RISK MANAGEMENT

Keeping things simple: Risk MANAGEMENT typically involves two key elements

Risk Assessment

Risks generally align back to one of the three project management channels: scope, schedule, or cost.

Is this a real risk, or a perceived risk? How real? Can we quantify it? An educated guess is a pretty good place to start. There are two parts to a risk assessment:

1) Probability: How likely is this to happen? Sometimes it’s helpful to ask it the other way – how likely is it to NOT happen? This isn’t an exact science. It’s about reasonable probability based on experience.
2) Impact: How much does this affect us? Let’s not spend $100 to solve a $5 problem.

Risk Mitigation

A few key principles:

1) GET AHEAD OF IT. Anytime you can be proactive, you have more options and more control in terms of how it’s handled. When you’re in reaction mode, you have far less flexibility.
2) See Principle #1.
3) Be open-minded. There are often half a dozen different potential ways to address a risk, and they may look quite different from each other.
4) Be reasonable. Remember that this is a game of probabilities, not absolutes. Just because you didn’t end up needing the safety net that you put in place, doesn’t mean it wasn’t a good idea.