<TEMPLATE> RISK MANAGEMENT PLAN

FOR THE <PROJECT-NAME> PROJECT

Prepared by: <Project Manager>

Approved by: <Project Sponsor>

Reference: <>   Version: <>   Date: <>

INTRODUCTION

This document is the Risk Management Plan for the <project-name> Project, defining the risk management process to be employed throughout the life of this project. The Project Manager is responsible for reviewing and maintaining this Risk Management Plan throughout the project, to ensure that the risk process remains appropriate to deal with the level of risk faced by the project.

PROJECT DESCRIPTION AND OBJECTIVES

<Brief description of the project, including its background and purpose>

The scope and objectives for the <project-name> Project are summarised as follows:

- <list all objectives, including time, cost, scope, quality, performance, functionality, reputation, business benefits, safety, etc.>

<Comment on relative prioritisation of project objectives>

AIMS, SCOPE AND OBJECTIVES OF RISK PROCESS

The <project-name> Project risk management process aims to manage all foreseeable risks (both opportunities and threats) in a manner which is proactive, effective and appropriate, in order to maximise the likelihood of the project achieving its objectives, while maintaining risk exposure at an acceptable level.

"Acceptable risk" is defined for the <project-name> Project as <clear definition of how much risk is acceptable to key stakeholders such as the project sponsor, perhaps in terms of how many "high" threats can be present in the project, or maximum acceptable Threat P-I Score and minimum acceptable Opportunity P-I Score, or extent of allowable delay or additional cost>.

The risk process will aim to engage all project stakeholders appropriately, creating ownership and buy-in to the project itself and also to risk management actions.

Risk-based information will be communicated to project stakeholders in a timely manner at an appropriate level of detail, to enable project strategy to be modified in the light of current risk exposure.

The risk management process will enable project stakeholders to focus attention on those areas of the project most at risk, by identifying the major risks (both opportunities and threats) potentially able to exert the greatest positive or negative influence on achievement of project objectives.

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The risk management process covers all activities undertaken during the lifetime of the project.

<Clarify whether the risk process is intended to cover internal project risks only, or whether it extends to supplier risks, corporate risks, programme risks, business risks etc. Also clarify what types of risk are included, for example technical risks, commercial risks, management risks, external risks, etc. Consider using a Risk Breakdown Structure (RBS) for this – see Appendix B. Where some sources or types of risk are excluded, state how these will be dealt with if they are identified.>

APPLICATION OF THE ATOM PROCESS

<Either refer to the standard ATOM process document, or summarise briefly the approach to be used, perhaps using text as below. Comment on whether or not the risk process is expected to include quantitative modelling. Detail the frequency with which the risk process will be updated.>

This project is considered to be <small, medium or large> in accordance with the agreed project sizing tool. For this project a <reduced, standard, enhanced> ATOM process will be applied.

The following ATOM process will be used for the <project-name> Project:

- Initiation – clarifying and recording objectives for the project being assessed, and defining the details of the risk process to be implemented, documenting the results in a Risk Management Plan

- Identification – exposing and documenting risks which might affect project objectives either positively or negatively

- Assessment – either qualitatively describing risks individually so they can be understood and prioritised, and/or quantitatively modelling the effect of risks on project out-turn, to determine which areas of the project are most at risk

- Response Planning – determining appropriate strategies and actions to deal with identified risks, with a nominated owner to address each risk

- Reporting – communicating the dynamic status of risk on the project to all stakeholders

- Implementation – implementing agreed response strategies and actions and checking their effectiveness

- Review – updating the risk assessment at regular intervals through a series of Major and Minor Reviews.

- Post Project Review – where lessons are learned for both the improvement of risk management and project management in general

The Initiation phase will be completed before the project commences, then the remaining steps in the risk process will be cyclic, repeated regularly throughout the life of the project. The First Risk Assessment will be completed within <> of project start, and reviews will be performed <weekly/monthly/3-monthly/etc> thereafter. <Describe use and planned periodicity of Major and Minor Reviews should be included here>.

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RISK TOOLS AND TECHNIQUES

<List the tools and techniques to be used for the risk process, perhaps using the words below.>

The following tools and techniques will be used to support the risk management process on the <project-name> Project:

