

PM's 8-step checklist for managing project risk

Risk management is essential to drive successful outcomes across a project, but a robust risk management plan goes beyond just the planning phase. Here's an 8-step checklist that all PMs should implement in their next project.



1

Create your risk management plan

Whether you implement a predetermined risk management strategy from a former project, or simply create a list of risks specific to this particular project, a risk management plan must address a number of key areas.

Questions to ask:

- What is our process for identifying and managing risk?
- What is our risk tolerance threshold?
- Which tools or techniques will we use to measure and monitor risk?
- What are the categories of different risks and their severity?
- What are our record-keeping requirements?
- How will stakeholders' roles and responsibilities be assigned?
- How will we determine the risks that could trigger contingency activities?
- What is our contingency budget should this occur?

Notes:

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Identify risks

Following the formalisation of your risk management plan, the PM defines which risks could potentially affect the project and documents their characteristics.

As part of this process, make sure you...

- Conduct a risk identification workshop
- Log risk data into a risk register
- Define timing requirements according to risk management plan
- Define escalation requirements according to risk management plan
- Revisit and monitor identified risks (repeat as needed)
- Register and monitor new, emerging risks (repeat as needed)
- Review timing requirements according to risk management plan (repeat as needed)
- Review escalation requirements according to risk management plan (repeat as needed)

Notes:

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Articulate the risks

Risk register data is for management control and visibility. Make sure there is a clear expression of each risk, including:

1. its cause;
2. the likely event; and
3. the effect the risk could have on the project.

This will help determine the most appropriate stakeholder to own and monitor each risk and the most appropriate risk treatment response.

Notes:

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Analyse risks

There are two types of risk analysis: qualitative and quantitative. Decide which method works best for your organisation.

Qualitative analysis prioritises project risks for assessment by combining the probability of occurrence and the risk impact. It is common to depict this using a risk matrix. This method is best for:

- » Quick risk assessment
- » Frequent risk assessment when identified risks are being reviewed and emerging risks added
- » Creating a priority list for risk treatment.

Quantitative analysis assigns each risk with a 'score' or 'weight' based on its probability and potential impact. This method is best for:

- » Thorough risk assessment
- » Risks where there is already data on potential impacts (known risks)
- » Projects where compliance is contingent on qualitative risk analysis.

Notes:

5

Determine a risk response

Following risk identification and analysis, choose an appropriate risk response depending on whether it is a threat or opportunity.



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Implement your response

PMs often spend time identifying and analysing every risk but fail to implement their chosen response. The implementation step is critical to ensure risks are managed proactively.

Have you...?

- Held regular risk meetings to address decisions and actions
- Minimised threats
- Maximised opportunities
- Mitigated exposure to uncertainty
- Addressed the overall project risk exposure
- Documented key risk lessons throughout the project's lifecycle

Notes:

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Assign risk owners

Every risk must also have an 'owner', and it is not always the PM. Instead, for each risk the project manager should consider the following:

- » **Who is the most appropriate stakeholder to own this risk?**
This may relate to department, project ownership or ability to treat the risk.
- » **How can I educate risk owners on how to manage and monitor their risks at all times?**
You may run a workshop or provide tools and/or personnel to support them.
- » **How can I ensure risk owners stay vigilant and update their risk status?**
You may implement regular check-ins, meetings or reminders to prompt this.

Notes:

8

Manage risks at project end

Stay on top of risks until the very end and be sure to capture lessons learnt for the benefit of the rest of the organisation.

- Check for any risks that may impact deliverables
- Check risks to the final product that may affect its operational or business-as-usual life
- Treat these risks before handover
- Follow up with the owner of the deliverables after the project is finalised to ensure uncertainty has been contained
- Collate and share key risk lessons with other stakeholders for future projects

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The most successful PMs are those who embrace continuous learning and adapt their processes in line with their most robust methodologies for their particular project. By using this checklist to stay on top of risks, you and your team will be better placed to deliver a high-quality product or solution.

For more advice on how to improve PM risk management skills or to book into an appropriate project management course, [contact the experts at PM-Partners](#) or call 1300 70 13 14 today.

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