

Risk Response Plan from  
From PMGT501

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Risk Response Plan

Sustainable Home Construction Project:

Project Scope Statement, Communication Plan, and Responsibility Matrix

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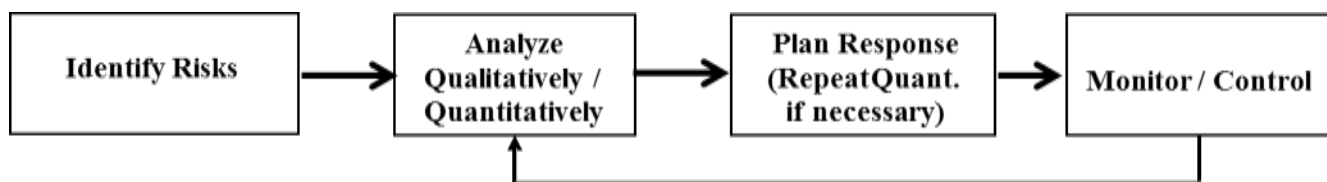
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**Risk Process:**

This section identifies the step-by-step risk management process utilized in this project. The iterative nature of the risk management process means that every activity should be reviewed for potential risks. Following identification aggressive analysis, qualification and quantitative actions must be taken to resolve risk issues. Risk management processes are integral SCHP strategy and implementation. Figure 6-1 diagrams the steps for risk management. These process steps will be further identified in the following text.



**Figure 6-1: Risk Management Process Steps**

Copied and modified from Kathie York's Risk Management plan, (York, p11)

**Identify:**

All members of the Project team are responsible to identify and communicate potential risks. This process requires constant attentiveness to ensure accuracy. Proactive risk management relies on identification of potential risks prior to the risk materialization including evaluation of all project activities, internal and external which may impact the project cost, schedule and/or performance objectives. The Risk Data sheet will be accomplished and forward as a report to the appropriate Team lead and PMO (See Appendix.). Initial risk assessment can be accomplished by the team member using this sheet. Final assessment of the risk shall be accomplished by the PMO. If necessary the PMO will coordinate with risk owners to categorize identified risks.

**Analyze:**

Two effective ways to establish the result of risk on a project are to evaluate the likelihood or the probability, of risk occurrence, and the impact, or the severity, of the negative effect if the risk occurs. Upon identification of a possible risk an initial analysis must be made and the Risk Data Sheet accomplished and

forwarded. The PMO will evaluate and may decide to collaborate with the rest of the team to validate and create an execution plan for the risk. The weekly project team meeting serves as forum for disseminating risk information. During this meeting the impact of the risk across all functional areas will be discussed. The PMO then designates the risk owner. This process allows for multiple inputs on each activity and provides a broad level of review. This process not only aides in risk identification and qualification but also prioritizing risk resolution activities. The tools are used to assess qualitative and quantitative analyze risk are demonstrated in the following tables.

### Probability and Impact:

Figure 6-2 provides guidelines to determine the probability of occurrence of the risk.

Probability	Percentage of Likelihood	Effect
Remote	5%	Negative outcome is almost non-existent
Unlikely	15%	Negative outcome is not likely
Even Chance	50%	Negative outcome is likely
Highly Likely	85%	Negative outcome is very likely
Near Certain	95%	Negative outcome is almost certain

**Figure 6-2 Probability of Occurrence**

### Probability of Impact:

Figure 6-3 provides guidelines to measure probability of impact on the project if the event occurs.

Impact/Project Activity	Cost	Schedule	Performance
<b>Low</b>	Resolution expected to cost less than 5% of project budget	Minimal or no impact	No reduction in performance or structural integrity
<b>Minor</b>	Resolution expected to cost between 5% and 12% of project budget	Chance of missing checkpoints. No impact to project complete date	No reduction in performance to <b>critical</b> system or component functions

<b>Moderate</b>	Resolution expected to cost between 12% and 15% of project budget	checkpoints will not be met, Minor schedule slip of no more than 1 weeks to critical path activities	Does not meet LEED code objectives; may not pass initial inspection without minor resolution
<b>Significant</b>	Resolution expected to cost between 15% and 20% of project budget	Critical path affected by 2 week schedule slip. Will not meet checkpoints or milestones	Does not meet Project criteria or pass building code without Major redress
<b>High</b>	Resolution expected to cost 25% or more than of project budget	Will not meet activity delivery by 1 month schedule slip to critical path required	Does not pass building code or meet Scope requirements as documented

**Figure 6-3. Probability of Impact****Risk Factor:**

To identify risk single risk category we factor the probability of occurrence and probability of impact from the tables above into single factor for the risk. We call this the Probability Impact Matrix, see Figure 6-4. This process helps to categorize and prioritize likely risks. Using this matrix we can place the complexity of the different risks into one priority listing for attention, mitigations or funds allocation.