- Initiation
  - Risk Management Plan (this document), issued at project start and reviewed by the Project Manager regularly during the project.
- Identification
  - Risks (both threats and opportunities) will be identified using the following techniques:
    - brainstorming with all members of the project team plus representatives of key suppliers
    - analysis of all project assumptions and constraints, both implicit and explicit
    - review of a standard risk checklist
    - ad hoc identification of risks by project team members at any time during the project
    - Initial Risk Register to record identified risks for further assessment, following the standard format
- Assessment
  - Probability and Impact Assessment for each identified risk, using the project-specific scales defined in Appendix A.
  - Double P-I Matrix to prioritise risks for action, using the standard Risk Scoring calculations based on probability (P) and impact (I).
  - Top Risk List for priority management attention.
  - Risk categorisation using the standard Risk Breakdown Structure (see Appendix B) to identify patterns of exposure.
  - Risk Register update to include assessment data.
- Response Planning
  - Response Strategy Selection as appropriate for each identified risk, including owner allocation.
  - Identification of specific Actions and Action Owners.
  - Risk Register update to include response data.
- Reporting
  - Risk Report to Project Sponsor and Steering Group/Project Board.
  - Provision of ad-hoc reports stakeholders and Project Team as required.
- Implementation
  - Implementation of response strategies via their agreed actions.

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- Monitoring of the effectiveness of agreed actions and updating of project plans.
- Review – see section below on Risk Reporting
    - Risk Workshops as part of a Major Review to identify new risks, review progress on existing risks and agreed responses, and assess process effectiveness.
    - Risk Review Meeting as part of Minor Review to identify new risks, review progress on existing risks and agreed responses.
- Post Project Review
    - A Lessons Learned meeting to capture all lessons learned relating to risk management on the project.

ORGANISATION, ROLES AND RESPONSIBILITIES FOR RISK MANAGEMENT

<Define the roles and responsibilities for various staff in relation to the risk process, perhaps using the words below.>

The responsibilities of key project stakeholders for risk management on the <project-name> Project are defined in individual Terms of Reference for each job role, and summarised as follows:

Project Sponsor

- Actively supporting and encouraging the implementation of a formal risk management process on the project.
- Setting and monitoring risk thresholds and ensuring these are translated into acceptable levels of risk for the project.
- Attendance at risk workshops, identification of risks and ownership of risks.
- Reviewing risk outputs from the project with the Project Manager to ensure process consistency and effectiveness.
- Reviewing risks escalated by the Project Manager which are outside the scope or control of the project or which require input or action from outside the project.
- Taking decisions on project strategy in the light of current risk status, to maintain acceptable risk exposure.
- Ensuring adequate resources are available to the project to respond appropriately to identified risk.
- Releasing "management reserve" funds to the project where justified to deal with exceptional risks.
- The regular reporting of risk status to senior management.

Project Manager

- Overall responsibility for the risk management process, to ensure that foreseeable risks (both threats and opportunities) are identified and managed effectively and proactively to maintain an acceptable level of risk exposure for the project.

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- Determining the acceptable levels of risk for the project by consultation with the Project Sponsor.

- Approving the Risk Management Plan prepared by the Risk Champion.

- Promoting the risk management process for the project.

- Participating in risk workshops, review meetings and identifying and owning risks.

- Approving risk response plans and their associated risk actions prior to implementation.

- Applying project contingency funds to deal with identified risks that occur during the project.

- Overseeing risk management by subcontractors and suppliers.

- The regular reporting risk status to the Project Sponsor and project board/steering committee, with recommendations for appropriate strategic decisions and actions to maintain acceptable risk exposure.

- Highlighting to senior management any identified risks which are outside the scope or control of the project, or which require input or action from outside the project, or where release of "management reserve" funds might be appropriate.

- Monitoring the efficiency and effectiveness of the process in conjunction with the Risk Champion.

Risk Champion – (this might be a full-time role or a part-time role)

- Overall responsibility for overseeing and managing the risk management process on a day-to-day basis.

- Preparation of the Risk Management Plan.

- Facilitation of risk workshops and risk reviews at which risks will be identified and assessed.

- Creation and maintenance of the Risk Register.

- Interviewing Risk Owners to determine risk responses.

- Responsibility for ensuring the quality of all risk data.

- Analysing data and producing risk reports.

- Reviewing progress with Risk Owners of risk responses and their associated actions.

- Advising the Project Manager on all matters relating to risk management.

- Coaching and mentoring team members and other stakeholders on aspects of risk management.

Risk Owner

- Development of responses to risks in the form of risk actions which they will assign to Action Owners.

- Monitoring the progress on their risk responses.

- Reporting progress on responses to the Risk Champion via the Risk Register.

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Action Owner

- Implementing agreed actions to support response strategies.

- Reporting progress on actions to the Risk Owner and recommending any other actions needed to manage the risk.

Project team member

- Participating actively in the risk process, proactively identifying and managing risks in their area of responsibility.

- Providing inputs to the Project Manager for risk reports.

RISK REVIEWS AND REPORTING

Risk exposure on the <project-name> Project will be reviewed <state frequency of Major and Minor Reviews> during the life of the project. At these reviews new risks will be identified and assessed, existing risks will be reviewed, progress on agreed actions will be assessed, and new actions and/or owners will be allocated where required.

