

# **Planning Process Group Artifacts**

11.1 Plan Risk Management

11.1.3 Risk Management Plan

PMGT 690, ERAU, Prof. Sherman

By: Matthew Holtan

**11.1.3 Risk Management Plan (Output):** This segment of the risk management plan identifies specific procedures that used to for the risk management plan. It describes the methodology and the different categories that are used in developing this plan which is the main output for the planning risk management process.

**Risk Management Procedure:**

This section of the Risk Management Plan will summarize the necessary steps for responding to the various risks associated with this project. Project Risk Management includes the processes of conducting risk management planning, identification, analysis, response planning, and controlling risk on the project (PMI, 2013).

The *processes* of the risk management plan starts with the plan. This process defines how to conduct risk management activities for a project.

Fig 1. The Risk Management Process (Larson and Gray, 2014)

Step 1: Risk Identification- Analyze the project to identify sources of risk
Step 2: Risk Assessment- Assess in terms of: <ul style="list-style-type: none"> <li>- Severity of impact</li> <li>- Likelihood of occurring</li> <li>- Controllability</li> </ul>
Step 3: Risk Response Development <ul style="list-style-type: none"> <li>- Develop strategy to reduce possible damage</li> <li>- Develop contingency plans</li> </ul>
Step 4: Risk Response Control

- Implement risk strategy
- Monitor and adjust plan for new risk
- Change management

### Roles and Responsibilities

This would include but not limited to all players associated with planning, developing, and controlling the various steps of the Risk Management Plan. The risk manager (PM), project team, project sponsor, and key stakeholders will all play a part in developing and executing the risk management plan for this team.

### Risk Identification (Fig. 1)

This is one of the risk management processes that determines which risk may affect the project and documenting their characteristics. Organizations can use a risk breakdown structure in conjunction with the WBS to help management teams identify and eventually analyze risk (Larson and Gray, 2014).

### Risk Analysis

Risk analysis process will be performed through qualitative and quantitative measures. *Qualitative Risk Analysis* process assesses and evaluates characteristics of individually identified project risk and priorities risks based on agreed-upon characteristics (PMI, 2009). *Quantitative Risk Analysis* provides a numerical estimate of the overall effect of risk on the objectives of the project, based on current plans and information, when considering risks simultaneously.

## Plan Risk Response

This process is to determine the set of actions which most enhance the chances of project success while complying with applicable organizational and project constraints. This planning entails coordinating with the project team and stakeholders on actions to be taken and the potential changes to budget, schedule, resources, and scope which these actions might cause (PMI, 2009).

## Risk Metrics

Risk metrics is a methodology that contains techniques and data sets of the attributes to which is being measured. The risk break down structure will identify the risk, the analysis will show where and how much risk there is and the metrics will be the units of measurement.

## Reference List

Larson, E.W. and Gray C.F. (2014). *Project Management: The Managerial Process (6<sup>th</sup> ed.)*. New York, NY: McGraw-Hill

Project Management Institute. (2013). *A Guide to the Project Management Body of Knowledge (PMBOK Guide, 5<sup>th</sup> ed)* Newton Square, PA: PMI Inc.

Project Management Institute (2009) *Practice Standard For Project Risk Management*. Newton Square, PA: PMI Inc.