RISK THEME

RISK THEME AND THE PRINCIPLES

Principle - Continued Business Justification

"A PRINCE2® project has continued business justification"

- Change introduces uncertainty, hence risk
- Risks need to be identified and managed to increase the chances of successfully delivering change
- Effective risk management gives confidence that objectives can be met
- The risks should not outweigh the benefits

RISKS: THREATS OR OPPORTUNITIES

Definition: Threat
Uncertain events that would have a **negative** impact on objectives

Definition: Opportunity
Uncertain events that would have a **positive** impact on objectives

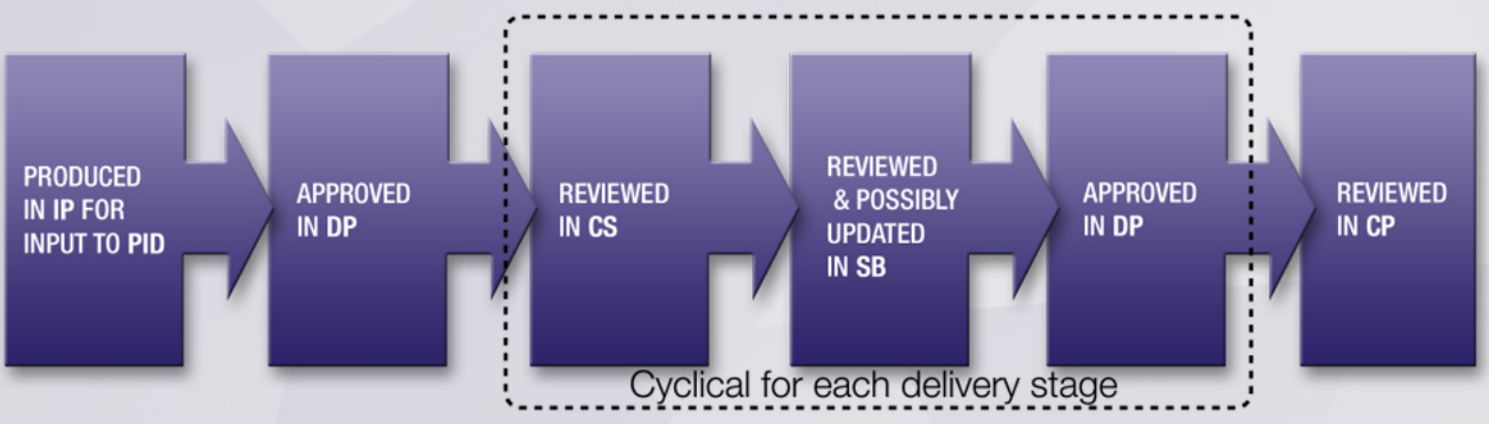
Describe risks clearly to ensure understanding of:

- **Risk Cause -** describes the risk source (event/situation), the risk trigger points
- **Risk Event -** describes the area of uncertainty
- **Risk Effect -** describes impact(s) on objectives

RISK MANAGEMENT APPROACH

DESCRIBES HOW RISKS WILL BE MANAGED ON THE PROJECT.

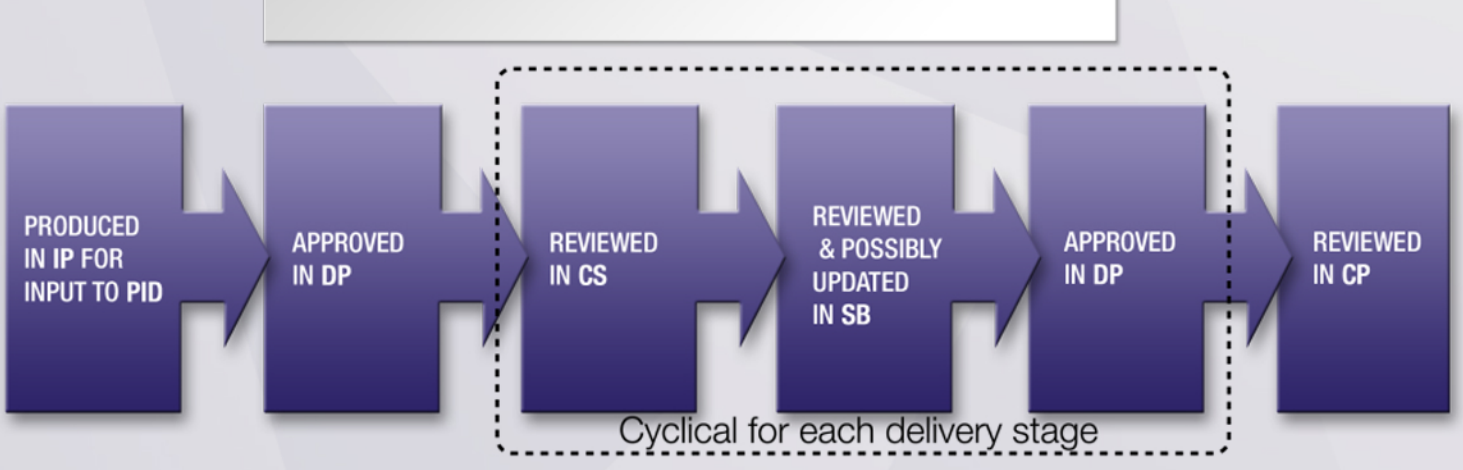
THIS INCLUDES THE SPECIFIC PROCESSES, PROCEDURES, TECHNIQUES, STANDARDS AND RESPONSIBILITIES TO BE APPLIED