The effectiveness of the risk process will be reviewed as part of a Major Review at, to determine whether changes to the approach, tools or techniques are required. Where process changes are agreed by the Project Manager and Risk Champion, this Risk Management Plan will be updated and reissued to document the revised process.

<Detail the frequency and content of risk reports, perhaps using words similar to those below.>

A Risk Report will be issued <state frequency> by the Project Manager to the Project Sponsor after each Major or Minor Review. See Appendix C for the contents of a Full Risk Report following a Major Review, and Appendix D for the contents of a Summary Risk Report following a Minor Review.

Project team members and other stakeholders will be provided with an extract from the current Risk Register after each Review, listing those risks and actions for which the individual is responsible.

On completion of the project, a risk section will be provided for the <project-name> Project Lessons Learned Report, detailing generic risks (both opportunities and threats) that might affect other similar projects, together with responses that have been found effective in this project. Input will also be provided for the Project Knowledge Database, to capture risk-related lessons learned from this project.

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APPENDIX A: Definitions of Probability and Impacts

<Define scales for probability and impact to be used for this project, in a similar format to those below. The probability scale below may be used unchanged, but the impact scales must be replaced with values specific to the particular project and which reflect agreed risk thresholds for this project.>

SCALE	PROBABILITY	+/- IMPACT ON PROJECT OBJECTIVES		
		TIME	COST	QUALITY
VHI	>90%	>20 days	>$200K	Very significant impact on overall functionality
HI	71-90%	11-20 days	$101K-$200K	Significant impact on overall functionality
MED	51-70%	4-10 days	$51K-$100K	Some impact in key functional areas
LO	31-50%	1-3 days	$10K-$5K0	Minor impact on overall functionality
VLO	11-30%	<1 day	<$10K	Minor impact on secondary functions
NIL	<10%	No change	No change	No change in functionality

[Note: When using these impact scales to assess opportunities, they are to be treated as representing a positive saving in time or cost, or increased functionality. For threats, each impact scale is interpreted negatively, i.e. time delays, increased cost, or reduced functionality.]

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APPENDIX B: Standard Risk Breakdown Structure (RBS)

<Define hierarchical structure of sources of risk that might affect this project. The example Risk Breakdown Structure (RBS) below might be used as a starting point for this.>

RBS LEVEL 0	RBS LEVEL 1	RBS LEVEL 2	
0. PROJECT RISK	1. TECHNICAL RISK	1.1	Scope definition
		1.2	Requirements definition
		1.3	Estimates, assumptions & constraints
		1.4	Technical processes
		1.5	Technology
		1.6	Technical interfaces
		1.7	Design
		1.8	Performance
		1.9	Reliability & maintainability
		1.10	Safety
		1.11	Security
		1.12	Test & acceptance
	2. MANAGEMENT RISK	2.1	Project management
		2.2	Programme/portfolio management
		2.3	Operations management
		2.4	Organisation
		2.5	Resourcing
		2.6	Communication
		2.7	Information
		2.8	HS&E
		2.9	Quality
		2.10	Reputation
	3. COMMERCIAL RISK	3.1	Contractual terms & conditions
		3.2	Internal procurement
		3.3	Suppliers & vendors
		3.4	Subcontracts
		3.5	Client/customer stability
		3.6	Partnerships & joint ventures
	4. EXTERNAL RISK	4.1	Legislation
		4.2	Exchange rates
		4.3	Site/facilities
		4.4	Environmental/weather
		4.5	Competition
		4.6	Regulatory
		4.7	Political
		4.8	Country
		4.9	Social/demographic
		4.10	Pressure groups
		4.11	Force majeure

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APPENDIX C: Sample contents list for a Full Risk Report

EXECUTIVE SUMMARY

SCOPE AND OBJECTIVES OF REPORT

PROJECT STATUS SUMMARY

OVERALL RISK STATUS

TOP RISKS, ACTIONS AND OWNERS

DETAILED RISK ASSESSMENT
  High/Medium/Low Risks
  Causal Analysis (Mapped To RBS)
  Effects Analysis (Mapped To WBS)

CONCLUSIONS AND RECOMMENDATIONS

APPENDICES

  COMPLETE RISK REGISTER

  PRIORITISED RISK LIST

  [OTHER RESULTS AS REQUIRED]

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APPENDIX D: Sample contents list for a Summary Risk Report

EXECUTIVE SUMMARY

SCOPE AND OBJECTIVES OF REPORT

OVERALL RISK STATUS

TOP RISKS, ACTIONS AND OWNERS

CHANGES SINCE LAST REVIEW

CONCLUSIONS AND RECOMMENDATIONS

APPENDIX
      COMPLETE RISK REGISTER IN PRIORITY ORDER

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