Impact	Probability of Risk					Probability of Opportunity				
	Remote	Unlikely	Even Chance	Highly Likely	Near Certain	Near Certain	Highly Likely	Even Chance	Even Chance	Remote
<b>High</b>	5	6	7	8	9	9	8	7	6	5
<b>Significant</b>	4	5	6	7	8	8	7	6	5	4
<b>Moderate</b>	3	4	5	6	7	7	6	5	4	3
<b>Minor</b>	2	3	4	5	6	6	5	4	3	2
<b>Low</b>	1	2	3	4	5	5	4	3	2	1

**Figure 6-4. Probability and Impact Matrix****Planning response**

Upon completion of the risk analysis response requirements shall be determined, documented and disseminated. Response to risk will take one or of the following forms with the idea of resolving risks with minimal impact to the overall project and exploiting opportunities to the benefit of the stakeholders. The

PMO shall assign a Risk Owner who will report on risk activities in accordance with previously established guidelines. Risk activities mitigation strategy and status are a priority topic during the weekly project team meeting. The response to the risk must be appropriate to the overall project objectives. The following figure describes the actions and consequences to those actions

CLASSIFICATION	ACTION	DESCRIPTION
Risks	Mitigate	Reduces likelihood or impact of a risk possibly to elimination. Mitigation can occur at any point within the project.
	Avoid	Changes of the project management plan to eliminate the threat. To find an alternative method of accomplish task to do away with the risk
	Transfer	Place responsibility of the risk on another organization, example: using contractual agreements, subcontractors assume the risk and provide warranties or the customer to assume some of the risk.
	Accept	Tolerate the risk while attempting to elude its consequences
Opportunities	Exploit	Eliminates the uncertainty of the opportunity and enhances realization. For example, assigning the best people to a task to crash a project and gain financially or provide strategic advantage elsewhere
	Share	Allow ownership of a portion of opportunity to a third party. Example: hire an outside SME or create a partnership, like a joint venture, to realize the opportunities.
	Enhance	This technique increases the probability and positive impacts of the opportunity. An example would be releasing the funds to attract top professionals to the project, ensuring on-time completion with a quality product.
	Accept	do nothing and leave the opportunity to fate.

Figure 7-1. Strategies for Risk and Opportunities

When the PMO identifies the Risk Owner, see Figure3-2, he/she forwards the mitigation plan as established in the team meeting to the risk owner and provides the following:

- 1) Primary and alternate methods of mitigation
- 2) Where feasible, the discretion for actions necessary for implementation
- 3) Resource requirements to accomplish the actions
- 4) Time requirements
- 5) Standards for risk status change

### **Tracking**

Using the Risk Data Sheet and associated keys' allow the Project team to identify document and track risks. All Risk Data Sheets shall have an assigned risk number and shall be scanned into a data base and have the appropriate information transposed into the data base for electronic tracking and further historical data dissemination.

Risk Data Sheets shall be initiated as soon as possible after the realization of a risk and forwarded to the PMO not later than the following workday. The Risk Originator has an inherent responsibility to ensure notification is made to the PM that a risk data sheet. The PMO will ensure that all unresolved Risk Data Sheets are part of the weekly project team meeting.

The PM will identify the Risk Owner and forward either electronically or hard copy versions of the Risk Data Sheet for remediation. The Risk Owner is will mitigate the risk following guidance on the Risk Data Sheet and follow upon on status at least weekly one day prior to the weekly project team meeting

Upon completion of the Risk Data Sheet mitigation Process, the Risk Owner will notify the PM and complete the remainder of the documentation and forward the data sheet to the Project Management Support Specialist to be archived.

## APPENDIX

Risk Data Sheet(Key follows) Copied form Kathie York's Risk Management Plan (York, p20-22)

Sample Risk Data Sheet						
Section A: Risk Identification						
Risk Number: 1		Date Opened: 2		Originator: 3		
Risk Title: 4			Risk Category: 5			
Risk Description:6						
Risk Impact Description: 7		Cost Impact in \$:8		Schedule Impact in Days:9	Performance Impact: 10	
Impacted Team: 11		Impacted Team Lead: 12		Additional Team(s) Impacted: 13		
Risk Owner: 14		Date Closed: 15		Closure Approver: 16		
Closure Criteria: 17						
Closure Notes: 18						
Section B: Risk Analysis						
<b>Preliminary Analysis</b>				<b>Team Lead Analysis</b>		
Probability: 19				Probability: 19		
Category	Impact	Rating (H-L)		Category	Impact	Rating (H-V)
Cost	20	21		Cost	20	21
Schedule	20	21		Schedule	20	21
Performance	20	21		Performance	20	21
Overall Risk Level (H, M, L)		22		Overall Risk Level (H, M, L)		22
Date Analyzed: 23				Date Analyzed: 23		
Post-mitigation Probability: 24						
Mitigation/Solution Recommendations: 25						
Section C: Risk Mitigation						
			Target Risk Level: 26			
Action No.	Action Owner	Method	Action	Current Status		
27	28	29	30	31	Last Status: 32 Next Status: 33 Cost to Imp: 34 Target Close: 35 Actual Close: 36	
					Last Status: 32 Next Status: 33 Cost to Imp: 34 Target Close: 35 Actual Close: 36	



