated based on its probability of occurrence and its impact on the project. This step will help the project team prioritize the response for each risk.
Response	A response plan will be developed for each risk. Possible responses include avoidance, transfer, mitigation, and acceptance. Where appropriate, the response will include a contingency plan with appropriate trigger points.
Monitor and Control	Appropriate tracking and reporting tools will be used to monitor and communicate the risk status of the project. Periodic meetings over the life of the project will assess and modify the project risk status.

Roles and Responsibilities

The following roles and responsibilities will be part of the project Risk Management Plan:

Role	Responsibility	Who
Risk Manager	▪ Develop and manage overall Risk Management Plan ▪ Schedule and facilitate Risk Tracking meetings ▪ Manage Risk Tracking and Reporting tools ▪ Assist in Risk Analysis ▪ Assist in development of Risk Response	Project Manager
Risk Owner	▪ One for each identified risk ▪ Perform Risk Analysis ▪ Develop Risk Response	Appropriate Project Resource
Risk Identifier	▪ Identify possible project risk and communicate to Risk Manager	All

Risk Analysis

Part of the Risk Management Methodology is analyzing and assessing the potential effect on the project of each identified risk. Although each risk is an uncertainty, the potential effect of the risk on the project can be quantitatively defined by assigning a probability score and an impact score for the risk. This project will assign scores based on the following scale:

	Probability	Impact
Low (1)	Less than 25% chance of occurring	Causes < 5% change in project schedule, resources, or scope. May create a slight downgrade in team morale.
Medium (2)	Between 25 % and 75 % of occurring	Causes < 25% change in project schedule, resources, or scope. May create a noticeable downgrade in team morale.
High (3)	Over 75% chance of occurring	Causes > 25% change in project schedule, resources, or scope. May create a significant downgrade in team morale. Final project results may be unacceptable to stakeholders.

An overall score can be assigned to each risk by multiplying the Probability score by the Impact score. This risk scoring approach can be demonstrated by the following matrix:

Assessment Matrix		Impact		
		Low	**Medium**	**High**
Probability	**High**	3	6	9
	Medium	2	4	6
	Low	1	2	3

A risk scoring in the green zone represents an overall small threat to the project, a risk scoring in the yellow zone represents a moderate threat to the project, and a risk scoring in the red zone represents a significant threat to the project. Once the risk is assessed, an appropriate response for each risk can be developed based on the score and overall threat.

Tracking and Reporting

The Project Manager will develop and manage an appropriate tool (MS-Word, MS-Excel, etc.) for tracking project risks and will report on the project risk status to the appropriate project stakeholders at regular intervals. The Project Manager will also schedule a risk review session with the project team at regular intervals.