

## Risk Management

Risk management is the identification, assessment, and prioritization of risks (defined in ISO 31000 as the effect of uncertainty on objectives) followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events[ or to maximize the realization of opportunities (Wikipedia). A risk management plan is illustrated below.

Performing Qualitative Risk Analysis																																												
What	Method	Responsibility																																										
<b>Data Quality Assessment</b>	Each threat and opportunity will be further looked at for quality of data available and the risk ratings imparted.	<ul style="list-style-type: none"> <li>Risk Team will perform the data quality assessment</li> </ul>																																										
<b>Assumptions Testing</b>	Project assumptions will be revisited to ensure that identified risks are still valid.	<ul style="list-style-type: none"> <li>Risk Team will perform the assumptions testing.</li> </ul>																																										
<b>Risk Matrix</b>	<p style="text-align: center;"><b>Project Risk (Threat and Opportunity) Matrix</b></p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr style="background-color: #a6c9ec;"> <th style="padding: 5px;">Impact →</th> <th style="padding: 5px;">1</th> <th style="padding: 5px;">2</th> <th style="padding: 5px;">3</th> <th style="padding: 5px;">4</th> <th style="padding: 5px;">5</th> </tr> </thead> <tbody> <tr style="background-color: #333; color: white;"> <th style="padding: 5px;">Probability ↓</th> <th style="padding: 5px;">Negligible</th> <th style="padding: 5px;">Minor</th> <th style="padding: 5px;">Moderate</th> <th style="padding: 5px;">Significant</th> <th style="padding: 5px;">Severe</th> </tr> <tr style="background-color: #90ee90;"> <th style="padding: 5px;">(81-100)%</th> <td style="padding: 5px;">Low Risk</td> <td style="padding: 5px;">Moderate Risk</td> <td style="padding: 5px;">High Risk</td> <td style="padding: 5px;">Extreme Risk</td> <td style="padding: 5px;">Extreme Risk</td> </tr> <tr style="background-color: #90ee90;"> <th style="padding: 5px;">(61-80)%</th> <td style="padding: 5px;">Minimum Risk</td> <td style="padding: 5px;">Low Risk</td> <td style="padding: 5px;">Moderate Risk</td> <td style="padding: 5px;">High Risk</td> <td style="padding: 5px;">Extreme Risk</td> </tr> <tr style="background-color: #90ee90;"> <th style="padding: 5px;">(41-60)%</th> <td style="padding: 5px;">Minimum Risk</td> <td style="padding: 5px;">Low Risk</td> <td style="padding: 5px;">Moderate Risk</td> <td style="padding: 5px;">High Risk</td> <td style="padding: 5px;">High Risk</td> </tr> <tr style="background-color: #90ee90;"> <th style="padding: 5px;">(21-40)%</th> <td style="padding: 5px;">Minimum Risk</td> <td style="padding: 5px;">Low Risk</td> <td style="padding: 5px;">Low Risk</td> <td style="padding: 5px;">Moderate Risk</td> <td style="padding: 5px;">High Risk</td> </tr> <tr style="background-color: #90ee90;"> <th style="padding: 5px;">(1-20)%</th> <td style="padding: 5px;">Minimum Risk</td> <td style="padding: 5px;">Minimum Risk</td> <td style="padding: 5px;">Low Risk</td> <td style="padding: 5px;">Moderate Risk</td> <td style="padding: 5px;">High Risk</td> </tr> </tbody> </table>	Impact →	1	2	3	4	5	Probability ↓	Negligible	Minor	Moderate	Significant	Severe	(81-100)%	Low Risk	Moderate Risk	High Risk	Extreme Risk	Extreme Risk	(61-80)%	Minimum Risk	Low Risk	Moderate Risk	High Risk	Extreme Risk	(41-60)%	Minimum Risk	Low Risk	Moderate Risk	High Risk	High Risk	(21-40)%	Minimum Risk	Low Risk	Low Risk	Moderate Risk	High Risk	(1-20)%	Minimum Risk	Minimum Risk	Low Risk	Moderate Risk	High Risk	<ul style="list-style-type: none"> <li>Team will use the agreed upon definitions of Risk Matrix cells</li> </ul>
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<b>Definition of Probability and Impact</b>	<p>A scale of 1%-100% will be used for Probability.</p> <p>(1-20)% means <u>very low</u></p> <p>(21-40)% means <u>low</u></p> <p>(41-60)% means <u>medium</u></p> <p>(61-80)% means <u>high</u></p> <p>(81-100)% means <u>it is a fact</u></p> <p>A scale of 1-5 will be used for impact ratings</p> <p>1 means <u>negligible</u></p> <p>2 means <u>minor</u></p> <p>3 means <u>moderate</u></p> <p>4 means <u>significant</u></p> <p>5 means <u>severe</u></p>	<ul style="list-style-type: none"> <li>Team will use the agreed upon definitions of probability and impact</li> </ul>																																										
<b>Application of the Risk Threshold</b>	Any Risk with a probability of over 80% will be treated as a fact and will be addressed in the Project Management Plan and not in Risk Management. Risk threshold (which risks move forward in the process and which ones will be	<ul style="list-style-type: none"> <li>Risk Team will determine which risks move forward and which get</li> </ul>																																										

Source: Vue-Matrix Project Risk Management Blog <<http://vue-matrix.com/blog/?p=234>>