

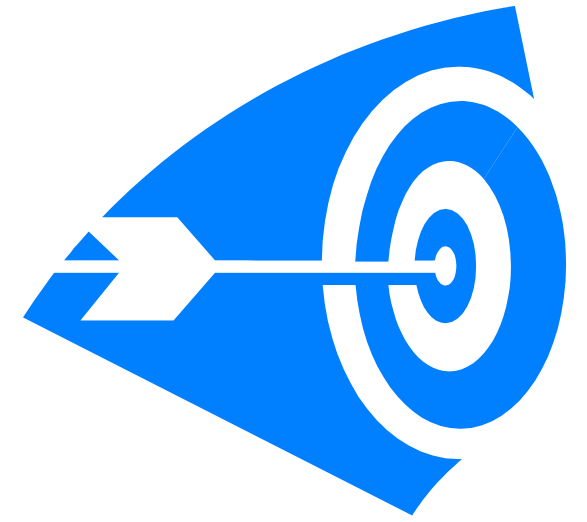
Course: DPR Preparation

Day 3

Session 3

Risk Assessment & Mitigation

Agenda



- What is Risk?
- Types of Risks
- Risk Management Process

What is a Risk?



Definitions

- **Common definitions:**

- The possibility of suffering harm or loss
- Risk is the potential that a chosen action or activity (including the choice of inaction) will lead to a loss (an undesirable outcome)
- (Exposure to) the possibility of loss, injury, or other adverse or unwelcome circumstance; a chance or situation involving such a possibility

- **Project Definition:**

- Project risk is an uncertain event or condition which, if it occurs, has a negative effect on at least one project objective i.e. time, cost, scope or quality

Issues to Keep in Mind

- Project risks are unique to each project
- One risk may have one or more causes and one or more impacts.
- Two or more different risks may have one and the same cause.
- Apart from the overall project risk, each phase of the project may have its own risks
- Risk management is a continuous process and needs continuous review and monitoring.

Risk Management Methodology



Risk Management Methodology

Risk Management Planning

- Deciding how to approach, plan and execute the risk management activities

Risk Identification

- Determining the risks and documenting their characteristics

Qualitative Risk Analysis

- Estimating the probability and impact of the risks

Quantitative Risk Analysis

- Numerically analyzing the effect of the perceived risks

Risk Response Planning

- Developing options and actions to reduce threat from risks

Risk Monitoring & Control

- Tracking and monitoring identified risks and identifying new risks

Risk Management Planning

- Risk Management Plan (RMP) is a sub-set of the Project Management Plan
- RMP consists of
 - Methodology
 - Roles and Responsibilities
 - Budgeting
 - Timing
 - Risk Categories
 - Definition of Risk Probability and Impact
 - Reporting Formats
 - Tracking Mechanism



Risk Identification

- Identifying which risks might affect the project and documenting their characteristics
- Risk identification is an iterative process
- Tools for risk identification
 - Brainstorming (or project team meeting)
 - Root cause identification
 - Interviewing
 - Checklist analysis

Risk Identification contd...

- Outputs of the risk identification process
 - List of identified risks
 - List of potential responses
 - Root causes of risk

Qualitative Risk Analysis

- This stage involves:
 - Categorizing the risks
 - Determining the probabilities
 - Determining the impact



Qualitative Risk Analysis

- Output of this stage:

Impact \ Probability	Low	Medium	High
Low			
Medium			
High			

Risk Response Planning

- Process of developing options and determining actions to reduce threats
- It involves
 - Identifying the mitigating measure (or response)
 - Identifying the person responsible for execution

Risk Response Planning

- Output of this stage

Description of Risk	Risk Mitigation Measure	Stakeholders involved

Risk Monitoring and Control

- Risk Monitoring and Control involves:
 - Identifying new risks
 - Tracking identified risks (upgrading or downgrading)
 - Reviewing the execution of risk response and evaluating their effectiveness

End of Session