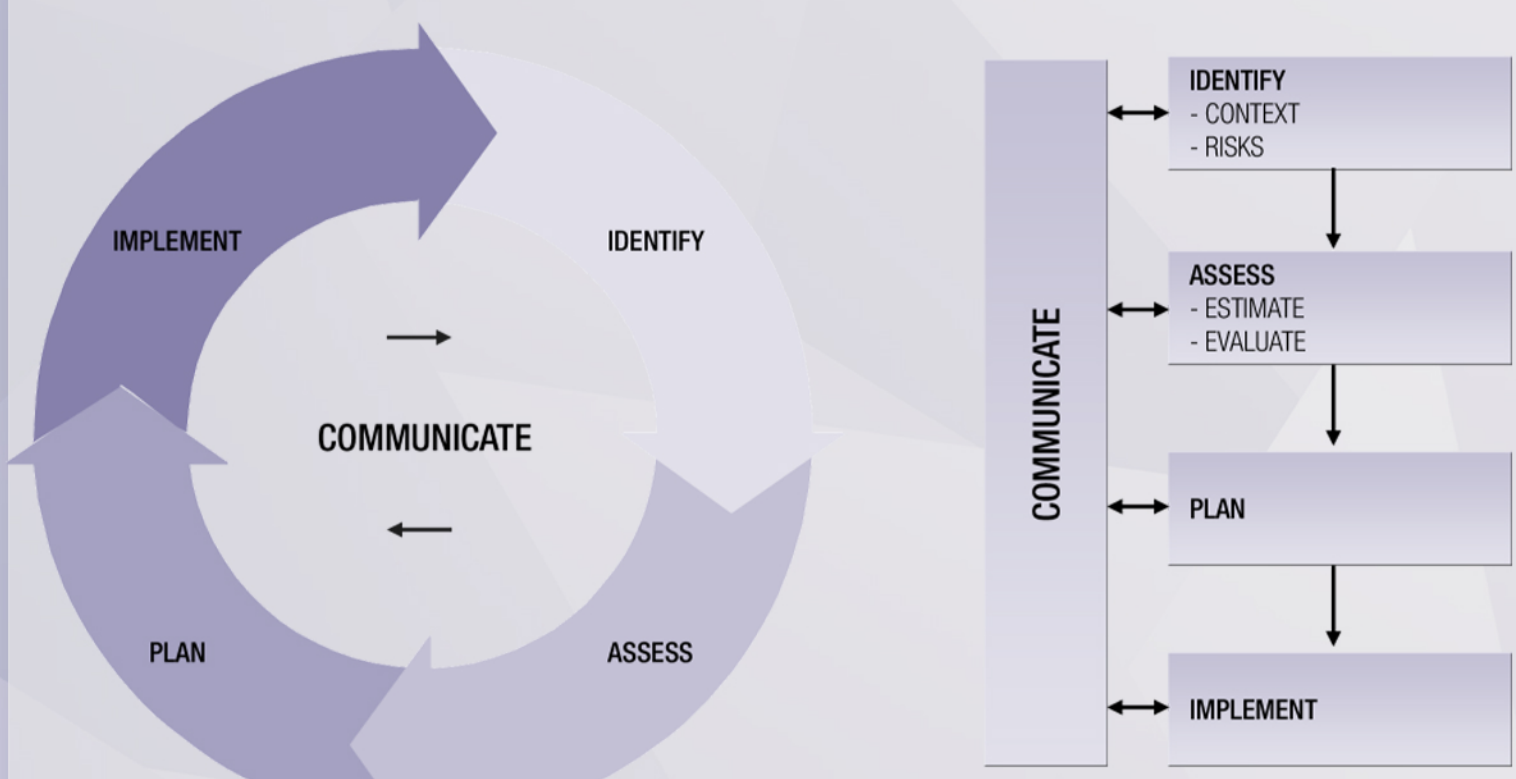
RISK REGISTER

PROVIDES A RECORD OF IDENTIFIED RISKS RELATING TO THE PROJECT, INCLUDING THEIR STATUS AND HISTORY.

IT IS USED TO CAPTURE AND MAINTAIN INFORMATION ON ALL THE IDENTIFIED THREATS AND OPPORTUNITIES RELATING TO THE PROJECT.



RISK MANAGEMENT PROCEDURE TECHNIQUE



RISK RESPONSE TYPES

- Identifying and evaluating the appropriate risk response to **remove** or **reduce** threats, and to **maximize** opportunities

Risk response types:

Threats	FOR THREATS	FOR OPPORTUNITIES	Opportunities
	AVOID	EXPLOIT	
	REDUCE	ENHANCE	
PREPARE CONTINGENT PLAN			
TRANSFER			
SHARE			
ACCEPT			

RISK BUDGET

- Sum of money **as part** of project's budget
- Funds specific **management responses**:
  Threats, e.g. to:
  - Reduce, Avoid, implement Contingent Plan
  Opportunities, e.g. to:
  - Enhance, Exploit, implement Contingent Plan
- Based on **aggregate cost** of all planned risk responses
- Risk management approach defines the **control of** and **access** to the risk budget

TAILORING RISK

Tailor risk management procedure to each organization's corporate or programme management policies and standards

- **Complex/large projects** - more formal & frequent risk reviews
- **Simple/small projects** - less formal & frequent risk reviews

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