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| [Client Name] |
| Risk Management Plan |
| [Subtitle as needed] |

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# Risk Management Overview

Every project carries risk. This project is no different. It will require changing both technology and process. It will involve transforming and replacing mission critical systems. A wide array of stakeholders will be impacted and their disposition may vary widely in relation to the project at start. How we conduct this project is likely to determine our success.

The Risk Management Plan is intended to provide a structured approach to navigating risk. For our purposes, we will employ the Project Management Institute’s definition of Risk:

Project risk is always in the future. Risk is an uncertain event or condition that, if it occurs, has an effect on at least one project objective. Objectives can include scope, schedule, cost, and quality.

Project Management Book of Knowledge (PMBOK), V4 2008

The Project Management Institute (PMI) describes six processes to support effective Risk Management. They are as follows:

The Risk Management Plan will formalize the approach to applying these processes to this project. The Risk Management Plan will also document a means for identifying, evaluating, planning for, and monitoring and controlling risks.

# Risk Management Process

Risk Management is the responsibility of every member of the project team. It is a shared responsibility. Every member of the team should participate in identifying risk and engaging in a dialogue throughout the project regardless of their direct oversight of the area that may be impacted by a risk.

The Project Manager will be responsible for tracking risks and risk activity on a shared Risk Register. The Project Manager will also elevate threats or opportunities as needed. Individuals or groups will generally have two distinct areas of contribution to risk management:

* **Planning & Identification:** One-time activities at the start of the project will help anticipate project risk and adjust the project management plan prior to project execution.
* **Monitoring & Controlling:** On-going activities that track risk and respond to anticipated risk triggers once in-project.

## Workflow

### Planning & Identification

* Project Team will participate in Risk Identification sessions
* Project Manager will add all risks identified to Risk Register
* Project Team will evaluate risk response plans
* Project Team will escalate across governance model as needed

### Monitoring & Controlling

* Project Manager will maintain risk register
* Project Team will participate in Risk Monitoring & Controlling
* Project participants will send new risks to Project Manager as identified within project
* Project Manager will escalate risks through Governance Model as needed

See Project Charter: Governance Models for specific roles and responsibilities concerning Risk Management.

## Process Terms and Definitions

Risk Management will continue from the beginning to the end of this project.

1. **Risk Status:** a risk may have one of 3 status:
   1. *Active:* Active state identifies those risks actively being monitored or controlled that have not reached a “critical” escalation point.
   2. *Closed:* Closed state indicates those risks that are no longer being monitored. A risk closes because it has occurred (e.g. and is now an issue) or because the risk trigger has passed and therefore no longer in need of monitoring.
   3. *Critical:* Critical state indicates that a risk has been elevated for additional monitoring or controlling. Some risks may be flagged critical from the outset as they are known to have a high probability and impact. Other risks may elevate to critical status as probability and impact increases during the project.
2. **Threat or Opportunity:** A risk may be negative (threat) or positive (opportunity).
3. **Response Strategy**: Risks may be address through one of the following response strategies:
   1. *Accept:*Typically the least desirable strategy, acceptance will to simply acknowledge the risk without attempting to change it.
   2. *Avoid:* Typically the most desirable strategy for threats, avoidance will seek a means to eliminate the risk.
   3. *Mitigate:* To mitigate a risk is to reduce the probability or impact if it were to occur.
   4. *Transfer:* To transfer a risk is to shift impact to an alternate party should a risk occur.
   5. *Exploit:* Typically the most desirable strategy for opportunities, exploitation will seek to ensure the highest probability of an opportunity occurring or to greatly increase impact.
   6. *Enhance:* Enhancing an opportunity is to seek to improve probability of occurrence or increase impact should it occur.
   7. *Share:* Sharing a risk will seek to distribute to multiple parties the positive or negative outcomes of a risk should it occur.

# Risk Response Budget & Time Buffer

The Project Sponsor has allocated the following budget and time buffers for the purposes of Risk Response.

## Risk Response Budget

The Risk Response Budget should not simply be absorbed into the project baseline. This budget can be applied during risk response planning. Once the project has begun, the Risk Response Budget must be approved via the formal change control process.

*[Typically +10-15% at start; opportunity identification should seek to offset negative variance as well]*

## Time Buffer

The Time Buffer should not be considered part of the project baseline. Rather, the buffer may be applied during risk response planning. Once the project has begun, the Time Buffer must be approved via the formal change control process.

*[Typically +10-15% at start; opportunity identification should seek to offset negative variance as well]*

# Identified Systemic Risks

The Risk Register contains a comprehensive list of project risks. The Risk Register is an extension of the Risk Management Plan. Those risks captured below are those overarching considerations of the project – or systemic risks. Systemic risks should represent an elevated view of risk on this project to help describe common themes.

Identified systemic risks include:

1. [EXAMPLE: User adoption or user acceptance of system.]
   * ADD KEY ASSUMPTIONS INFORMING EXPECTATIONS / ADOPTION RATE
   * ADD CONTROLS OR CONSIDERATIONS
2. [EXAMPLE: Resource constrains]
   * ADD KEY ASSUMPTIONS AROUND PROJECT TEAM AND VENDOR RETENTION
   * ADD CONTROLS OR CONSIDERATIONS
3. [EXAMPLE: Time constraints]
   * ADD KEY ASSUMPTIONS AROUND TIMELINE
   * ADD CONTROLS OR CONSIDERATIONS
4. [EXAMPLE: Budget constraints]
   * ADD KEY ASSUMPTIONS INFORMING BUDGET
   * ADD MANAGEMENT RESERVE AS MITIGATION
   * ADD OTHER LARGER CONTROLS OR CONSIDERATIONS
5. [EXAMPLE: Technology or Software]
   * ADD KEY ASSUMPTIONS AROUND TECHNOLOGY
   * ADD CONTROLS OR CONSIDERATIONS

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