**Risk Data Sheet Key**

Item	Element Name	Definition
<b>Section A: Risk Identification</b>		
1	Risk Number	A unique identifier for the risk. Beginning with _____.
2	Date Opened	The date the risk was first identified. MMDDYY
3	Originator	The person who identified the risk. First and Last Name
4	Risk Title	A one-line phrase describing the risk.
5	Risk Category	Select from: <ul style="list-style-type: none"> <li>• Cost</li> <li>• Schedule</li> <li>• Business Performance</li> <li>• Change Management</li> <li>• Scope</li> </ul>
6	Risk Description	Text which fully describes the risk and identifies the potential root cause.
7	Risk Impact Description	Text which fully describes the unfavorable outcomes if the risk occurs. For technical risks, the quantitative impact in terms of performance degradation should be identified here.
8	Cost Impact in \$	Estimate of the potential cost impact if risk was to occur before mitigation implemented
9	Schedule Impact in Days	Estimate of the potential impact to schedule if risk was to occur before mitigation implemented.
10	Performance Impact	Estimate of potential impact to performance if risk was to occur before mitigation implemented
11	Impacted Team	Team most impacted by the risk. Typically identified by the originator
12	Impacted Team Lead	Name of Team Lead most impacted by the risk. First and Last Name.
13	Additional Teams Impacted	Team(s) additionally impacted by the risk.
14	Risk Owner	The name of the person responsible for ensuring the risk is analyzed. May be identified by the originator or the risk manager.
15	Date Closed	Date the risk was closed. Typically approved by the Project Manager unless formally delegated. Signifies completion of mitigation actions and realization of closure criteria.
16	Closure Approver	Project Managers' closure approval. First and Last Name.
17	Closure Criteria	Criteria for formally closing risk. Conditions under which the threat no longer presents an adverse impact to the Project Objectives.
18	Closure Notes	Description of mitigation actions taken and rational for closing this risk.

Item	Element Name	Definition
<b>Section B: Risk Analysis</b>		
19	Probability	Probability the risk will occur. Listed as a qualitative measurement (Remote, Unlikely, Even Chance, Highly Likely, Near Certain). Applies to both the preliminary and Team Lead analyses.
20	Impact	Anticipated impacts on the cost, schedule, and performance aspects of the project. Listed as a qualitative measurement (Low, Minor, Moderate, Significant, High). Applies to both the preliminary and Team Lead analyses.
21	Rating	The risk management rating for each of the cost, schedule, and performance aspects. Represented as a numerical (1-9) and qualitative measure (low, medium, high).
22	Overall Risk Level	The overall risk analysis is the highest of the ratings from the category(s). Represented as a numerical (1-9) and qualitative measure (low, medium, high).
23	Date Analyzed	The date risk analysis and qualification activities are complete by the originator and Team Leads. DDMMYY
24	Post-mitigation Probability	Projected probability the risk will occur after mitigation (Post- mitigation) (Remote, Unlikely, Even Chance, Highly Likely, Near Certain).
25	Mitigation/Solution Recommendations	Recommendations for the mitigation of the risk. Completed by the originator and Team Lead. Also contains recommended mitigation timeframes and resource estimates
<b>Section C: Risk Mitigation</b>		
26	Target Risk Level	The desired risk level (target) upon which the risk control plan is developed. Default to Low if not specified by the Project Manager
27	Action Number	Unique number assigned to the action item; beginning with A001
28	Action Owner	The person responsible for completing the action.
29	Method	Indicate if mitigation action is avoidance (A), control (C), transfer (T), monitoring (M), or acceptance (P)
30	Action	A planned activity/task used to control the risk. Action steps must be clear and understandable and identify future activity to mitigate the risk. Discrete action steps should be defined as separate actions in the database with owners, target and actual close dates, status dates, etc. This enables discrete action steps to be entered in the status field. Define the conditions which must exist before a contingency action is executed (Trigger Points).
31	Status	A description of the current status of the action items
32	Last Status	Date the action was last reviewed/statused.
33	Next Status	Date in which the action will be statused
34	Cost to Imp	Cost in dollars to implement this action.
35	Target Close	The date expected to close the action. If the target close date cannot be made, a new target closed date should be documented and the original target close date retained.
36	Actual Close	The date action is closed

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