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

- Planning
- Identification
- Qualitative Analysis
- Quantitative Analysis
- Response Planning
- Monitoring & Control
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:

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<th>Impact</th>
<th>Low</th>
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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

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<th>Description of Risk</th>
<th>Risk Mitigation Measure</th>
<th>Stakeholders involved</th>
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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